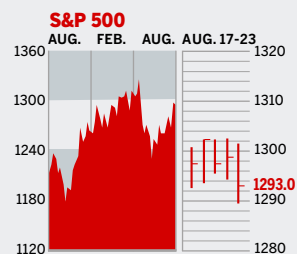


## STOCKS

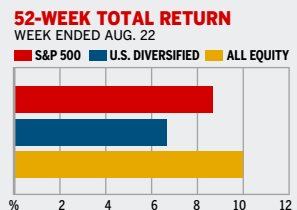
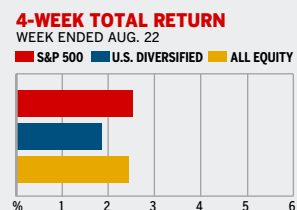


### COMMENTARY

Will falling housing markets take down the stock market? The indexes were doing fine until Aug. 23 when sales of existing homes came up short of forecasts and left investors timorous. S&P 500 Homebuilders fell 2.8% in a day, as did Home Depot and Lowe's. The S&P lost 0.2% for the week. Worries mount that consumer spending will go the way of house prices.

Data: Bloomberg Financial Markets, Reuters

## MUTUAL FUNDS



Data: Standard & Poor's

## U.S. MARKETS

	AUG. 23	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
S&P 500	1293.0	-0.2	3.6	6.2
Dow Jones Industrials	11,297.9	-0.3	5.4	7.4
NASDAQ Composite	2134.7	-0.7	-3.2	-0.1
S&P MidCap 400	737.8	-1.5	0.0	4.9
S&P SmallCap 600	360.9	-1.8	2.9	5.6
DJ Wilshire 5000	12,902.6	-0.4	3.2	6.3

## SECTORS

	AUG. 23	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
BusinessWeek 50*	730.9	-0.4	-1.5	1.5
BW Info Tech 100**	381.4	-0.9	0.3	4.8
S&P/Citigroup Growth	598.4	-0.1	0.3	2.7
S&P/Citigroup Value	692.8	-0.3	7.0	9.9
S&P Energy	435.1	1.0	16.7	18.8
S&P Financials	446.9	-0.1	4.8	12.4
S&P REIT	176.8	0.8	15.5	17.6
S&P Transportation	242.7	-3.6	-2.8	11.6
S&P Utilities	172.9	0.6	8.3	6.7
GSTI Internet	167.3	0.2	-18.5	-2.9
PSE Technology	787.6	-1.1	-5.8	-1.3

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

## GLOBAL MARKETS

	AUG. 23	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	1733.8	-1.0	14.7	22.3
London (FT-SE 100)	5860.0	-0.6	4.3	10.6
Paris (CAC 40)	5082.7	-1.1	7.8	14.6
Frankfurt (DAX)	5775.5	-0.6	6.8	17.4
Tokyo (NIKKEI 225)	16,163.0	0.6	0.3	29.6
Hong Kong (Hang Seng)	17,088.4	-2.1	14.9	14.1
Toronto (S&P/TSX Composite)	12,195.1	1.4	8.2	16.4
Mexico City (IPC)	20,742.4	-0.8	16.5	40.9

## FUNDAMENTALS

	AUG. 22	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.84%	1.87%	2.05%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.1	17.0	19.1
S&P 500 P/E Ratio (Next 12 mos.)*	14.2	13.9	15.2
First Call Earnings Revision*	-0.95%	-0.66%	0.50%

\*First Call Corp.

## TECHNICAL INDICATORS

	AUG. 22	WEEK AGO	READING
S&P 500 200-day average	1274.2	1272.0	Positive
Stocks above 200-day average	53.0%	52.0%	Neutral
Options: Put/call ratio	0.86	0.88	Positive
Insiders: Vickers NYSE Sell/buy ratio	2.99	2.73	Negative

## BEST-PERFORMING GROUPS

	LAST MONTH %		LAST 12 MONTHS %
Tires & Rubber	19.2	Agricultural Products	86.6
Fertilizers & Ag. Chems.	15.1	Steel	77.7
Divsfd. Metals & Mining	14.2	Divsfd. Metals & Mining	66.7
Comptr. Stge. & Perphs.	14.1	Fertilizers & Ag. Chems.	48.9
Constr. Materials	13.3	Constr. & Engineering	47.4

## WORST-PERFORMING GROUPS

	LAST MONTH %		LAST 12 MONTHS %
Internet Retailers	-15.2	Educational Services	-34.1
Air Freight & Couriers	-9.9	Homebuilding	-32.9
Wireless Services	-9.5	Internet Retailers	-31.0
Personal Products	-7.9	Tires & Rubber	-29.5
Auto Parts & Equip.	-7.3	Wireless Services	-23.1

## EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN		52-WEEK TOTAL RETURN	
	%		%
<b>LEADERS</b>			
Japan	6.8	Precious Metals	69.0
Precious Metals	6.1	Latin America	49.2
Technology	5.6	Diversified Emrg. Mkts.	30.6
Diversified Pacific/Asia	5.6	Diversified Pacific/Asia	25.2
<b>LAGGARDS</b>			
Miscellaneous	0.7	Technology	2.4
Health	0.9	Health	3.2
Small-cap Growth	1.0	Large-cap Growth	3.5
Small-cap Blend	1.2	Small-cap Growth	4.5

## EQUITY FUNDS

4-WEEK TOTAL RETURN		52-WEEK TOTAL RETURN	
	%		%
<b>LEADERS</b>			
DireXn. Jap. Bull 2X Inv.	13.7	U.S. Global Invsr. Gold	100.8
ProFunds. Ult. Japan Inv.	13.6	Midas	99.0
Matthews India	12.9	U.S. Gbl. Invs. Prc. Mnls.	91.3
ProFunds. Semicdr. Inv.	12.2	Van Eck Invsr. Gold A.	85.5
<b>LAGGARDS</b>			
Ameritor Investment	-33.3	Ameritor Investment	-81.8
American Heritage Grth.	-25.0	American Heritage Grth.	-50.0
ProFds. Mble. Tlcmms. Inv.	-17.1	ProFds. Mble. Tlcmms. Inv.	-24.9
ProFunds UltSh. Jap. Inv.	-12.6	American Heritage	-22.2

## INTEREST RATES

### KEY RATES

	AUG. 23	WEEK AGO	YEAR AGO
Money Market Funds	4.84%	4.84%	3.00%
90-Day Treasury Bills	5.10	5.07	3.51
2-Year Treasury Notes	4.87	4.88	3.98
10-Year Treasury Notes	4.81	4.86	4.18
30-Year Treasury Bonds	4.95	4.99	4.40
30-Year Fixed Mortgage †	6.25	6.32	5.74

†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	3.93%	4.29%
Taxable Equivalent	5.61	6.13
Insured Revenue Bonds	4.05	4.51
Taxable Equivalent	5.79	6.44

## THE WEEK AHEAD

### CONSUMER CONFIDENCE

**Tuesday, Aug. 29, 10 a.m., EDT** » The Conference Board's August consumer confidence index is forecast to have eased from 106.5 to 103.5. That's the median forecast of economists surveyed by Action Economics.

### GROSS DOMESTIC PRODUCT (REVISED)

**Wednesday, Aug. 30, 8:30 a.m., EDT** » A second look at second-quarter real GDP will probably show annualized

growth of 2.9%, up from the original 2.5% rate.

### PERSONAL INCOME Thursday, Aug. 31, 8:30 a.m. EDT

» July personal income most likely rose 0.4%, after a 0.6% jump in June. Consumer spending probably increased 0.6% in July after rising 0.4% in the prior period.

### EMPLOYMENT Friday, Sept. 1, 8:30 a.m. EDT

» Nonfarm payrolls are forecast to have risen by 125,000 workers in August,

after a gain of just 113,000 jobs in July. The jobless rate probably edged down to 4.7%.

### PURCHASING MANAGERS' INDEX Friday, Sept. 1, 10 a.m. EDT

» The Institute for Supply Management's July factory activity index very likely slipped to 54.4%.

### CONSTRUCTION SPENDING Friday, Sept. 1, 10 a.m. EDT

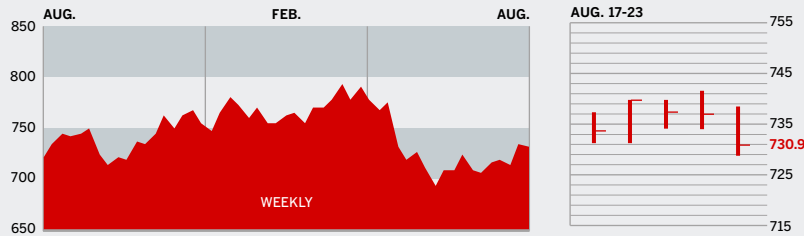
» Building outlays in July probably held steady after posting a gain of 0.3% in June.

The *BusinessWeek* production index slipped to 284.1 for the week ended Aug. 12 but stood 13.2% above the year-ago value. Before calculation of the four-week moving average, the index fell to 284.2.

**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



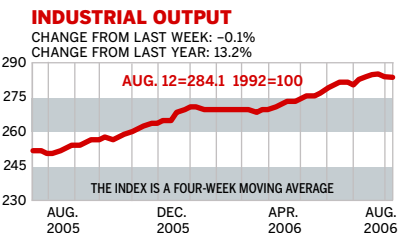
The BW50 slipped last week 0.4% as markets faced the housing market slowdown and doubts about the economy. Home supply giant Lowe's cut earnings forecasts and saw its shares fall 6%. Best Buy, sensitive to consumer spending, lost 5.6%. Railroads Norfolk Southern and Burlington Northern fell about 5%, as did FedEx. But techs eBay and Microsoft gained 4.6% and 3.9%.

## COMPANY PERFORMANCE

RANK	COMPANY	% CHANGE		RANK	COMPANY	% CHANGE	
		WEEK	SINCE 3/1/06			WEEK	SINCE 3/1/06
1	Apple Computer	-1.0	-1.7	26	D. R. Horton	-3.7	-38.4
2	WellPoint	1.8	0.5	27	National Oilwell Varco	1.0	9.0
3	Caremark Rx	0.2	13.4	28	JPMorgan Chase	0.1	10.6
4	UnitedHealth Group	3.1	-14.8	29	Merrill Lynch	-0.4	-2.8
5	Schlumberger	1.4	11.8	30	Valero Energy	-2.0	14.9
6	Occidental Petroleum	2.1	14.7	31	ConocoPhillips	-1.1	8.3
7	Halliburton	-1.3	-1.7	32	Marathon Oil	2.0	27.8
8	Qualcomm	-3.1	-22.3	33	Prudential Financial	-0.6	-6.6
9	Amgen	1.1	-10.8	34	Microsoft	3.9	-4.5
10	Aetna	2.1	-28.7	35	Freeport-McMoRan	3.6	11.9
11	Lowe's	-6.0	-20.5	36	Weatherford International	-0.3	5.3
12	Burlington Northern Santa Fe	-4.5	-16.2	37	eBay	4.6	-32.6
13	Motorola	-4.7	6.0	38	Coventry Health Care	0.6	-9.9
14	Yahoo!	1.1	-10.5	39	CVS	-4.2	16.3
15	Goldman Sachs Group	-1.5	8.1	40	FedEx	-4.8	-7.5
16	Lehman Brothers Holdings	-2.5	-10.1	41	Franklin Resources	1.0	-4.5
17	Gilead Sciences	-1.3	1.4	42	Lennar	-1.9	-25.9
18	Jabil Circuit	-1.1	-29.5	43	Coach	-2.6	-14.4
19	Best Buy	-5.6	-13.9	44	Staples	-3.6	-6.0
20	EMC	1.2	-20.8	45	NVIDIA	-3.9	11.6
21	Baker Hughes	-1.3	8.6	46	Norfolk Southern	-5.7	-16.9
22	Texas Instruments	-4.1	5.5	47	Caterpillar	-2.7	-8.0
23	Cisco Systems	-0.2	4.0	48	McKesson	-0.7	-5.1
24	Starbucks	-3.1	-18.3	49	Hartford Financial Services	0.5	1.3
25	Intel	-1.2	-10.8	50	Home Depot	-2.5	-20.2

Data: Reuters

## BW PRODUCTION INDEX



The production index drifted lower during the latest period. Before calculation of the four-week moving average, the index eased down from 284.8 to 284.2. After seasonal adjustments, electric power production posted the largest decline, returning to more normal levels after demand spiked in response to a heat wave across a large part of the country. Coal and lumber output slowed, as did truck assemblies and rail-freight traffic. Steel and autos rose, while crude-oil refining held steady.

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.

**MUTUAL FUNDS** Search for funds, view BW ratings, and read Q&As with fund managers.

**COLUMNS** Hot stocks, takeover plays, and the latest strategies for managing your money.

**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)