

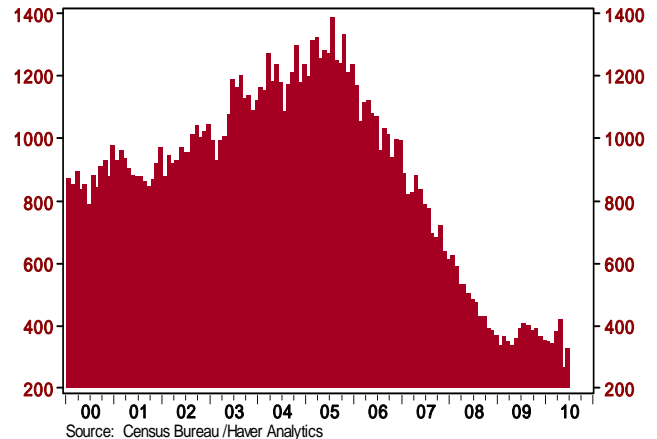
JUNE NEW HOME SALES

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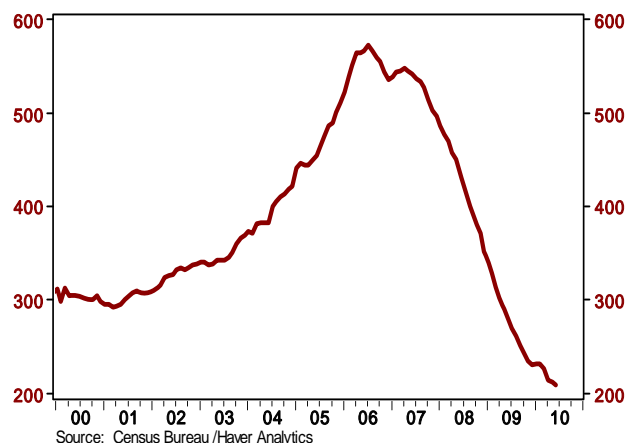
- New single-family home sales increased 23.6% in June to a 330,000 annual rate, beating the consensus expected pace of 310,000.
- Sales were up in the Northeast, Midwest, and South, but down in the West.
- At the current sales pace, the supply of unsold new homes declined to 7.6 months in June. Almost all the decline in the months' supply was due to the faster pace of sales. The actual level of inventories declined 3,000 to 210,000, down 63.3% versus the peak in 2006 and the lowest level since 1968.
- The median price of new homes sold was \$213,400 in June, down 0.6% from a year ago. The average price of new homes sold was \$242,900, down 11.6% versus last year.

Implications: After plunging in May to a record low (dating back to 1963), new home sales rebounded sharply in June. The homebuyer tax credit – which required a contract on a home by the end of April – has obviously had a large influence on the recent volatility of new home sales. New homes were sold at a 422,000 pace in April as people got in their purchases before the tax credit expired, but then plummeted to a 267,000 pace in May. The rebound in June shows that the worst of the tax credit “hangover” may be over, although this is still the second slowest month on record. Given demographic trends, we believe over the next several years the annual rate of sales will eventually increase to 950,000. At present there are only 210,000 new homes in builders’ inventories, the fewest since 1968, when the US population was 35% smaller than it is now. At the recent pace of sales, it would take 7.6 months for builders to sell this inventory. However as the pace of sales gradually increases back to 950,000, the months’ supply will fall to a record low of 2.6, assuming builders keep the number of available homes unchanged at current levels. In turn, this signals that home building has been so slow for so long that there is room for builders to increase construction activity.

New 1-Family Houses Sold
SAAR, Thous



New 1-Family Houses For Sale
SA, Thous



New Home Sales	Jun-10		May-10	Apr-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	23.6%	330	267	422	340	350	-16.7
Northeast	46.4%	41	28	36	35	35	17.1
Midwest	20.5%	47	39	60	49	51	-20.3
South	33.1%	185	139	217	180	184	-6.1
West	-6.6%	57	61	109	76	81	-45.7
Median Sales Price (\$, NSA)	-1.4%	213,400	216,400	205,900	211,900	216,767	-0.6
		Jun-10	May-10	Apr-10	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		7.6	9.6	6.1	7.8	7.7	7.7

Source: Bureau of the Census

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