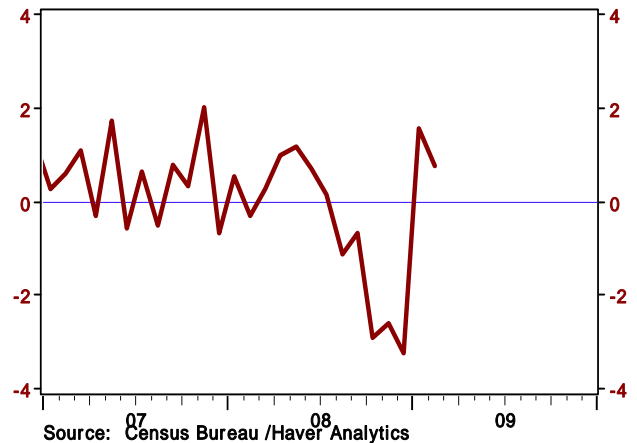


FEBRUARY RETAIL SALES

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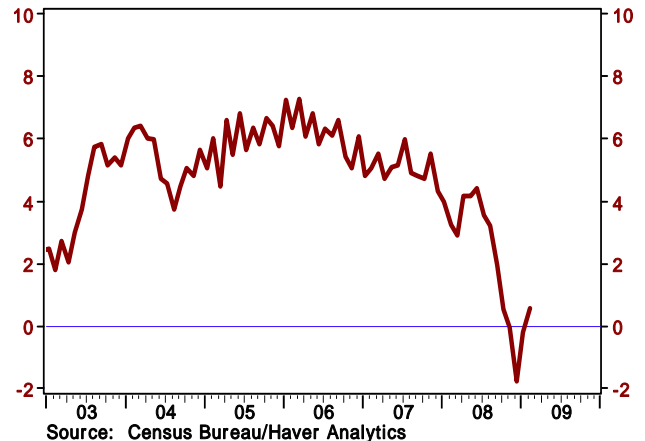
- Retail sales declined 0.1% in February, better than the consensus expected decline of 0.5%. Retail sales excluding autos rose 0.7% versus a consensus expected -0.1%. Retail sales are down 8.6% in the past year and down 5.0% excluding autos.
- A large (4.3%) drop in auto sales during February pulled sales down. Sales at grocery stores were also weak. But gains in sales at gas stations, general merchandise stores (think department stores), and for clothing, helped offset the weakness in autos.
- Sales excluding autos, building materials, and gas increased 0.5% in February and the January increase was revised up to 1.7% from a previous estimate of 1.2%. These sales are up 0.6% versus last year.

Retail Sales & Food Services: Ex Autos
Monthly % Change



Implications: After falling off the cliff in late 2008, the consumer seems to be back on level ground. In February, sales ex-autos increased 0.7% after a 1.7% jump in January. Today's report on retail sales is the clearest sign so far that the risk aversion hysteria that overcame the US economy in September 2008 is dissipating and the velocity of money is starting to revive. Real (inflation-adjusted) consumption, including services, is likely to be up in the first quarter after declining at a 4.1% annual rate in the second half of 2008. In the near term, businesses will still reduce production (and payrolls) to clear out excess inventories left over from late last year. But the recent leap in sales is paving the way for an economic recovery starting by mid-year. Meanwhile, although auto sales are still very weak, we expect consumers to increase their purchases in the months ahead.

Retail Sales Ex: Autos, Bldg. Materials & Gas
% Change - Year to Year



At the February rate of sales it would take 26 years to replace all the cars on the road. That pace is unsustainably slow. In other news this morning, new claims for unemployment increased 11,000 to 654,000 last week. Continuing claims increased 193,000 to 5.317 million. These figures signal more pain ahead in the labor market. However, initial claims appear to be stable in the mid-600,000 range.

Retail Sales <i>All Data Seasonally Adjusted</i>	Feb-09	Jan-09	Dec-08	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services						
<i>Ex Autos</i>	-0.1%	1.8%	-3.1%	-5.5%	-16.3%	-8.6%
<i>Ex Autos and Building Materials</i>	0.7%	1.6%	-3.2%	-3.8%	-13.4%	-5.0%
<i>Ex Autos, Building Materials and Gasoline</i>	0.8%	1.8%	-3.3%	-2.9%	-13.0%	-4.4%
Autos	0.5%	1.7%	-1.7%	2.0%	-2.4%	0.6%
Autos	-4.3%	3.1%	-2.3%	-13.7%	-28.7%	-23.5%
Building Materials	-0.2%	-1.3%	-2.0%	-13.3%	-18.2%	-10.3%
Gasoline	3.4%	2.8%	-15.3%	-34.3%	-59.2%	-32.3%

Source: Bureau of 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.