

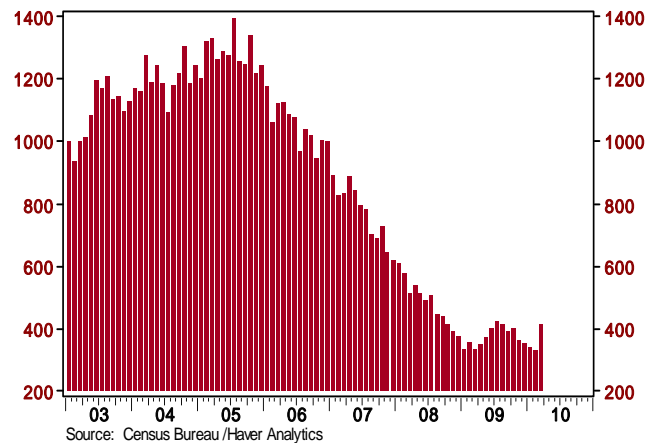
MARCH NEW HOME SALES

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- New single-family home sales surged 26.9% in March to a 411,000 annual rate, blowing away the consensus expected pace of 325,000.
- Sales were up in all major regions of the country.
- At the current sales pace, the supply of unsold new homes declined to 6.7 months in March. The drop in the months' supply was almost all due to the faster pace of sales, although the level of inventories also declined 5,000 to 228,000 and is down 60.1% from the peak in mid-2006.
- The median price of new homes sold was \$214,000 in March, up 4.3% from a year ago. The average price of new homes sold was \$258,600, down 0.5% versus last year.

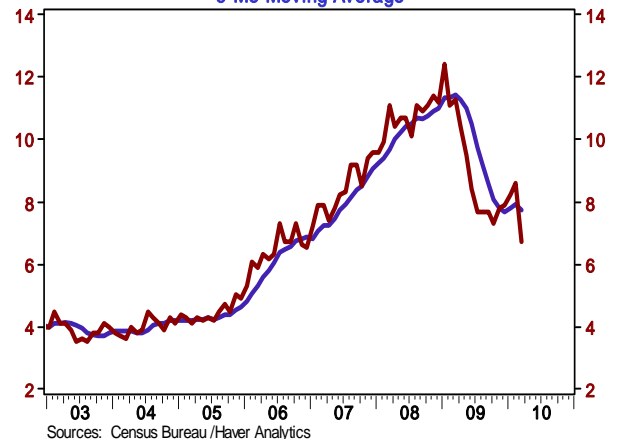
Implications: New home sales spiked sharply upward in March, surging to an annual rate of 411,000. The 26.9% increase was the biggest one-month gain since 1963. In addition, sales were revised upward for January and February. The faster pace of sales went a long way to reducing the months' supply of new homes to 6.7, the lowest level in more than four years. Today's blowout number is due to three factors. First, after unusually harsh winter weather in February, March was far milder, making it easier for people to view homes and sign a contract on a new home. Second, the homebuyer tax credit runs out at the end of April, so some buyers are probably rushing to take advantage of the credit. That said, we note that the largest surge in new home sales in 2009 came in July, which was well before the credit was set to expire in November. The fact that the latest surge in sales is happening so close to the expiration of the credit – when less time is available for closing on these homes – suggests the credit is less of a factor this time around. That leaves us with the third factor driving the gains in sales, which is a combination of an improving economy with homes that are substantially more affordable than they were a few years ago. New home sales will not go up every month or even every quarter, but we believe they will continue to trend upward over the next couple of years eventually getting to a 950,000 annual sales pace.

New 1-Family Houses Sold: United States
SAAR, Thous



Months' Supply at current Sales Rate
Seasonally Adjusted

Months' Supply at current Sales Rate
6-Mo Moving Average



New Home Sales	Mar-10		Feb-10	Jan-10	3-mo moving avg	6-mo moving avg	Yr to Yr % Change
	% Ch	Level					
<i>All Data Seasonally Adjusted, Levels in Thousands</i>							
New Single Family Homes Sales	26.9%	411	324	338	358	365	23.8
Northeast	35.7%	38	28	41	36	35	100.0
Midwest	4.3%	49	47	54	50	54	11.4
South	43.5%	231	161	168	187	191	18.5
West	5.7%	93	88	75	85	85	25.7
Median Sales Price (\$, NSA)	-3.4%	214,000	221,600	215,800	217,133	217,983	4.3
		Mar-10	Feb-10	Jan-10	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		6.7	8.6	8.2	7.8	7.8	8.2

Source: Bureau of the Census

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