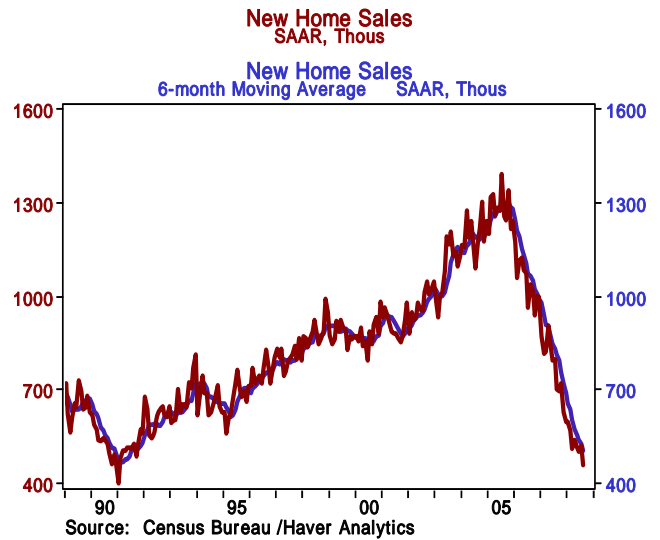


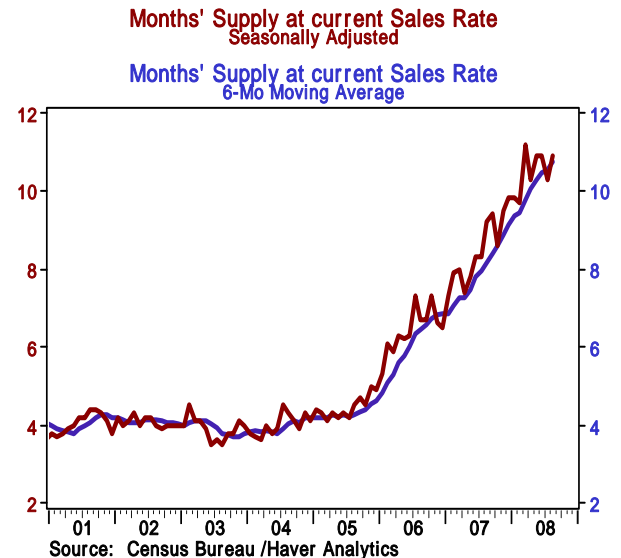
AUGUST NEW HOME SALES

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- New single-family homes were sold at an annual rate of 460,000 in August, much slower than the consensus expected 510,000 pace. Sales are down 34.5% versus a year ago and down 66.9% versus the peak in 2005.
- Sales were down in the Northeast, South, and West but increased in the Midwest.
- At the current sales pace, the supply of unsold new homes increased to 10.9 months in August, although all the rise was due to the slower pace of sales. The inventory of new homes fell to 405,000 in August, down 28.9% from the peak in mid-2006.
- The median price of new homes sold was \$221,900 in August, down 6.2% versus a year ago. The average price of new homes sold was \$263,900, down 12.4% versus last year.



Implications: The pace of new home sales broke out to a new low last month, after appearing to form a bottom in the previous several months. However, the pace of home *building* is now so low (equal to the low put in during the 1990-1991 recession) that even at this slower pace of sales, residential builders continue to work off excess inventories. Total new home inventories peaked at 570,000 in mid-2006 and are now down to 405,000. The number of unsold *completed* new homes – a key factor behind future construction and price changes – peaked in January 2008 at 199,000 and is now down to 166,000. The inventory of completed new homes dropped 16,000 in August alone, by far the steepest one-month drop on record. There is more pain to come in the housing sector but the light at the end of the tunnel is gradually getting closer.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Aug-08		Jul-08	Jun-08	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	-11.5%	460	520	500	493	508	-34.5
Northeast	-31.9%	32	47	36	38	36	-45.8
Midwest	7.2%	74	69	72	72	74	-39.3
South	-2.1%	276	282	280	279	286	-24.4
West	-36.1%	78	122	112	104	113	-50.0
Median Sales Price (\$, NSA)	-5.5%	221,900	234,900	231,700	229,500	232,250	-6.2
		Aug-08	Jul-08	Jun-08	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		10.9	10.3	10.9	10.7	10.8	10.1

Source: Bureau of the Census

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