

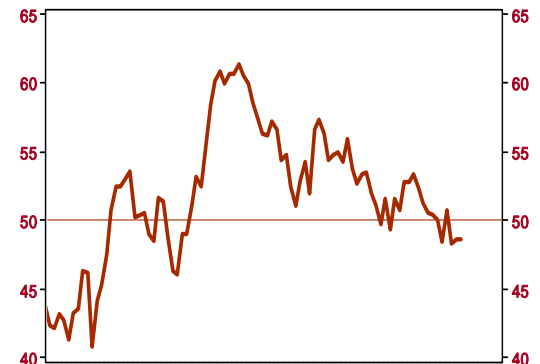
APRIL ISM MANUFACTURING INDEX

Chief Economist – Brian S. Wesbury
Senior Economist – Robert Stein, CFA

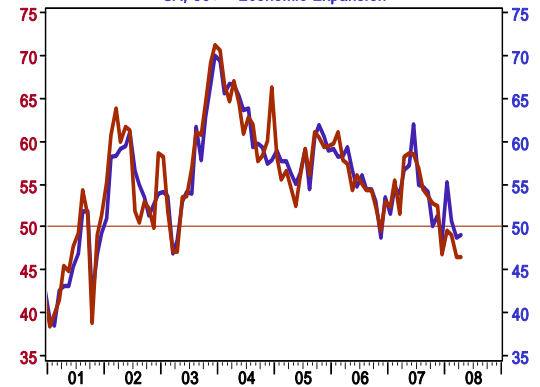
- The ISM Manufacturing index was unchanged at 48.6 in April, beating the consensus expected drop to 48.0. (Levels higher than 50 signal expansion; levels below 50 signal contraction).
- The output components of the overall index were mixed. The production index increased to 49.1 from 48.7, and the new export orders index increased to 57.5 from 56.5. The new orders index was unchanged at 46.5. The employment index fell to 45.4 from 49.2.
- The prices paid index rose again to 84.5 from 83.5 last month.

Implications: Today's ISM manufacturing report was better than expected and is consistent with continued overall economic growth. The Institute for Supply Management, which publishes the report, says an index level of 48.6 is consistent with a real GDP growth rate of more than 2%. For the last five recessions – dating back to 1973 – the ISM index has always been lower (than it was in April) before the recession or dropped much more steeply than it has so far. Meanwhile, the inflation news today was not good. The prices paid index is approaching a record high. In other news today, construction fell 1.1% in March, although the level of construction in February was revised upward from a slight decline to an increase. The drop in construction in March was all due to home building, which is an old story. Private non-residential construction (business structures) rose 1.9% in March over February – a very strong report.

ISM Manufacturing Index
SA, 50+ = Econ Expand



ISM Mfg: New Orders Index
SA, 50+ = Economic Expansion
ISM Mfg: Production Index
SA, 50+ = Economic Expansion



Source: Institute for Supply Management /Haver Analytics

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Institute for Supply Management Index <i>Seasonally Adjusted Unless Noted: 50+ = Econ Growth</i>	Apr-08	Mar-08	Feb-08	3-month moving avg	6-month moving avg	Year-ago level
Business Barometer	48.6	48.6	48.3	48.5	49.1	52.8
New Orders	46.5	46.5	49.1	47.4	48.5	58.1
Production	49.1	48.7	50.7	49.5	50.6	56.7
Inventories	48.1	44.9	45.4	46.1	46.6	46.4
Employment	45.4	49.2	46.0	46.9	47.5	52.3
Supplier Deliveries	54.0	53.6	50.1	52.6	52.4	50.4
Order Backlog (NSA)	51.5	47.5	45.0	48.0	45.4	54.5
Prices Paid (NSA)	84.5	83.5	75.5	81.2	75.8	73.0
New Export Orders	57.5	56.5	56.0	56.7	56.6	57.0

Source: National Association of Purchasing Management