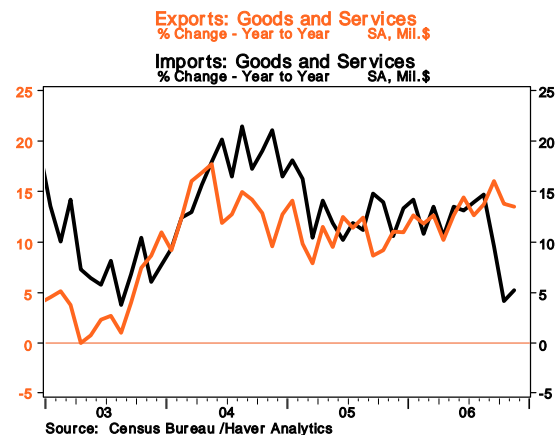
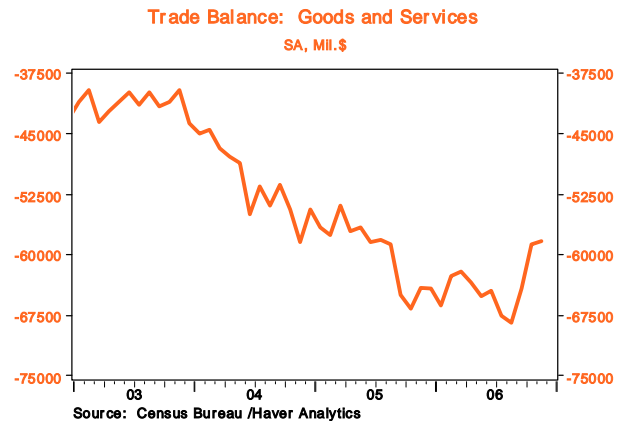


NOV INTERNATIONAL TRADE

Chief Economist - Brian S. Wesbury
 Senior Economist - Robert S. Stein
 Economic Research Assistant - Trevor D. Scott

- The trade deficit in goods and services dropped to \$58.2 billion in November from \$58.8 billion in October. The consensus expectation had been an increase to \$60.0 billion. At \$58.2 billion, November's trade deficit is the smallest since July 2005.
- Exports increased \$1.1 billion in November and are up 13.4% versus November 2005. Exports of civilian aircraft were up \$0.6 billion and automotive exports were up \$0.3 billion.
- Imports increased \$0.5 billion in November but are up only 5.2% versus November 2005. Petroleum imports were unchanged at \$21.8 billion. Adjusted for inflation, total imports of goods were unchanged in November. Excluding petroleum, inflation adjusted goods imports fell \$1 billion.



Implications: Today's trade report suggests that real GDP growth in the fourth quarter of 2006 was even stronger than the 3.1% we had previously expected. The trade figures indicate that a larger share of purchases from U.S. consumers and businesses in the quarter came out of domestic production. We also note that the trade deficit with China fell by \$1.5 billion, which could help reduce protectionist pressure in Washington.

International Trade <i>All Data Seasonally Adjusted, \$billions</i>	Nov-06 Bil \$	Oct-06 Bil \$	Sep-06 Bil \$	3-Mo Moving Avg.	6-Mo Moving Avg.	Year-ago Level
Trade Balance	-58.2	-58.8	-64.3	-60.4	-63.6	-64.0
Exports	124.8	123.7	123.4	123.9	122.6	110.0
Imports	183.0	182.5	187.6	184.4	186.3	174.0
Petroleum Imports	21.8	21.8	26.2	23.2	25.8	24.4

Source: Bureau of the Census

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