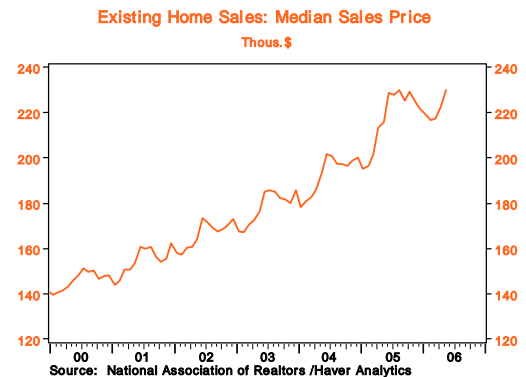
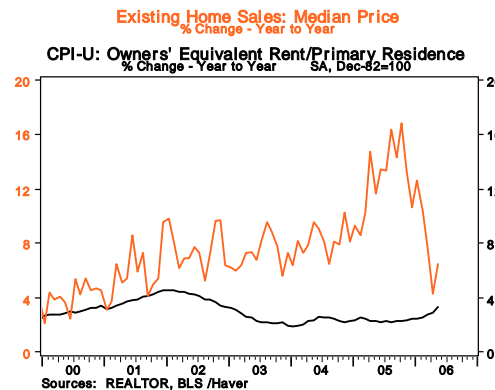
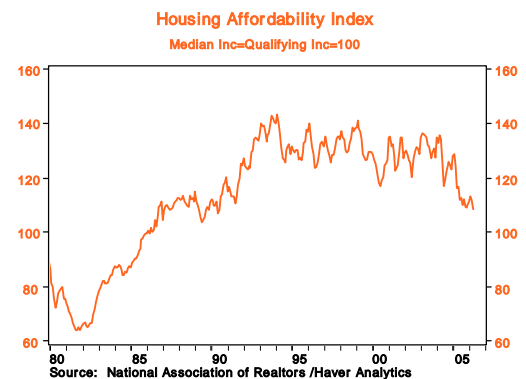
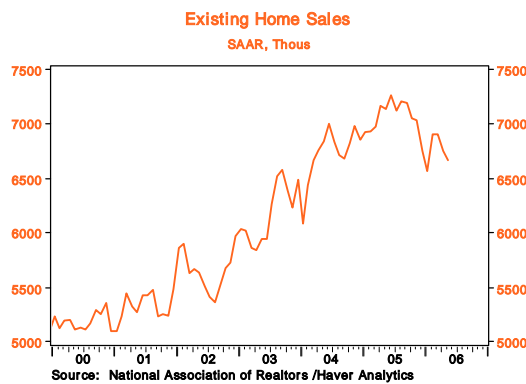


Brian S. Wesbury
Chief Economist
Bill Mulvihill
Senior Economist

MAY EXISTING HOME SALES

- Existing home sales fell 1.2% in May to 6.67 million units at an annual rate. This was slightly above the consensus forecasts of 6.60 million. Existing home sales are down 6.6% in the past 12 months.
- The median sales price of an existing home was \$230,000 in May, 6.0% higher than a year ago.



Implications: Housing activity has pulled back from its record setting pace in 2005, but remains at historically strong levels. Existing home sales averaged 6.76 million during the first five months of 2006, lower than the 7.6 million average of 2005 but higher than any other year on record. Even if housing market activity continues to cool, it should not be a significant drag on the overall economy. Resources that were going into housing will be shifted to other sectors of the economy. Over the past year, nonresidential structure spending has increased 20.6% and equipment and software investment has risen 9.1% - suggesting the shift is underway. We expect the rest of 2006 to unfold in a similar manner: increased spending by business will offset a slowing housing market to keep the overall economy strong.

Existing Home Sales <i>all data seasonally adjusted unless noted, thous.</i>	May-06 % Ch.	May-06 level	Apr-06	Mar-06	3-month moving avg.	6-month moving avg.	Yr over yr % ch.
Existing Single Family Home Sales	-1.2%	6670	6750	6900	6710	6757	-6.6
Northeast	-4.2%	1130	1180	1190	1155	1127	-5.0
Midwest	-3.8%	1510	1570	1630	1540	1553	-5.6
South	0.4%	2620	2610	2660	2615	2670	-3.7
West	0.7%	1410	1400	1430	1405	1412	-13.5
Median Sales Price (NSA)	3.6%	230.0	222.0	218.0	226.0	221.7	6.0

Source: Nat'l Association of Realtors

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