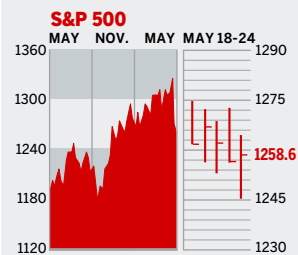


## STOCKS



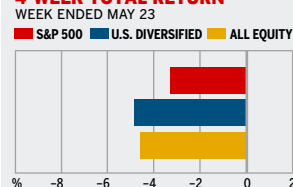
### COMMENTARY

Stocks continued their slide, with the NASDAQ hitting a 2006 low on May 23, before turning higher the next day. But even that rally was a fainthearted one: Equities rose on a decline in durable goods orders, then dipped on a jump in home sales. By the end of the session, traders were split on whether the economy is heating up or slowing down. The outlook for stocks remains shaky.

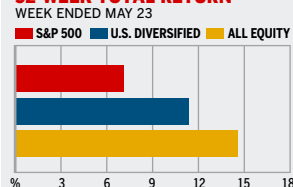
Data: Bloomberg Financial Markets, Reuters

## MUTUAL FUNDS

### 4-WEEK TOTAL RETURN



### 52-WEEK TOTAL RETURN



Data: Standard & Poor's

## U.S. MARKETS

	MAY 24	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
<b>S&amp;P 500</b>	1258.6	-0.9	0.8	5.4
Dow Jones Industrials	11,117.3	-0.8	3.7	5.8
NASDAQ Composite	2169.2	-1.2	-1.6	5.2
S&P MidCap 400	752.4	-2.1	1.9	12.9
S&P SmallCap 600	373.1	-1.7	6.4	16.1
DJ Wilshire 5000	12,661.9	-1.2	1.3	7.5

## SECTORS

	MAY 24	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
<b>BusinessWeek 50*</b>	719.1	-1.5	-3.1	2.7
<b>BW Info Tech 100**</b>	373.0	-1.8	-2.0	4.6
<b>S&amp;P/Citigroup Growth</b>	584.6	-0.7	-2.0	1.1
<b>S&amp;P/Citigroup Value</b>	671.9	-1.1	3.8	9.9
<b>S&amp;P Energy</b>	397.1	-2.0	6.5	25.5
<b>S&amp;P Financials</b>	433.9	-1.0	1.8	10.8
<b>S&amp;P REIT</b>	158.7	-1.7	3.7	10.2
<b>S&amp;P Transportation</b>	270.2	-1.0	8.2	22.5
<b>S&amp;P Utilities</b>	156.7	0.8	-1.9	4.1
<b>GSTI Internet</b>	174.8	0.1	-14.8	6.1
<b>PSE Technology</b>	810.6	-1.4	-3.1	7.5

\*Mar. 19, 1999=1000 \*\*Feb. 7, 2000=1000

## GLOBAL MARKETS

	MAY 24	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
<b>S&amp;P Euro Plus (U.S. Dollar)</b>	1643.1	-1.5	8.7	21.7
<b>London (FT-SE 100)</b>	5587.1	-1.6	-0.6	12.1
<b>Paris (CAC 40)</b>	4870.0	-1.0	3.3	18.7
<b>Frankfurt (DAX)</b>	5587.2	-1.2	3.3	27.1
<b>Tokyo (NIKKEI 225)</b>	15,907.2	-2.5	-1.3	42.9
<b>Hong Kong (Hang Seng)</b>	15,822.6	-4.8	6.4	15.3
<b>Toronto (S&amp;P/TSX Composite)</b>	11,423.9	-1.9	1.3	20.0
<b>Mexico City (IPC)</b>	18,805.6	-7.2	5.6	44.4

## FUNDAMENTALS

	MAY 23	WEEK AGO	YEAR AGO
<b>S&amp;P 500 Dividend Yield</b>	1.86%	1.81%	2.03%
<b>S&amp;P 500 P/E Ratio (Trailing 12 mos.)</b>	17.0	17.5	19.5
<b>S&amp;P 500 P/E Ratio (Next 12 mos.)*</b>	14.3	14.7	15.7
<b>First Call Earnings Revision*</b>	-0.43%	-0.18%	-0.24%

\*First Call Corp.

## TECHNICAL INDICATORS

	MAY 23	WEEK AGO	READING
<b>S&amp;P 500 200-day average</b>	1258.0	1257.4	Positive
<b>Stocks above 200-day average</b>	54.0%	62.0%	Neutral
<b>Options: Put/call ratio</b>	1.06	0.92	Positive
<b>Insiders: Vickers NYSE Sell/buy ratio</b>	4.48	5.00	Negative

## BEST-PERFORMING GROUPS

	LAST MONTH %	LAST 12 MONTHS %
<b>Automobiles</b>	11.2	100.6
<b>Broadcasting</b>	7.5	98.2
<b>Health-Care Supplies</b>	6.2	86.5
<b>Brewers</b>	5.9	76.2
<b>Advertising</b>	5.6	73.9
<b>Agricultural Products</b>		100.6
<b>Steel</b>		98.2
<b>Divsfd. Metals &amp; Mining</b>		86.5
<b>Oil &amp; Gas Equip.</b>		76.2
<b>Employment Services</b>		73.9

## WORST-PERFORMING GROUPS

	LAST MONTH %	LAST 12 MONTHS %
<b>Consumer Electronics</b>	-21.1	-33.6
<b>Home Entmnt. Software</b>	-19.8	-23.6
<b>Oil &amp; Gas Refining</b>	-17.4	-19.8
<b>Specialized Finance</b>	-17.0	-19.5
<b>Constr. Materials</b>	-16.1	-18.6
<b>Education Services</b>		-33.6
<b>Automobiles</b>		-23.6
<b>Internet Software</b>		-19.8
<b>Tires &amp; Rubber</b>		-19.5
<b>Food Wholesalers</b>		-18.6

## EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
<b>LEADERS</b>		<b>LEADERS</b>	
<b>Utilities</b>	-2.2	<b>Precious Metals</b>	85.4
<b>Domestic Hybrid</b>	-2.3	<b>Latin America</b>	59.3
<b>International Hybrid</b>	-2.3	<b>Natural Resources</b>	44.5
<b>Financial</b>	-2.4	<b>Diversified Emerg. Mkts.</b>	41.9
<b>LAGGARDS</b>		<b>LAGGARDS</b>	
<b>Latin America</b>	-11.6	<b>Health</b>	3.4
<b>Technology</b>	-8.8	<b>Large-cap Growth</b>	6.5
<b>Diversified Emerg. Mkts.</b>	-8.6	<b>Domestic Hybrid</b>	6.7
<b>Natural Resources</b>	-8.1	<b>Large-cap Blend</b>	8.0

## EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
<b>LEADERS</b>		<b>LEADERS</b>	
<b>DireXion Emerg. Mkts. Sht.</b>	22.1	<b>U.S. Global Invr. Gold</b>	131.9
<b>ProFds. Ush. Emerg. Mkts. Svc.</b>	19.6	<b>Midas</b>	128.6
<b>DireXion Sm. Cap Bear 2.5X Inv.</b>	19.4	<b>U.S. Gbl. Invr. Prc. Mnls.</b>	121.5
<b>ProFds. UItSh. OTC Inv.</b>	18.2	<b>Van Eck Invr. Gold A.</b>	101.6
<b>LAGGARDS</b>		<b>LAGGARDS</b>	
<b>DireXion Emerg. Mkts. Bull 2X</b>	-20.7	<b>Ameritor Investment</b>	-69.2
<b>American Heritage Grth.</b>	-20.0	<b>American Heritage Grth.</b>	-33.3
<b>ProFds. UItEmerg. Mkts. Inv.</b>	-19.6	<b>ProFds. USh. Sm. Cap Inv.</b>	-25.5
<b>DireXion Sm. Cap Bull 2.5X Inv.</b>	-17.3	<b>DireXion Sm. Cap Bear 2.5X Inv.</b>	-24.7

## INTEREST RATES

### KEY RATES

	MAY 24	WEEK AGO	YEAR AGO
<b>Money Market Funds</b>	4.49%	4.46%	2.54%
<b>90-Day Treasury Bills</b>	4.83	4.82	2.95
<b>2-Year Treasury Notes</b>	4.94	4.95	3.59
<b>10-Year Treasury Notes</b>	5.04	5.15	4.03
<b>30-Year Treasury Bonds</b>	5.13	5.27	4.36
<b>30-Year Fixed Mortgage †</b>	6.55	6.54	5.73

†BanxQuote, Inc.

## BLOOMBERG MUNI YIELD EQUIVALENTS

Taxable equivalent yields on AAA-rated, tax-exempt municipal bonds, assuming a 30% federal tax rate.

	10-YR. BOND	30-YR. BOND
<b>General Obligations</b>	4.09%	4.45%
<b>Taxable Equivalent</b>	5.84	6.36
<b>Insured Revenue Bonds</b>	4.21	4.60
<b>Taxable Equivalent</b>	6.01	6.57

## THE WEEK AHEAD

### CONSUMER CONFIDENCE

**Tuesday, May 30, 10 a.m., EDT** » The Conference Board's May consumer-confidence index is expected to have retreated to 103.8, after hitting a nearly four-year high of 109.6 in April. That's the median forecast of economists polled by Action Economics.

### PURCHASING MANAGERS' INDEX

**Thursday, June 1, 10 a.m., EDT** » The Institute for Supply Management's May factory activity

index most likely followed the path of early regional factory activity indexes and moderated to 56%. The April reading was 57.3%.

### CONSTRUCTION SPENDING

**Thursday, June 1, 10 a.m., EDT** » Building outlays probably inched up by 0.1% during April, after a surprisingly stout 0.9% increase in March. The recent easing in some home-building data will put the focus of this report on residential outlays.

**Friday, June 2, 8:30 a.m. EDT** » Nonfarm payrolls are forecast to have risen by 180,000 workers in May, after a smaller-than-expected gain of 138,000 jobs in April. The jobless rate probably held at 4.7%. Hourly earnings most likely grew 0.2%.

### FACTORY INVENTORIES

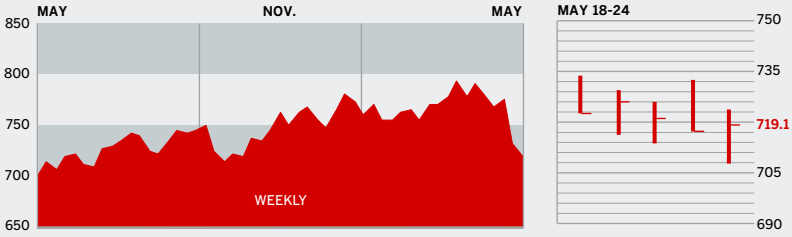
**Friday, June 2, 10 a.m., EDT** » Manufacturing inventories most likely rose 0.5% during April. In March inventories jumped 0.7%.

The *BusinessWeek* production index climbed to 275.5 for the week ended May 13, up 14.3% from the previous year. Before calculation of the four-week moving average, the index improved to 277.2.

## BusinessWeek online

For the BW50, more investment data, and the components of the production index visit [www.businessweek.com/extras](http://www.businessweek.com/extras)

# THE BUSINESSWEEK FIFTY



The BW50 lost 1.5%, trailing the indexes. Hardest hit were insurers UnitedHealth Group and Aetna; investors are worried about their murky profit outlook. Oil and metals stocks lost ground as investors sold off shares. Yahoo! climbed 5.6% on analyst upgrades, while buyers taking note of Microsoft's humongous cash hoard sent its shares higher.

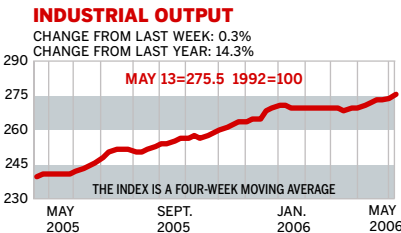
## COMPANY PERFORMANCE

RANK	COMPANY	% CHANGE	
		WEEK	SINCE 3/1/06
1	Apple Computer	-2.9	-7.5
2	WellPoint	-4.0	-8.3
3	Caremark Rx	-6.1	-7.6
4	UnitedHealth Group	-10.2	-27.7
5	Schlumberger	-4.1	9.9
6	Occidental Petroleum	1.1	2.5
7	Halliburton	-5.1	3.0
8	Qualcomm	-2.8	-3.3
9	Amgen	-0.4	-9.8
10	Aetna	-6.8	-25.5
11	Lowe's	-1.0	-11.0
12	Burlington Northern Santa Fe	-2.1	-5.3
13	Motorola	-2.6	-4.4
14	Yahoo	5.6	-0.8
15	Goldman Sachs Group	-2.9	1.9
16	Lehman Brothers Holdings	-3.5	-11.9
17	Gilead Sciences	-0.5	-10.9
18	Jabil Circuit	-0.8	-8.7
19	Best Buy	-1.0	-5.1
20	EMC	-2.3	-11.6
21	Baker Hughes	2.6	19.4
22	Texas Instruments	-1.0	6.6
23	Cisco Systems	1.5	1.2
24	Starbucks	-3.3	-3.1
25	Intel	-4.1	-13.2

RANK	COMPANY	% CHANGE	
		WEEK	SINCE 3/1/06
26	D. R. Horton	0.3	-20.6
27	National Oilwell Varco	-3.6	0.9
28	JPMorgan Chase	-2.5	2.5
29	Merrill Lynch	-0.3	-9.0
30	Valero Energy	-2.8	8.0
31	ConocoPhillips	-3.7	0.3
32	Marathon Oil	-2.0	3.9
33	Prudential Financial	-0.4	-1.7
34	Microsoft	3.4	-12.5
35	Freeport-McMoRan	-6.8	4.8
36	Weatherford International	-2.5	17.5
37	eBay	2.3	-24.6
38	Coventry Health Care	-1.7	-14.2
39	CVS	-2.6	-0.7
40	FedEx	-2.4	0.1
41	Franklin Resources	-1.0	-15.4
42	Lennar	1.0	-18.7
43	Coach	-5.1	-20.4
44	Staples	-2.7	-2.8
45	NVIDIA	-3.6	2.1
46	Norfolk Southern	-0.5	0.4
47	Caterpillar	-3.1	0.7
48	McKesson	-1.6	-11.3
49	Hartford Financial Services	0.4	7.1
50	Home Depot	0.0	-9.8

Data: Reuters

## BW PRODUCTION INDEX



The production index posted its eighth straight weekly increase. Before calculating the four-week moving average, the index moved up to 277.2, from 275.6. On a seasonally adjusted basis, all but two components were higher. Lumber and steel output posted the biggest gains, followed by coal, autos, crude oil, and refining. Rail-freight traffic also managed a small rise, driven by an increase in traffic of metals and scrap materials. Modest declines came in truck assemblies and electric-power production.

Information on each of the index components is at [www.businessweek.com](http://www.businessweek.com).  
BW production index Copyright 2006 by The McGraw-Hill Companies

## ONLINE RESOURCES

**BW50** More information about BW50 companies is available online.

**BUSINESSWEEK INVESTING** Real-time market coverage and investment tools in partnership with Standard & Poor's.

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**BusinessWeek** online

For the BW50, more investment data, and the components of the production index visit [www.businessweek.com/extras](http://www.businessweek.com/extras)