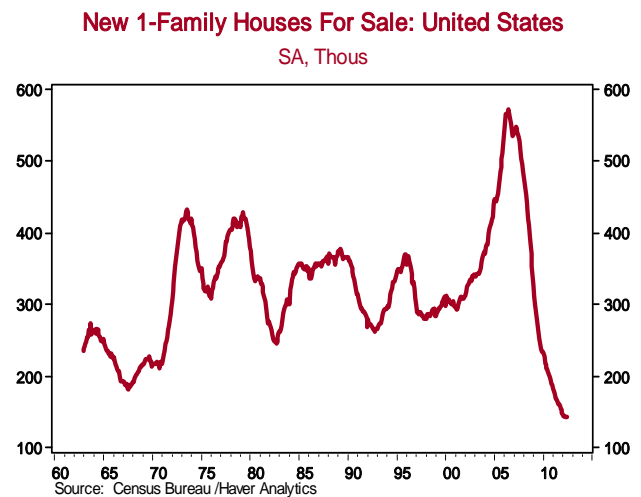
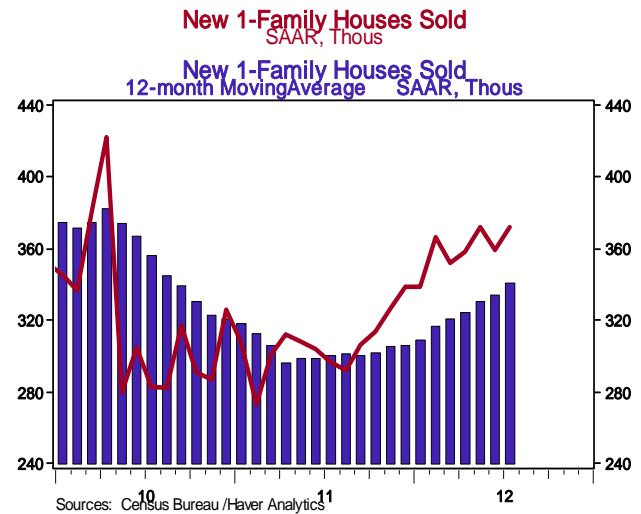


July New Home Sales

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- New single-family home sales increased 3.6% in July, to a 372,000 annual rate, beating the consensus expected pace of 365,000. Sales are up 25.3% from a year ago.
- Sales were up in the Northeast and Midwest, but down in the South and West.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 4.6 from 4.8 in June. The decline in the months' supply was mainly due to a faster selling pace. Inventories also fell slightly.
- The median price of new homes sold was \$224,200 in July, down 2.5% from a year ago. The average price of new homes sold was \$263,200, down 2.6% versus last year.

Implications: This is what a housing recovery looks like. New single-family home sales beat consensus expectations, growing 3.6% in July. Sales are up 25.3% from a year ago, with every major region up in the past twelve months. Meanwhile, as the lower chart to the right shows, overall inventories fell to a new record low (dating back to 1963). The lack of finished homes – “move-in ready” – is probably making it unusually tough for new homes to compete against the existing home market. However, home builders are finally preparing to correct this issue: new homes under construction have now increased for five months in a row, the first time this has happened since 2006. The months' supply of new homes is now 4.6, well below the average of 5.7 over the past twenty years and not much above the 4.0 months that prevailed in 1998-2004, during the housing boom. One sign that new homes are having trouble competing against existing homes, many of which were built in the prior decade, is that the median price of a new home is down 2.5% from a year ago. However, in other housing news this morning, the FHFA index, which measures prices for all homes financed by conforming mortgages, increased 0.7% in June (seasonally-adjusted) and is up 3.6% from a year ago. In the past five months, the index is up at a 9.8% annual rate. In other news today on the broader economy, new claims for unemployment insurance increased 4,000 last week to 372,000. The four-week moving average is 368,000. Continuing claims also increased 4,000 to 3.32 million. It's still early, fifteen days before the August employment report, but at this point claims and other data suggest a tepid payroll gain of 70,000, both nonfarm and private, and the unemployment rate remaining at 8.3%.



New Home Sales	Jul-12		Jun-12	May-12	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	3.6%	372	359	372	368	363	25.3
Northeast	76.5%	30	17	38	28	29	30.4
Midwest	7.7%	56	52	48	52	50	21.7
South	-1.6%	180	183	189	184	188	9.1
West	-0.9%	106	107	97	103	97	68.3
Median Sales Price (\$, NSA)	-2.1%	224,200	229,100	237,200	230,167	234,433	-2.5
		Jul-12	Jun-12	May-12	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		4.6	4.8	4.6	4.7	4.8	5.3

Source: Bureau of the Census

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