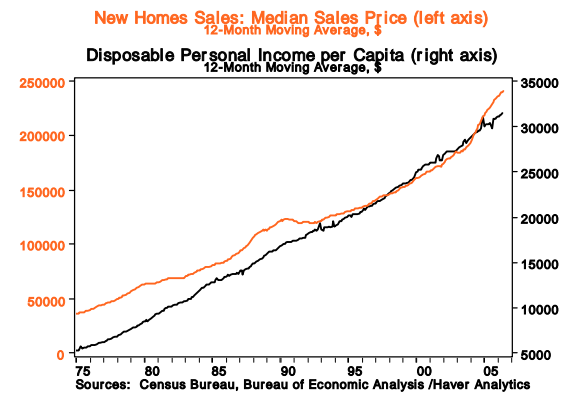
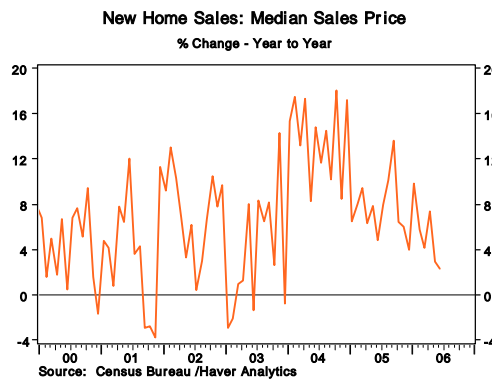
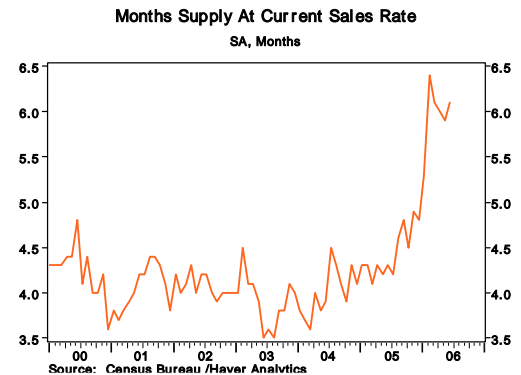
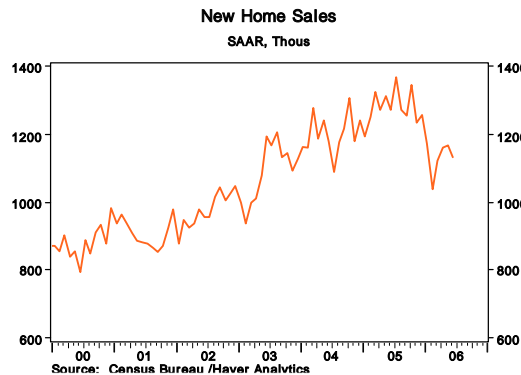


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JUNE NEW HOME SALES

- New single-family home sales fell 3.0% in June to a 1.131 million units. Consensus had expected sales to reach 1.180 million.
- The median price of a new home fell to a non-seasonally adjusted \$231,300 in June but is up 2.3% in the past year.
- At the current sales pace, the supply of new homes rose to 6.1 months in June versus 5.9 months in May. From 1970-2000 the inventory of new homes on the market averaged 6.4 months.



Implications: After three straight monthly gains, new home sales fell 3.0% in June to 1.131 million units at an annual rate. So far this year sales have averaged a nearly identical 1.132 million units. If this pace continues it would be the third highest annual sales level on record (behind only 2004 and 2005). While the housing market is clearly cooling, we believe it will settle at a historically strong level as the robust economy, demographic trends and favorable tax policy will prevent a crash. Moreover, a pick up in non-residential construction and business investment will ensure that the overall economy is not hurt by the cooling housing market. As a result, we remain optimistic that the economy will perform well in the second half of this year even without a major contribution from the housing market.

New Home Sales <i>all data seasonally adjusted, thous.</i>	Jun-06		May-06	Apr-06	3-mo <i>moving avg</i>	6-mo <i>moving avg</i>	Yr over yr <i>% ch.</i>
	% Ch	Level					
New Single Family Homes Sales	-3.0%	1131	1166	1160	1152	1132	-11.1
Northeast	-11.3%	55	62	61	59	61	-33.7
Midwest	-7.9%	176	191	173	180	178	-24.5
South	-6.0%	583	620	610	604	590	-5.2
West	8.2%	317	293	316	309	303	-7.0
Months Supply at current sales rate	3.4%	6.1	5.9	6	6.0	6.0	41.9
Median Sales Price (\$, NSA)	-1.6%	231,300	235,000	253,800	240,033	242,433	2.3
Average Sales Price (\$, NSA)	-1.6%	290,600	295,300	309,300	298,400	300,483	3.9

Source: Bureau of the Census

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