

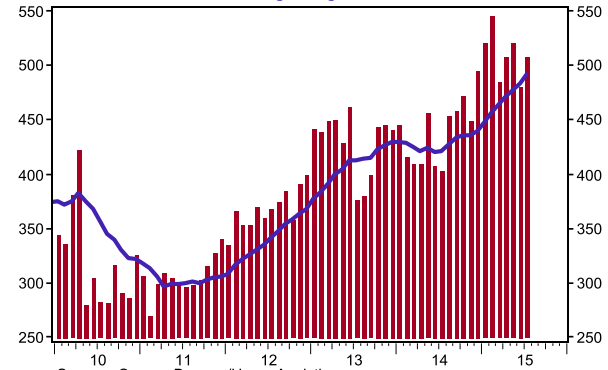
July New Home Sales

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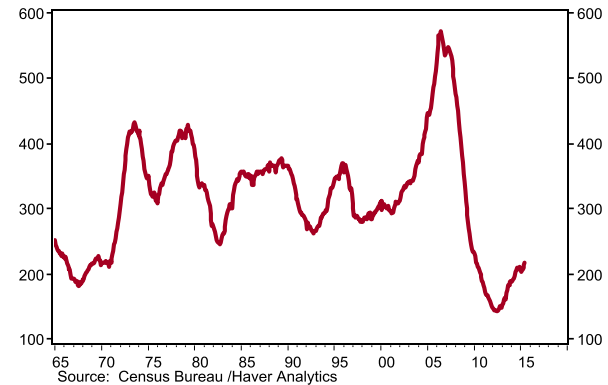
- New single-family home sales increased 5.4% in July to a 507,000 annual rate, coming in very close to the consensus expected pace of 510,000. Sales are up 25.8% from a year ago.
- Sales rose in the Northeast, West and South, but fell in the Midwest.
- The months' supply of new homes (how long it would take to sell the homes in inventory) fell to 5.2 months in July from 5.3 in June. The decline was entirely due to a faster pace of sales. Inventories rose by 4,000 units.
- The median price of new homes sold was \$285,900 in July, up 2.0% from a year ago. The average price of new homes sold was \$361,600, up 4.8% versus last year.

Implications: After taking a breather in June, new residential home sales returned to a healthy plow horse upward trend in July. Sales increased 5.4% from June and are now up 25.8% in the past year, signaling that the housing market continues its recovery. It's important to remember that monthly data is volatile, and what really matters is the trend. New home sales over the past year have averaged the fastest pace going back to 2008. Housing starts, which are a good predictor of future home sales, have followed this trend as well. In fact, new home sales have been running slightly above the levels that would be expected with the pace of housing starts. The underlying details of the report also showed strength. The months' supply of homes for sale fell to 5.2 months in July from 5.3 in June, with the decline entirely due to the faster sales pace, as inventories rose by 4,000 units. Note, however, that the increase in inventories was not due to finished homes, but homes under construction. With the increased pace of sales, builders still have plenty of room to increase both construction and inventories. Having made these points, don't forget that new home sales are still depressed relative to history. We think there are a few reasons for this. First, a larger share of the population is renting. Second, buyers have shifted slightly from single-family homes, which are counted in the new home sales data, to multi-family homes (think condos in cities), which are not counted in this report. Third, although we may be starting to see a thaw, financing is still more difficult than it has been in the past. The trend is what matters, though, and the trend in sales continues higher. In other housing news this morning, the FHFA index, which measures prices for homes financed with conforming mortgages, rose 0.2% in June and is up 5.6% from a year ago. The national Case-Shiller index, another measure of home prices, increased 1.0% in June and is up 4.5% from a year ago. In the past year, price gains have been led by Denver, San Francisco, and Dallas, although prices are up in all 20 major metro areas around the country. On the manufacturing front, the Richmond Fed index, a measure of mid-Atlantic manufacturing sentiment, came in at 0, well below the consensus expected 10. Look for the national ISM manufacturing index to be little changed in August, suggesting continued moderate growth in the factory sector.

New 1-Family Houses Sold
 SAAR, Thous
New 1-Family Houses Sold
 12-month Moving Average SAAR, Thous



New 1-Family Houses For Sale: United States
 SA, Thous



New Home Sales	Jul-15		Jun-15	May-15	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	5.4%	507	481	521	503	508	25.8
Northeast	23.1%	32	26	25	28	24	39.1
Midwest	-6.9%	54	58	60	57	58	0.0
South	5.8%	294	278	295	289	295	28.9
West	6.7%	127	119	141	129	131	29.6
Median Sales Price (\$, NSA)	3.0%	285,900	277,500	283,900	282,433	287,883	2.0
		Jul-15	Jun-15	May-15	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		5.2	5.3	4.8	5.1	5.0	5.1

Source: Bureau of the Census

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