

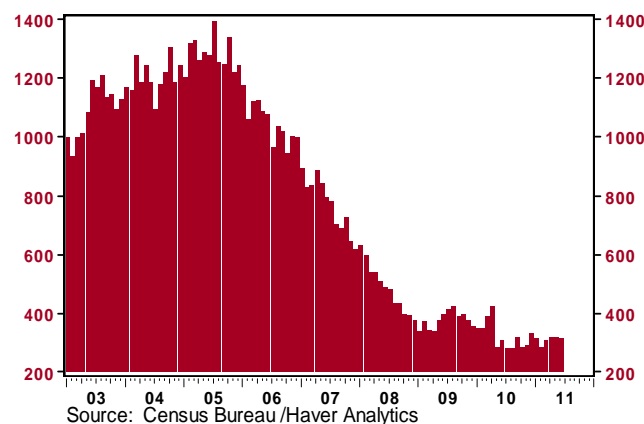
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Senior Economist
Strider Elass – Economic Analyst
Andrew Hull – Economic Analyst

June New Home Sales

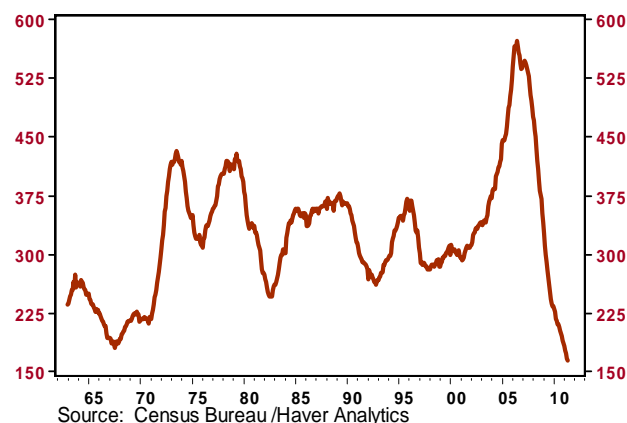
- New single-family home sales fell 1.0% in June, coming in at a 312,000 annual rate versus a consensus expected pace of 320,000.
- Sales were down in the Northeast and West, but up in the Midwest and South.
- At the current sales pace, the months' supply of new homes (how long it would take to sell the homes in inventory) declined to 6.3 in June from 6.4 in May. The decline in the months' supply was all due to a 3,000 drop in inventories to the lowest level on record, dating back to 1963.
- The median price of new homes sold was \$235,200 in June, up 7.2% from a year ago. The average price of new homes sold was \$269,000, up 4.8% versus last year.

Implications: New home sales declined slightly in June and are still in the very low range where they have been hovering since May 2010. New home sales are unlikely to rebound sharply as long as there are so many existing homes for sale that are often like new and selling at steep discounts. However, builders continue to reduce inventories to make way for the eventual recovery. The median price of a new home is up 7.2% versus a year ago while average prices are up 4.8%. However, that data is probably distorted by the homebuyer tax credit that ended about a year ago. In other recent housing news, the FHFA index, a measure of prices for homes financed by conforming loans, increased 0.4% in May, the largest gain in 13 months. The Case-Shiller index, which measures home prices in the 20 largest metro areas around the country, was unchanged in May, as the consensus expected. Nine of the 20 metro areas had price increases. Recent news on the manufacturing sector has been mixed for July. The Philadelphia Fed index increased to +3.2 in July from -7.7 in June, beating consensus expectations. However, the Richmond Fed index declined to -1 in July from +3 in June. The consensus had expected the index to rise. We expect better numbers on manufacturing this summer as the rebound in auto production continues, after the supply-chain disruptions of the Spring. In other recent news, new claims for unemployment insurance increased 10,000 two weeks ago to 418,000. Continuing claims for regular state benefits dropped 50,000 to 3.70 million.

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



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



New Home Sales	Jun-11		May-11	Apr-11	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	-1.0%	312	315	317	315	307	1.6
Northeast	-15.8%	16	19	25	20	23	-51.5
Midwest	9.5%	46	42	41	43	40	2.2
South	3.4%	181	175	171	176	172	4.6
West	-12.7%	69	79	80	76	72	23.2
Median Sales Price (\$, NSA)	5.8%	235,200	222,400	223,900	227,167	227,033	7.2
		Jun-11	May-11	Apr-11	3-mo Avg	6-mo Avg	12-mo Avg
Months' Supply at Current Sales Rate (Levels)		6.3	6.4	6.5	6.4	6.9	7.5

Source: Bureau of the Census

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