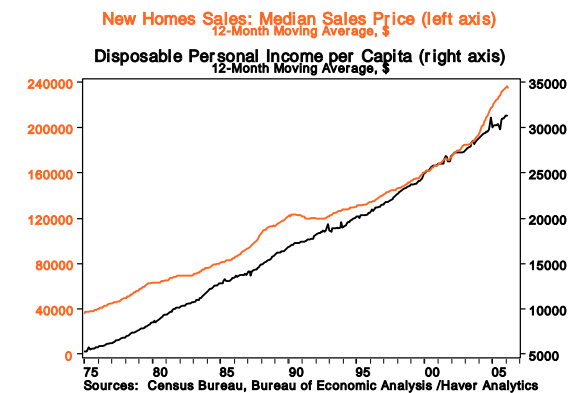
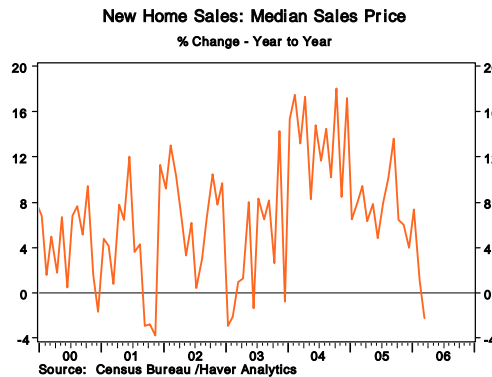
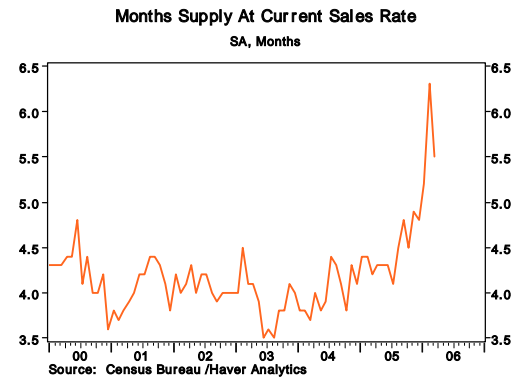
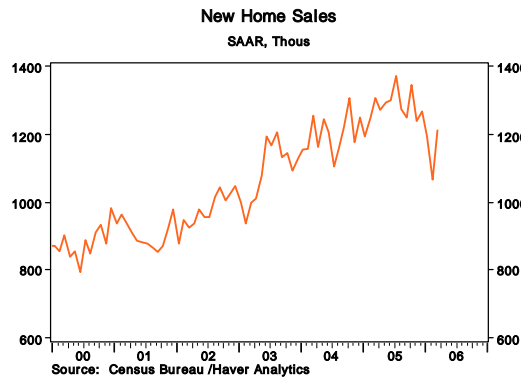


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MARCH NEW HOME SALES

- New single-family home sales surged 13.8% in March to 1.213 million units at an annual rate – the largest one-month percentage gain since 1993. This follows a 10.9% decline in February (originally -10.5%). New home sales are down 7.2% in the past year.
- The median price of a new home fell a non-seasonally adjusted 6.5% in March and is down 2.2% in the past year.
- At the current sales pace, the supply of new homes fell to 5.5 months in March versus 6.3 months in February. From 1970-2000 the inventory of new homes on the market averaged 6.4 months.



Implications: New home sales rebounded sharply in March after significant declines in January and February. Removing this volatility, new home sales have averaged 1.159 million units in the first three months of 2006. While this is 9.4% lower than the average level in 2005, it is 31.7% higher than the average in 2000. We continue to believe that housing sales in 2006 will remain between 1.5-2.0 million units. The moderation in housing demand is beginning to show up in new home prices which have declined 2.2% in the past year, the first YOY decline since the 12 months ending in June 2003. Builders have likely shifted to building lower priced homes and have reduced prices to clear inventory. We expect housing appreciation will average 5% in 2006. The most noteworthy development from today's report was not the data itself but the stock market's reaction to the data. Since the Fed has indicated that future rate hikes were data dependent, the market has sold off on positive economic news. Today this did not happen. This could signal that the market has finally come to see that the Fed is nothing to fear. Rising interest rates are a sign of economic strength not weakness and the Fed has yet to reach the point of excessive tightness. With profits soaring and the economy booming we continue to believe that equity markets are significantly undervalued.

New Home Sales <i>all data seasonally adjusted, thous.</i>	Mar-06		Feb-06	Jan-06	3-mo moving avg	6-mo moving avg	Yr over yr % ch.
	% Ch	Level					
New Single Family Homes Sales	13.8%	1213	1066	1197	1159	1221	-7.2
Northeast	4.7%	67	64	64	65	72	-15.2
Midwest	10.9%	194	175	174	181	185	-8.9
South	6.9%	633	592	622	616	639	-2.3
West	35.7%	319	235	337	297	325	-13.1
Months Supply at current sales rate	-12.7%	5.5	6.3	5.2	5.7	5.2	31.0
Median Sales Price (\$, NSA)	-6.5%	224,200	239,900	239,600	234,567	237,350	-2.2
Average Sales Price (\$, NSA)	-7.1%	279,100	300,400	290,300	289,933	291,333	-3.6

Source: Bureau of the Census

This report was prepared by First Trust Advisors, L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security