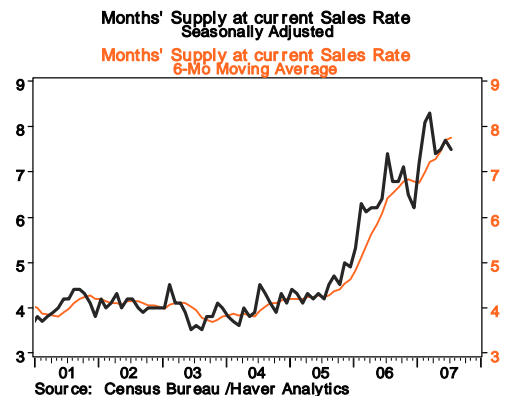
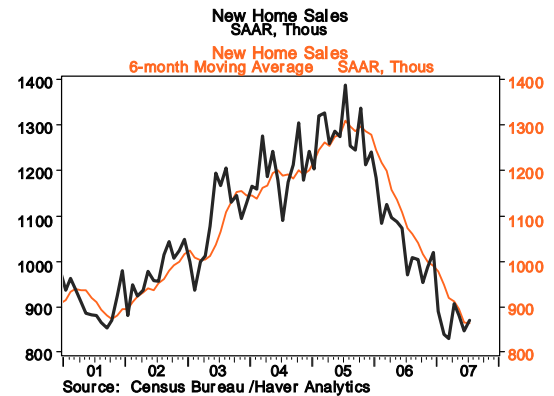


JULY NEW HOME SALES

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- New single-family home sales increased 2.8% in July to an annual rate of 870,000. The consensus expected an annual rate of 820,000.
- By region, sales in the West accounted for almost all the increase nationwide. Sales fell in the Northeast and were roughly unchanged in the Midwest and South.
- At the current sales pace, the supply of unsold new homes dipped slightly to 7.5 months, due to both faster sales and fewer homes for sale.
- The median price of new homes sold was \$239,500 in July, up 0.6% versus a year ago. The average price of new homes sold declined to \$300,800, down 3.4% versus last year.



Implications: Today's report on new home sales was a pleasant surprise, with sales rising at a healthy pace versus a consensus expected decline. From January through July, new home sales have hovered between an annual rate of 830,000 and 910,000. In our view, although new home sales still have some room to fall, we have already seen the worst of the year-to-year percentage declines. However, with inventories still relatively high, residential construction and home prices should feel downward pressure in the months ahead. Residential construction subtracted a full percentage point from real GDP growth in the year ended in the first quarter, but only half a point in the second quarter. We believe housing's drag on real GDP growth will remain about half a point through mid-2008, with offsets from consumption, business investment (where construction is booming) and exports keeping overall real GDP growth in the 3% - 3.5% range.

New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Jul-07		Jun-07	May-07	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	2.8%	870	846	881	866	862	-10.2
Northeast	-24.3%	53	70	88	70	70	-11.7
Midwest	-0.9%	112	113	144	123	124	-18.2
South	0.6%	492	489	446	476	468	-3.0
West	22.4%	213	174	203	197	201	-19.6
Median Sales Price (\$, NSA)	3.9%	239,500	230,600	241,600	237,233	244,600	0.6
		Jul-07	Jun-07	May-07	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		7.5	7.7	7.5	7.6	7.8	7.3

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.