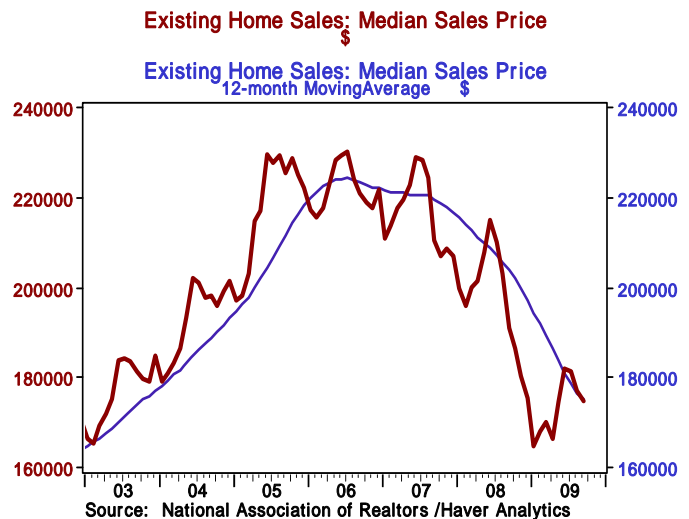
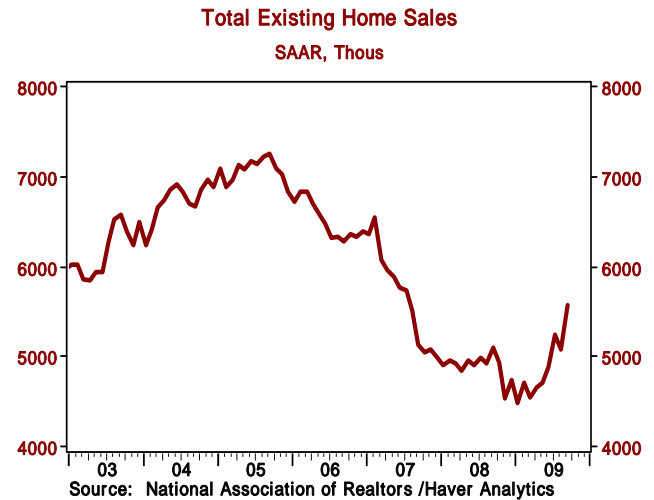


SEPTEMBER EXISTING HOME SALES

Chief Economist – Brian S. Wesbury
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- Existing home sales increased 9.4% in September to an annual rate of 5.57 million, easily beating the consensus expected pace of 5.35 million. Existing home sales are up 9.2% versus a year ago.
- Sales were up in every major region of the country. Sales increased for both single-family units and condos/co-ops.
- The median price of an existing home fell to \$174,900 in September (not seasonally adjusted) and is down 8.5% versus a year ago. This is a large improvement versus January, when prices were down 17.5% versus a year ago.
- The months' supply of existing homes (how long it would take to sell the entire inventory, at the current sales rate) declined to 7.8 from 9.3 in August. The drop in the months' supply was due to both the higher sales pace and fewer units for sale.

Implications: Existing home sales surged in September, the fifth monthly gain in the past six months, and likely the largest one-month increase since the huge economic recovery in 1983. Overall, sales are up 24% since the low in January. We expect more gains in the next two months as some homebuyers rush their purchases in advance of the expiration of the federal government's "first time home buyer tax credit." If the credit is allowed to expire, home sales will probably dip temporarily in the following months. However, the underlying trend will be upward over the next couple of years as potential homebuyers no longer need to fear widespread deep national home price declines and should expect modest price gains in much of the country over the next couple of years. Existing home prices are down 8.5% versus last year, but the year-ago comparisons have improved substantially since the bottom in January, when prices were down 17.5% from the previous year. In other news on the housing market, yesterday the Federal Housing Finance Administration reported that prices for homes financed by conforming mortgages fell 0.3% in August, the first monthly decline after three straight increases. Prices for these homes are unchanged versus November 2008. Also reported yesterday, initial claims for unemployment insurance increased 11,000 last week to 531,000. The four-week average of claims fell to 532,000, the lowest level in nine months. Continuing claims for regular state benefits fell 98,000 to 5.92 million.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Sep-09		Aug-09	Jul-09	3-month moving avg.	6-month moving avg.	Yr to Yr % Change
	% Ch.	level					
Existing Home Sales	9.4%	5570	5090	5240	5300	5028	9.2
Northeast	4.4%	950	910	930	930	863	11.8
Midwest	9.6%	1250	1140	1220	1203	1133	7.8
South	9.0%	2060	1890	1950	1967	1867	10.8
West	13.0%	1300	1150	1130	1193	1162	5.7
Median Sales Price (\$, NSA)	-1.4%	174900	177300	181500	177900	176167	-8.5

Source: National Association of Realtors

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