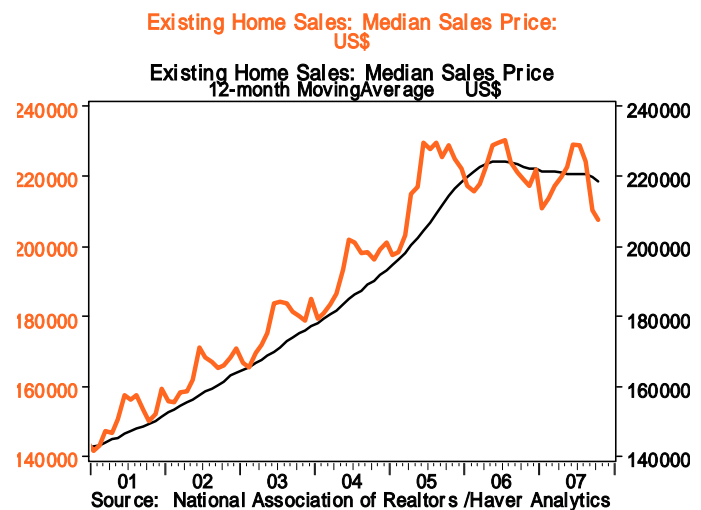
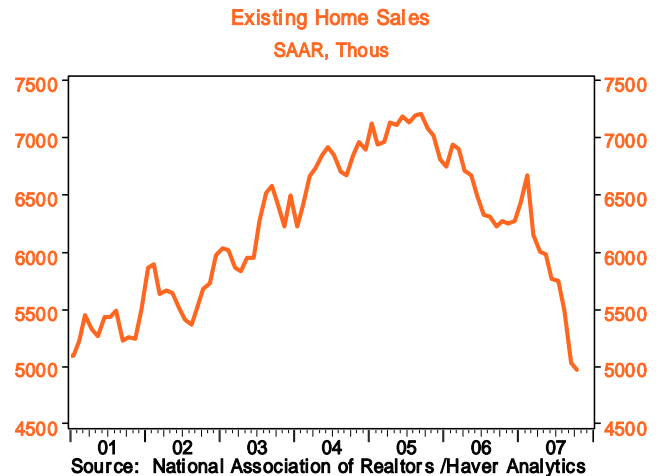


OCTOBER EXISTING HOME SALES

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- Existing home sales declined 1.2% in October to an annual rate of 4.97 million, slightly below the consensus expected level of 5.00 million.
- Sales of existing homes declined slightly in the West and Midwest but were unchanged in the Northeast and South. By type of home, sales were only slower for condos/coops; sales of single-family homes were unchanged.
- The median price of an existing home fell to \$207,800 in October (not seasonally adjusted) and is down 5.1% versus a year ago. The median price of single-family homes is down 6.3% versus last year, the largest drop on record (going back to the late 1960s).
- The months' supply of existing homes (how many months it takes to clear the inventory of unsold homes at the current sales rate) increased to 10.8 months. The months' supply of single-family homes rose to 10.5 months.

Implications: Home sales fell again but very close to the expected decline. It would take 10.5 months at the current sales rate to clear the inventory of single-family existing homes on the market today – the highest in about 20 years. Given this high level of inventory, prices have been dropping, with the median price of an existing single-family home down 6.3%, a record 1-year decline. Tomorrow we get data on new home sales/inventories/prices and a price index for homes financed with conforming mortgages from the Office of Federal Housing Enterprise Oversight (OFHEO). We expect the OFHEO price index to register a decline in the third quarter, the first quarterly decline since 1993. We also expect prices to continue to decline in the year ahead.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Oct-07		Sep-07	Aug-07	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	-1.2%	4970	5030	5480	5160	5495	-20.7
Northeast	0.0%	900	900	1000	933	987	-12.6
Midwest	-1.7%	1180	1200	1280	1220	1300	-16.9
South	0.0%	2030	2030	2180	2080	2177	-19.4
West	-4.4%	870	910	1010	930	1032	-33.1
Median Sales Price (\$, NSA)	-1.2%	207800	210400	224400	214200	220533	-5.1

Source: National Association of Realtors

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