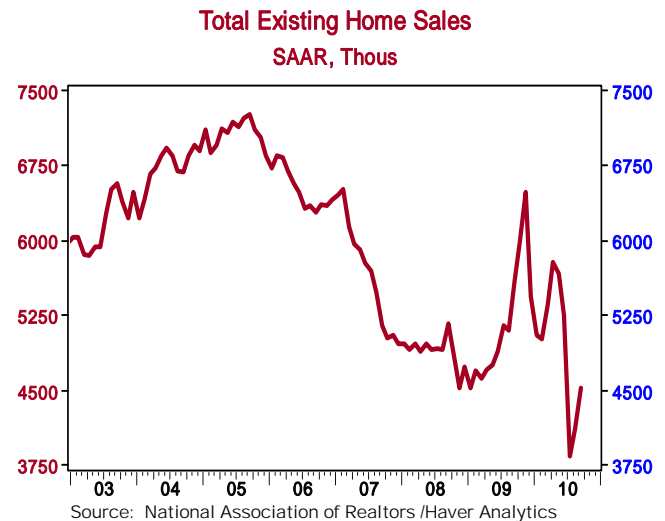


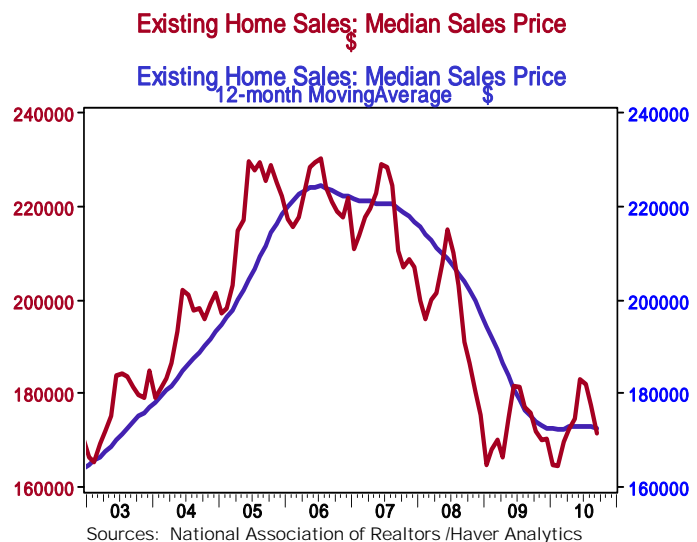
# SEPTEMBER EXISTING HOME SALES

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- Existing home sales increased 10.0% in September to an annual rate of 4.53 million, coming in well above the consensus expected pace of 4.30 million. Existing home sales are down 19.1% versus a year ago.
- Sales were up in all major regions of the country and increased for both single-family homes and condos/coops.
- The median price of an existing home declined to \$171,700 in September (not seasonally adjusted), and is down 2.4% versus a year ago. Last September, prices were down 8.0% from the prior year.
- The months' supply of existing homes (how long it would take to sell the entire inventory at the current sales rate) fell to 10.7 from 12.0 in August. The decline in the months' supply was primarily due to the faster sales pace, but overall inventories also fell slightly.



**Implications:** The homebuyer tax credit artificially boosted home sales in the Spring and then – after taking sales away from the future – the lapse of the credit caused a “hangover” in the Summer. Now sales are rebounding without artificial government support. Sales are up two months in a row and came in well above consensus expectations in September, despite some difficulties in the foreclosure process. Although the data will zig and zag from month to month, we expect the rebound trend to continue until sales get back up to about 5.5 million units at an annualized rate. It is important to note that we expect the rebound to continue even if mortgage rates float back upward. As buyers get more confident about the state of the economy, the jobless rate trends lower, and buyers become more confident that their homes will rise in value rather than fall, they will be more willing to buy homes even if rates are higher. For example, mortgage rates averaged about 7.5% in the late 1990s and were not an impediment to rising home sales. Meanwhile, the months' supply of homes for sale has now fallen for two straight months as sales have picked up. We look for that trend to continue as well.



Existing Home Sales <i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>	Sep-10		Aug-10	Jul-10	3-month	6-month	Yr to Yr % Change
	%Ch.	level					
<b>Existing Home Sales</b>	<b>10.0%</b>	<b>4530</b>	4120	3840	4163	4867	-19.1
<b>Northeast</b>	<b>10.1%</b>	<b>760</b>	690	630	693	823	-20.8
<b>Midwest</b>	<b>14.5%</b>	<b>950</b>	830	800	860	1078	-26.4
<b>South</b>	<b>10.6%</b>	<b>1770</b>	1600	1540	1637	1865	-14.9
<b>West</b>	<b>5.0%</b>	<b>1050</b>	1000	870	973	1100	-16.7
<b>Median Sales Price (\$, NSA)</b>	<b>-3.3%</b>	<b>171700</b>	177500	182100	177100	176867	-2.4

Source: National Association of Realtors

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