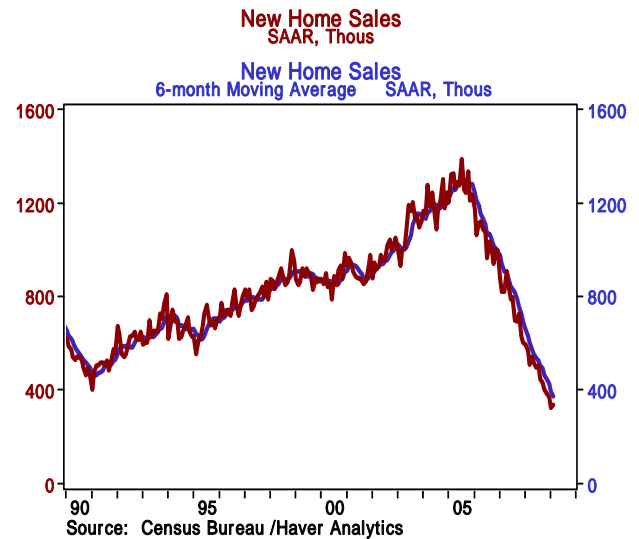


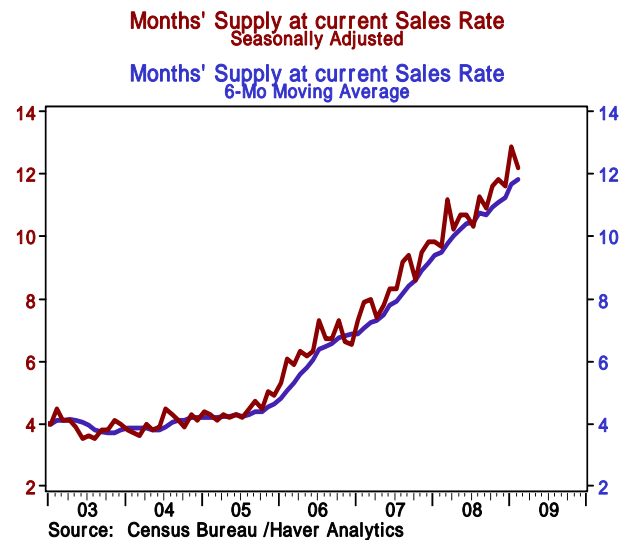
FEBRUARY NEW HOME SALES

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- New single-family home sales increased 4.7% in February to a 337,000 annual rate, faster than the consensus expected decline to a 300,000 pace. Sales are down 41.1% versus a year ago.
- Sales were up in the South and West, but down in the Midwest and Northeast.
- At the current sales pace, the supply of unsold new homes fell to 12.2 months in February from 12.9 in January. The decline in the month's supply was due to both an increase in the rate of sales and a continued decline in the inventory of unsold new homes. Inventories fell to 325,000 in February, down 43.0% from the peak in mid-2006, and the lowest since 2002.
- The median price of new homes sold was \$200,900 in January, down 18.1% versus a year ago. The average price of new homes sold was \$251,000, down 16.7% versus last year.



Implications: Today's data on new home sales add to the series of reports that signal the economy is healing quickly and the most intense period of the recession is getting further and further behind us. New home sales increased for the first time in seven months and came in much better than the consensus expected. Also, new home inventories continued to fall. The total unsold inventory of new homes fell 14,000 in February, to 325,000. This is well within the normal range before the housing boom started in 1997. These data support our forecast that both housing starts and home sales have bottomed in the first quarter and will be in a rising trend for the rest of 2009-10. However, the composition of the inventory suggests home building will not make a full turnaround until late this year. Almost half the new homes still in inventory have been completed. Typically, completed homes make up only about 30% of inventory. With so much invested, builders will maintain downward pressure on home values, although this will be concentrated in five states: California, Florida, Arizona, Nevada, and Michigan. In other housing news, the Federal Housing Finance Agency reported that home purchase prices for homes financed by conforming mortgages increased 1.7% in January, the first increase in almost a year.



New Home Sales <i>All Data Seasonally Adjusted, Levels in Thousands</i>	Feb-09		Jan-09	Dec-08	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
New Single Family Homes Sales	4.7%	337	322	371	343	376	-41.1
Northeast	-3.3%	29	30	31	30	32	-25.6
Midwest	-9.1%	50	55	59	55	58	-35.1
South	9.7%	193	176	187	185	204	-38.5
West	6.6%	65	61	94	73	82	-54.2
Median Sales Price (\$, NSA)	-2.9%	200,900	206,800	227,300	211,667	215,833	-18.1
		Feb-09	Jan-09	Dec-08	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		12.2	12.9	11.6	12.2	11.8	11.3

Source: Bureau of the Census

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