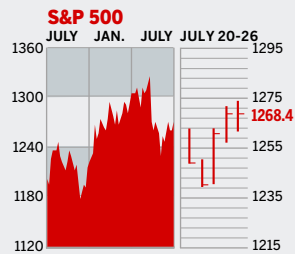


STOCKS



COMMENTARY

The markets were flat last week with the S&P, Dow, and Nasdaq changing less than 1%. But strong cross-currents in earnings reports made investors chary. General Motors showed turnaround momentum and the stock soared 12%, while United Parcel foretold a global business slowdown and lost 16%. The next big hope: takeover bids from LBO firms, like the one for HCA.

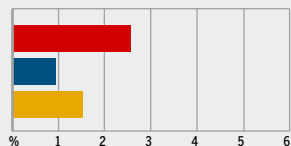
Data: Bloomberg Financial Markets, Reuters

MUTUAL FUNDS

4-WEEK TOTAL RETURN

WEEK ENDED JULY 25

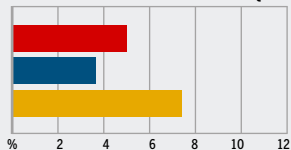
■ S&P 500 ■ U.S. DIVERSIFIED ■ ALL EQUITY



52-WEEK TOTAL RETURN

WEEK ENDED JULY 25

■ S&P 500 ■ U.S. DIVERSIFIED ■ ALL EQUITY



Data: Standard & Poor's

U.S. MARKETS

	JULY 26	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P 500	1268.4	0.7	1.6	3.0
Dow Jones Industrials	11,102.5	0.8	3.6	4.9
NASDAQ Composite	2070.5	-0.5	-6.1	-4.8
S&P MidCap 400	736.8	-0.5	-0.2	3.2
S&P SmallCap 600	359.2	-1.3	2.4	2.8
DJ Wilshire 5000	12,697.4	0.4	1.6	3.4

SECTORS

	JULY 26	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
BusinessWeek 50*	716.2	1.4	-3.5	-1.7
BW Info Tech 100**	364.5	0.8	-4.2	-0.5
S&P/Citigroup Growth	584.6	0.7	-2.0	-1.0
S&P/Citigroup Value	682.4	0.7	5.4	7.3
S&P Energy	437.3	2.8	17.3	20.0
S&P Financials	439.6	0.4	3.1	8.7
S&P REIT	173.8	-0.2	13.6	10.3
S&P Transportation	242.4	-11.2	-3.0	10.3
S&P Utilities	172.7	2.4	8.2	6.7
GSTI Internet	153.1	-3.6	-25.4	-10.1
PSE Technology	755.7	-0.1	-9.6	-5.9

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

GLOBAL MARKETS

	JULY 26	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	1657.8	2.2	9.7	19.8
London (FT-SE 100)	5877.1	1.7	4.6	11.8
Paris (CAC 40)	4943.0	2.0	4.8	11.8
Frankfurt (DAX)	5583.1	0.8	3.2	15.3
Tokyo (NIKKEI 225)	14,884.1	2.6	-7.6	26.8
Hong Kong (Hang Seng)	16,617.2	3.2	11.7	12.5
Toronto (S&P/TSX Composite)	11,879.6	2.2	5.4	14.6
Mexico City (IPC)	19,913.2	0.2	11.9	41.6

FUNDAMENTALS

	JULY 25	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.88%	1.92%	2.00%
S&P 500 P/E Ratio (Trailing 12 mos.)	16.7	16.5	19.4
S&P 500 P/E Ratio (Next 12 mos.)*	13.9	13.5	15.5
First Call Earnings Surprise*	4.66%	3.80%	3.90%

*First Call Corp.

TECHNICAL INDICATORS

	JULY 25	WEEK AGO	READING
S&P 500 200-day average	1265.4	1264.5	Positive
Stocks above 200-day average	47.0%*	41.0%	Neutral
Options: Put/call ratio	0.85	1.08	Positive
Insiders: Vickers NYSE Sell/buy ratio	2.63	2.57	Negative

*July 24

BEST-PERFORMING GROUPS

	LAST MONTH %	LAST 12 MONTHS %
Home Entertainment	15.4	92.8
Integrated Oil & Gas	12.4	77.4
Gas Utilities	11.9	49.2
Power and Energy Traders	11.1	48.3
Fertilizers & Ag. Chems.	11.0	43.4
Agricultural Products	92.8	92.8
Steel	77.4	77.4
Divsfd. Metals & Mining	49.2	49.2
Oil & Gas Refining	48.3	48.3
Constr. & Engineering	43.4	43.4

WORST-PERFORMING GROUPS

	LAST MONTH %	LAST 12 MONTHS %
Internet Retailers	-28.6	-42.8
Employment Services	-18.6	-39.6
Computer Retailers	-15.1	-37.9
Trading Cos. & Distribs.	-14.4	-35.9
IT Consulting	-14.3	-35.9
Tires & Rubber	-42.8	-42.8
Homebuilding	-39.6	-39.6
Internet Retailers	-37.9	-37.9
Educational Services	-35.9	-35.9
Home Furnishings Rtlrs.	-35.9	-35.9

EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
Latin America	12.1	Precious Metals	65.9
Utilities	6.1	Latin America	54.4
Real Estate	5.5	Diversified Emrg. Mkts.	29.1
Diversified Emrg. Mkts.	5.5	Japan	25.5
LAGGARDS			
Technology	-3.5	Technology	-3.9
Small-cap Growth	-1.2	Large-cap Growth	0.2
Japan	-1.0	Small-cap Growth	2.0
Mid-cap Growth	-0.9	Mid-cap Growth	2.4

EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
DireXion L. Am. Bl. 2X Inv.	21.9	U.S. Global Invsr. Gold	102.6
DireXn. Emrg. Mkts. Bl. 2X	18.0	Midas	95.4
iShares MSCI Mxco. Idx.	15.3	U.S. Gbl. Invs. Prc. Mnl.	93.7
ProFds.UltEmrg. Mkts. Inv.	14.8	Van Eck Invsr. Gold A.	83.5
LAGGARDS			
DireXion Emrg. Mkts. Sht.	-20.0	Ameritor Investment	-72.7
ProFds.USH.Emrg. Mkts. Inv.	-16.9	American Heritage Grth.	-33.3
ING International Port S2	-11.6	ProFunds. Semicdr. Inv.	-31.8
Japan Smaller Companies	-10.2	Frontier MicroCap	-26.1

INTEREST RATES

KEY RATES

	JULY 26	WEEK AGO	YEAR AGO
Money Market Funds	4.78%	4.75%	2.83%
90-Day Treasury Bills	5.10	5.11	3.42
2-Year Treasury Notes	5.07	5.10	3.93
10-Year Treasury Notes	5.03	5.05	4.23
30-Year Treasury Bonds	5.10	5.10	4.45
30-Year Fixed Mortgage †	6.54	6.71	5.69

†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
General Obligations	4.10%	4.48%
Taxable Equivalent	5.86	6.40
Insured Revenue Bonds	4.17	4.61
Taxable Equivalent	5.96	6.59

THE WEEK AHEAD

VEHICLE SALES Tuesday, Aug. 1

» July sales of light vehicles most likely accelerated to an annual rate of 17.5 million units, according to WardsAuto.com. June sales stood at a pace of 16.2 million vehicles.

PERSONAL INCOME Tuesday, Aug. 1, 8:30 a.m. EDT

» June personal income is forecast to have risen 0.6%, following a gain of 0.4% in May. That's the median forecast of economists surveyed by Action Economics. Consumer

spending probably increased by 0.4% for a second straight month.

PURCHASING MANAGERS' INDEX Tuesday, Aug. 1, 10 a.m. EDT

» The Institute for Supply Management's July factory activity index probably stayed fairly steady at 53.9%, up from 53.8% in June.

CONSTRUCTION SPENDING Tuesday, Aug. 1, 10 a.m. EDT

» Building outlays in June very likely bounced back by 0.3%, after a 0.4% decline in May.

FACTORY INVENTORIES Thursday, Aug. 3, 10 a.m. EDT

» Manufacturing inventories probably rose 0.4% in June, after holding steady in May.

EMPLOYMENT Friday, Aug. 4, 8:30 a.m. EDT

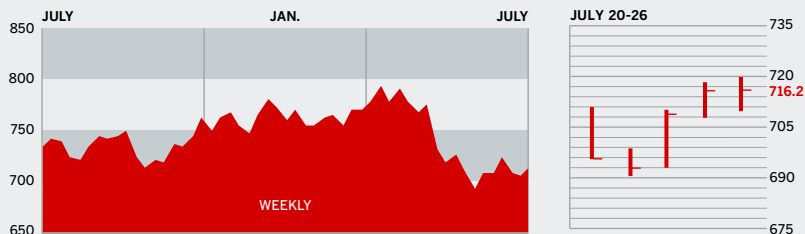
» Nonfarm payrolls are expected to have risen by 146,000 workers in July, after a disappointing gain of 121,000 jobs in June. The jobless rate probably held at 4.6%, while hourly earnings most likely increased by 0.3%.

The BusinessWeek production index improved to 284.1 for the week ended July 15, a 12.7% gain from a year ago. Before calculation of the four-week moving average, the index fell to 285.7.

BusinessWeek online

For the BW50, more investment data, and the components of the production index visit www.businessweek.com/extras

THE BUSINESSWEEK FIFTY



The BW50 picked up 1.4% last week, twice the gain of the S&P 500. Credit Apple Computer, which soared 18.1% after reporting stronger-than-expected demand for Macintosh computers. Amgen shares jumped 7% on optimistic reports about a cancer drug. But in another sign of a possible cyclical slowdown in the economy, Norfolk Southern fell 18.7% on softening freight rates.

COMPANY PERFORMANCE

RANK	COMPANY	% CHANGE		RANK	COMPANY	% CHANGE	
		WEEK	SINCE 3/1/06			WEEK	SINCE 3/1/06
1	Apple Computer	18.1	-6.7	26	D. R. Horton	1.8	-37.8
2	WellPoint	0.6	1.1	27	National Oilwell Varco	3.1	3.3
3	Caremark Rx	0.3	7.8	28	JPMorgan Chase	3.7	8.5
4	UnitedHealth Group	-0.8	-13.2	29	Merrill Lynch	1.8	-8.6
5	Schlumberger	4.0	16.1	30	Valero Energy	3.0	23.2
6	Occidental Petroleum	5.6	16.4	31	ConocoPhillips	4.1	12.5
7	Halliburton	-6.3	-5.9	32	Marathon Oil	4.7	28.7
8	Qualcomm	-4.8	-25.8	33	Prudential Financial	0.8	1.2
9	Amgen	7.8	-7.8	34	Microsoft	4.1	-9.3
10	Aetna	0.1	-21.6	35	Freeport-McMoRan	-3.8	3.2
11	Lowe's	0.2	-15.7	36	Weatherford International	-3.5	8.7
12	Burlington Northern Santa Fe	-11.9	-16.2	37	eBay	-5.8	-39.0
13	Motorola	13.5	2.1	38	Coventry Health Care	-0.9	-5.1
14	Yahoo	7.5	-15.5	39	CVS	2.9	16.5
15	Goldman Sachs Group	0.3	4.3	40	FedEx	-5.1	-0.5
16	Lehman Brothers Holdings	-1.1	-14.4	41	Franklin Resources	-2.0	-17.9
17	Gilead Sciences	1.8	0.1	42	Lennar	6.5	-24.5
18	Jabil Circuit	-1.1	-38.8	43	Coach	1.9	-23.5
19	Best Buy	-5.3	-18.4	44	Staples	0.0	-7.5
20	EMC	-1.1	-27.0	45	NVIDIA	3.3	-14.1
21	Baker Hughes	-0.7	18.8	46	Norfolk Southern	-18.7	-19.1
22	Texas Instruments	4.5	-1.3	47	Caterpillar	-1.4	-4.0
23	Cisco Systems	-0.3	-11.4	48	McKesson	4.3	-7.1
24	Starbucks	0.5	-6.3	49	Hartford Financial Services	2.3	3.3
25	Intel	-5.4	-15.0	50	Home Depot	1.0	-17.7

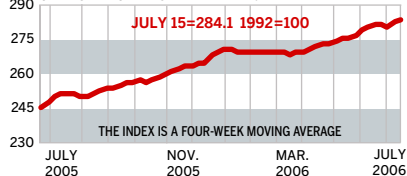
Data: Reuters

BW PRODUCTION INDEX

ONLINE RESOURCES

INDUSTRIAL OUTPUT

CHANGE FROM LAST WEEK: 0.4%
CHANGE FROM LAST YEAR: 12.7%



The production index posted another decent gain during the latest week. Before calculation, however, the index declined to 285.7, from 287.8. On a seasonally adjusted basis, there were not many components that improved. Electric power production managed a modest increase, with crude-oil refining inching higher. Auto and truck assemblies showed the biggest declines, followed by coal and lumber output. Rail-freight traffic and steel were down slightly.

Information on each of the index components is at www.businessweek.com.
BW production index Copyright 2006 by The McGraw-Hill Companies

BW50 More information about BW50 companies is available online.

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BusinessWeek online

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