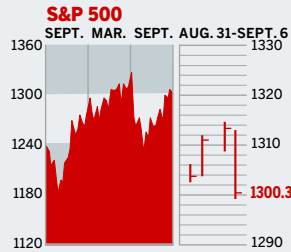


## STOCKS



### COMMENTARY

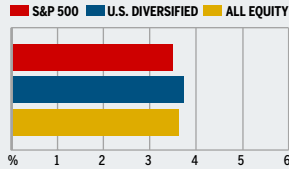
After a week of solid gains, stocks retreated on Sept 6 on renewed inflation and interest rate jitters. Even as crude oil prices fell to a five-month low, news that labor costs had escalated faster than economists' estimates put the fear of further Fed rate hikes back in the market. Stocks saw their biggest losses since mid-July. Tech stocks led the decline.

Data: Bloomberg Financial Markets, Reuters

## MUTUAL FUNDS

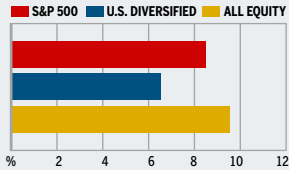
### 4-WEEK TOTAL RETURN

WEEK ENDED SEPT. 5



### 52-WEEK TOTAL RETURN

WEEK ENDED SEPT. 5



Data: Standard & Poor's

## U.S. MARKETS

|                       | SEPT. 6  | WEEK | % CHANGE YEAR TO DATE | % CHANGE LAST 12 MONTHS |
|-----------------------|----------|------|-----------------------|-------------------------|
| S&P 500               | 1300.3   | -0.3 | 4.2                   | 5.4                     |
| Dow Jones Industrials | 11,406.2 | 0.2  | 6.4                   | 7.7                     |
| NASDAQ Composite      | 2167.8   | -0.8 | -1.7                  | 0.0                     |
| S&P MidCap 400        | 743.6    | -0.4 | 0.8                   | 4.0                     |
| S&P SmallCap 600      | 365.2    | -1.0 | 4.1                   | 4.1                     |
| DJ Wilshire 5000      | 13,000.5 | -0.3 | 4.0                   | 5.5                     |

## SECTORS

|                      | SEPT. 6 | WEEK | % CHANGE YEAR TO DATE | % CHANGE LAST 12 MONTHS |
|----------------------|---------|------|-----------------------|-------------------------|
| BusinessWeek 50*     | 728.9   | -1.0 | -1.7                  | -1.8                    |
| BW Info Tech 100**   | 389.9   | -0.5 | 2.5                   | 5.6                     |
| S&P/Citigroup Growth | 603.2   | -0.5 | 1.1                   | 2.1                     |
| S&P/Citigroup Value  | 695.0   | -0.1 | 7.3                   | 8.9                     |
| S&P Energy           | 419.3   | -1.7 | 12.5                  | 8.4                     |
| S&P Financials       | 448.4   | 0.3  | 5.2                   | 12.5                    |
| S&P REIT             | 180.5   | -0.1 | 18.0                  | 14.9                    |
| S&P Transportation   | 241.9   | -0.1 | -3.2                  | 12.3                    |
| S&P Utilities        | 172.8   | -0.4 | 8.3                   | 2.7                     |
| GSTI Internet        | 170.8   | -1.2 | -16.8                 | -3.2                    |
| PSE Technology       | 798.4   | -1.0 | -4.5                  | -2.4                    |

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

## GLOBAL MARKETS

|                             | SEPT. 6  | WEEK | % CHANGE YEAR TO DATE | % CHANGE LAST 12 MONTHS |
|-----------------------------|----------|------|-----------------------|-------------------------|
| S&P Euro Plus (U.S. Dollar) | 1748.0   | -0.2 | 15.6                  | 19.2                    |
| London (FT-SE 100)          | 5929.3   | 0.0  | 5.5                   | 10.6                    |
| Paris (CAC 40)              | 5115.5   | -1.3 | 8.5                   | 14.4                    |
| Frankfurt (DAX)             | 5813.1   | -0.9 | 7.5                   | 17.0                    |
| Tokyo (NIKKEI 225)          | 16,284.1 | 2.6  | 1.1                   | 29.2                    |
| Hong Kong (Hang Seng)       | 17,258.5 | -0.2 | 16.0                  | 13.8                    |
| Toronto (S&P/TSX Composite) | 11,999.7 | -0.6 | 6.5                   | 11.1                    |
| Mexico City (IPC)           | 20,965.2 | -1.7 | 17.8                  | 39.5                    |

## FUNDAMENTALS

|                                      | SEPT. 5 | WEEK AGO | YEAR AGO |
|--------------------------------------|---------|----------|----------|
| S&P 500 Dividend Yield               | 1.84%   | 1.84%    | 2.02%    |
| S&P 500 P/E Ratio (Trailing 12 mos.) | 17.3    | 17.2     | 19.3     |
| S&P 500 P/E Ratio (Next 12 mos.)*    | 14.3    | 14.2     | 15.4     |
| First Call Earnings Revision*        | -1.21%  | -0.90%   | 0.80%    |

\*First Call Corp.

## TECHNICAL INDICATORS

|                                       | SEPT. 5 | WEEK AGO | READING  |
|---------------------------------------|---------|----------|----------|
| S&P 500 200-day average               | 1277.6  | 1276.1   | Positive |
| Stocks above 200-day average          | 57.0%   | 53.0%    | Neutral  |
| Options: Put/call ratio               | 0.86    | 0.90     | Positive |
| Insiders: Vickers NYSE Sell/buy ratio | 3.21    | 3.19     | Negative |

## BEST-PERFORMING GROUPS

|                          | LAST MONTH % | LAST 12 MONTHS % |
|--------------------------|--------------|------------------|
| Tires & Rubber           | 18.3         | 71.6             |
| Food Wholesalers         | 16.8         | 69.8             |
| Communication Equipment  | 13.8         | 66.6             |
| Internet Retailers       | 12.9         | 49.0             |
| Comptr. Stge. & Perphs.  | 12.6         | 35.5             |
| Agricultural Products    | 71.6         | 71.6             |
| Steel                    | 69.8         | 69.8             |
| Divsfd. Metals & Mining  | 66.6         | 66.6             |
| Fertilizers & Ag. Chems. | 49.0         | 49.0             |
| Constr. & Engineering    | 35.5         | 35.5             |

## WORST-PERFORMING GROUPS

|                          | LAST MONTH % | LAST 12 MONTHS % |
|--------------------------|--------------|------------------|
| Oil & Gas Refining       | -17.8        | -37.4            |
| Coal                     | -12.4        | -36.9            |
| Real Estate Mgt. & Dvpt. | -11.6        | -26.7            |
| Auto Parts & Equip.      | -7.7         | -22.8            |
| Constr. & Engineering    | -7.5         | -20.0            |
| Homebuilding             | -37.4        | -37.4            |
| Educational Services     | -36.9        | -36.9            |
| Internet Retailers       | -26.7        | -26.7            |
| IT Consulting            | -22.8        | -22.8            |
| Spclzd. Cnsmr. Serv.     | -20.0        | -20.0            |

## EQUITY FUND CATEGORIES

| 4-WEEK TOTAL RETURN  | %   | 52-WEEK TOTAL RETURN     | %    |
|----------------------|-----|--------------------------|------|
| <b>LEADERS</b>       |     |                          |      |
| Technology           | 9.1 | Precious Metals          | 69.6 |
| Communications       | 6.2 | Latin America            | 40.6 |
| Japan                | 5.4 | Diversified Emrg. Mkts.  | 29.4 |
| Small-cap Growth     | 5.0 | Diversified Pacific/Asia | 25.6 |
| <b>LAGGARDS</b>      |     |                          |      |
| Natural Resources    | 0.3 | Health                   | 1.9  |
| Miscellaneous        | 1.8 | Large-cap Growth         | 3.1  |
| Financial            | 2.0 | Technology               | 3.5  |
| International Hybrid | 2.0 | Small-cap Growth         | 4.5  |

## EQUITY FUNDS

| 4-WEEK TOTAL RETURN            | %     | 52-WEEK TOTAL RETURN       | %     |
|--------------------------------|-------|----------------------------|-------|
| <b>LEADERS</b>                 |       |                            |       |
| DireXn. NASDAQ 100 BI 25X Inv. | 20.5  | Midas                      | 104.1 |
| ProFunds. Semicdr. Inv.        | 18.1  | U.S. Global Invsr. Gold    | 97.6  |
| Rydex Inv. Dymnc. OTC H        | 16.2  | U.S. Gbl. Invs. Prc. Mnls. | 92.3  |
| ProFunds UltraOTC Inv.         | 16.0  | Van Eck Invsr. Gold A.     | 92.3  |
| <b>LAGGARDS</b>                |       |                            |       |
| DireXn. NASDAQ 100 Br 25X Inv. | -17.4 | Ameritor Investment        | -81.8 |
| ProFunds UltSh. OTC Inv.       | -14.0 | American Heritage Grth.    | -50.0 |
| Rydex Inv. Dymnc. OTC H        | -14.0 | ProFds. Mble. Tlcmms. Inv. | -23.3 |
| DireXn. Sm. Cap Br. 2.5X Inv.  | -13.1 | American Heritage          | -22.2 |

## INTEREST RATES

### KEY RATES

|                          | SEPT. 6 | WEEK AGO | YEAR AGO |
|--------------------------|---------|----------|----------|
| Money Market Funds       | 4.84%   | 4.85%    | 3.07%    |
| 90-Day Treasury Bills    | 4.96    | 5.05     | 3.49     |
| 2-Year Treasury Notes    | 4.81    | 4.81     | 3.81     |
| 10-Year Treasury Notes   | 4.80    | 4.75     | 4.10     |
| 30-Year Treasury Bonds   | 4.95    | 4.91     | 4.36     |
| 30-Year Fixed Mortgage † | 6.20    | 6.25     | 5.71     |

†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   | 3.87%       | 4.27%       |
| Taxable Equivalent    | 5.53        | 6.10        |
| Insured Revenue Bonds | 3.93        | 4.40        |
| Taxable Equivalent    | 5.61        | 6.29        |

## THE WEEK AHEAD

**INTERNATIONAL TRADE** Tuesday, Sept. 12, 8:30 a.m. EDT » The foreign trade deficit is expected to have widened to \$65.5 billion in July, from \$64.8 billion in June. That's the median forecast of economists surveyed by Action Economics.

**RETAIL SALES** Thursday, Sept. 14, 8:30 a.m. EDT » August retail sales most likely rose 0.3%, after jumping 1.4% in July on stronger auto sales. Excluding

autos, August sales probably grew 0.5%, after a 1% increase in July.

### EXPORT-IMPORT PRICES

**Thursday, Sept. 14, 8:30 a.m. EDT** » Export prices likely climbed 0.3% in August. Import prices probably slipped 0.2%.

### BUSINESS INVENTORIES

**Thursday, Sept. 14, 10 a.m. EDT** » July inventories probably climbed 0.5%, after a 0.8% rise.

**CONSUMER PRICE INDEX** Friday, Sept. 15, 8:30 a.m. EDT »

Consumer prices for goods and services are forecast to have risen 0.3% in August, after a 0.4% rise in July. Less food and energy, the index probably increased 0.2% for a second straight month.

### INDUSTRIAL PRODUCTION

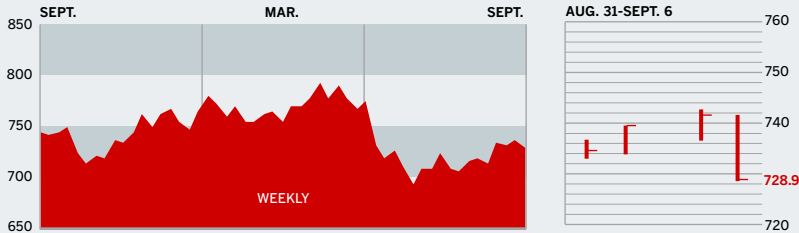
**Friday, Sept. 15, 9:15 a.m. EDT** » August factory output most likely expanded 0.2%, after improving by 0.4% in July. The factory utilization probably edged up to 82.5%, from 82.4%.

The *BusinessWeek* production index rose to 284.1 for the week ended Aug. 26, and stood 12.2% above the year-ago level. Before calculation of the four-week moving average, the index rose to 283.9.

**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



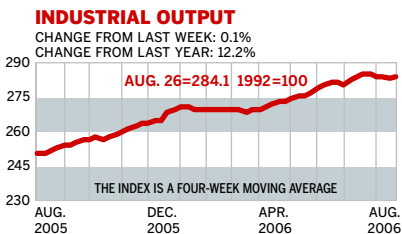
The BW 50 shed 1% in the week ended Sept. 6, a steeper loss than the broader market. Leading the decline were energy stocks such as Marathon Oil, Valero Energy, and Occidental Petroleum, down 6.3%, 9.4%, and 7.7%, respectively. Some tech stocks also got hit, among them Texas Instruments and Motorola. Lehman Bros. rose 4.6% on an analyst upgrade.

## COMPANY PERFORMANCE

| RANK | COMPANY                      | % CHANGE |              | RANK | COMPANY                     | % CHANGE |              |
|------|------------------------------|----------|--------------|------|-----------------------------|----------|--------------|
|      |                              | WEEK     | SINCE 3/1/06 |      |                             | WEEK     | SINCE 3/1/06 |
| 1    | Apple Computer               | 4.6      | 2.2          | 26   | D. R. Horton                | -3.5     | -38.4        |
| 2    | WellPoint                    | -2.9     | -1.2         | 27   | National Oilwell Varco      | 0.7      | 7.7          |
| 3    | Caremark Rx                  | 2.2      | 18.1         | 28   | JPMorgan Chase              | 0.3      | 11.5         |
| 4    | UnitedHealth Group           | -2.6     | -13.4        | 29   | Merrill Lynch               | 0.9      | -4.2         |
| 5    | Schlumberger                 | -5.1     | 2.5          | 30   | Valero Energy               | -9.4     | -1.4         |
| 6    | Occidental Petroleum         | -7.7     | 4.4          | 31   | ConocoPhillips              | -2.7     | 1.3          |
| 7    | Halliburton                  | -3.1     | -6.0         | 32   | Marathon Oil                | -6.3     | 12.6         |
| 8    | Qualcomm                     | 0.3      | -19.3        | 33   | Prudential Financial        | -1.3     | -6.4         |
| 9    | Amgen                        | 0.4      | -9.3         | 34   | Microsoft                   | -0.7     | -4.7         |
| 10   | Aetna                        | -5.2     | -29.3        | 35   | Freeport-McMoRan            | 5.7      | 19.2         |
| 11   | Lowe's                       | 0.7      | -19.5        | 36   | Weatherford International   | -1.8     | -1.3         |
| 12   | Burlington Northern Santa Fe | 1.8      | -15.8        | 37   | eBay                        | -0.8     | -29.6        |
| 13   | Motorola                     | -4.8     | 6.1          | 38   | Coventry Health Care        | -2.9     | -10.6        |
| 14   | Yahoo                        | -1.8     | -11.1        | 39   | CVS                         | 2.1      | 22.4         |
| 15   | Goldman Sachs Group          | 2.5      | 6.6          | 40   | FedEx                       | 0.2      | -6.0         |
| 16   | Lehman Brothers Holdings     | 4.6      | -9.6         | 41   | Franklin Resources          | 1.1      | -3.9         |
| 17   | Gilead Sciences              | -3.0     | -1.2         | 42   | Lennar                      | -2.6     | -27.3        |
| 18   | Jabil Circuit                | -3.2     | -30.4        | 43   | Coach                       | 1.1      | -14.2        |
| 19   | Best Buy                     | 0.0      | -14.1        | 44   | Staples                     | 1.5      | -6.3         |
| 20   | EMC                          | -2.2     | -18.8        | 45   | NVIDIA                      | -7.4     | 14.9         |
| 21   | Baker Hughes                 | -2.1     | 5.0          | 46   | Norfolk Southern            | -1.4     | -19.0        |
| 22   | Texas Instruments            | -4.7     | 4.4          | 47   | Caterpillar                 | 6.3      | -5.4         |
| 23   | Cisco Systems                | 0.1      | 7.2          | 48   | McKesson                    | 3.6      | -2.4         |
| 24   | Starbucks                    | 2.5      | -13.3        | 49   | Hartford Financial Services | -0.3     | 3.0          |
| 25   | Intel                        | -2.7     | -6.3         | 50   | Home Depot                  | 0.1      | -18.9        |

Data: Reuters

## BW PRODUCTION INDEX



The production index managed its first increase in five weeks. Before calculation of the four-week moving average, the index drifted up to 283.9, from 283.6. On a seasonally adjusted basis, crude-oil refining posted the biggest gain of the week, hitting its highest level since June. Electric power production rebounded and truck assemblies grew modestly. Auto and wood production showed the biggest declines of the period, followed by rail freight traffic, steel, and coal.

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.

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