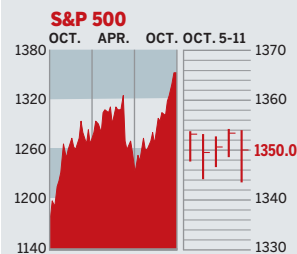


STOCKS

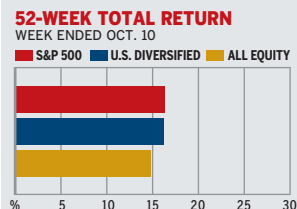
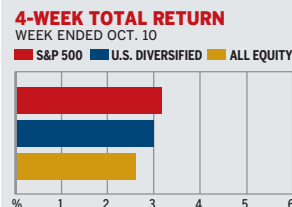


COMMENTARY

Stocks pulled back at the end of the week as the new earnings season kicked off with Alcoa falling far short of Wall Street's expectations. Shares of the aluminum maker fell 5% on Oct. 11. Word that Phelps Dodge is being shopped around boosted the mining company's stock by 15.5% on the week. Energy, steel producers, and industrials turned in solid performances.

Data: Bloomberg Financial Markets, Reuters

MUTUAL FUNDS



Data: Standard & Poor's

U.S. MARKETS

	OCT. 11	WEEK AGO	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P 500	1350.0	0.0	8.1	13.9
Dow Jones Industrials	11,852.1	0.0	10.6	15.6
NASDAQ Composite	2308.3	0.8	4.7	12.0
S&P MidCap 400	769.6	1.3	4.3	12.5
S&P SmallCap 600	379.2	1.1	8.1	14.4
DJ Wilshire 5000	13,484.9	0.3	7.9	14.1

SECTORS

	OCT. 11	WEEK AGO	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
BusinessWeek 50*	762.9	0.1	2.8	5.9
BW Info Tech 100**	417.2	1.5	9.6	16.3
S&P/Citigroup Growth	625.5	-0.1	4.9	10.0
S&P/Citigroup Value	722.5	0.1	11.6	18.1
S&P Energy	401.5	0.4	7.7	6.5
S&P Financials	472.7	-0.3	10.9	22.3
S&P REIT	187.4	0.2	22.4	30.6
S&P Transportation	262.3	-0.2	5.0	18.5
S&P Utilities	174.9	-0.1	9.5	8.6
GST Internet	178.6	-0.6	-13.0	1.9
PSE Technology	842.9	0.5	0.8	7.9

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

GLOBAL MARKETS

	OCT. 11	WEEK AGO	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	1805.9	0.6	19.5	25.0
London (FT-SE 100)	6073.5	1.8	8.1	12.9
Paris (CAC 40)	5313.2	1.1	12.7	16.8
Frankfurt (DAX)	6119.5	1.2	13.2	21.6
Tokyo (NIKKEI 225)	16,400.6	2.0	1.8	21.0
Hong Kong (Hang Seng)	17,862.8	1.3	20.1	19.9
Toronto (S&P/TSX Composite)	11,619.1	0.0	3.1	9.4
Mexico City (IPC)	22,387.1	1.3	25.8	44.9

FUNDAMENTALS

	OCT. 10	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.81%	1.83%	2.10%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.8	17.6	17.4
S&P 500 P/E Ratio (Next 12 mos.)*	14.5	14.3	14.0
First Call Earnings Surprise*	6.78%	9.41%	10.81%

*First Call Corp.

TECHNICAL INDICATORS

	OCT. 10	WEEK AGO	READING
S&P 500 200-day average	1285.8	1283.6	Positive
Stocks above 200-day average	61.0%	55.0%	Neutral
Options: Put/call ratio	0.82	0.95	Positive
Insiders: Vickers NYSE Sell/buy ratio	3.84	3.91	Negative

BEST-PERFORMING GROUPS

Group	LAST MONTH %	Group	LAST 12 MONTHS %
Auto Parts & Equip.	17.2	Steel	97.1
Casinos	15.8	Fertilizers & Ag. Chems.	54.5
Computer Stores	15.6	Agricultural Products	52.7
Real Estate Mgt. & Dvpt.	15.2	Department Stores	44.4
Consumer Electronics	15.0	Intgrd. Telecmm. Svcs.	42.9

WORST-PERFORMING GROUPS

Group	LAST MONTH %	Group	LAST 12 MONTHS %
Drug Chains	-13.9	Internet Retailers	-22.3
Health-Care Services	-12.2	Educational Services	-18.4
Gold Mining	-10.1	Homebuilding	-17.1
Tobacco	-5.1	Internet Software	-14.6
Health-Care Distribrs. & Svcs.	-5.0	Gold Mining	-12.7

EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
Latin America	7.8	Latin America	36.8
Financial	4.1	Real Estate	34.2
Communications	3.7	Precious Metals	30.7
Small-cap Growth	3.3	Diversified Emrg. Mkts.	24.7
LAGGARDS			
Precious Metals	-3.1	Health	8.6
Japan	0.1	Natural Resources	9.0
Natural Resources	0.7	Large-cap Growth	10.0
Diversified Pacific/Asia	1.3	Domestic Hybrid	10.1

EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
DireXn. Lat. Am. Bull 2X Inv.	15.2	Oberweis China Opport.	63.6
iShares D.J. U.S. Bkr. Dlrs.	11.8	ING Russia A	53.4
DireXn.NASDAQ100BL25XInv.	11.5	U.S. Global Invs. Gold	52.0
ProFds. Mble. Tlcms. Inv.	9.2	ProFunds. Real Est. Inv.	50.3
LAGGARDS			
Ameritor Investment	-50.0	Ameritor Investment	-90.0
DireXn.NASDAQ100Bear25X	-10.5	American Heritage Grth.	-40.0
ProFunds UISh. Emrg. Mkts.	-8.7	DireXn. Sm. Cap Bear 25X	-31.8
ProFunds UISh. OTC Inv.	-8.5	ProFds. UISh. Sm. Cap Inv.	-28.9

INTEREST RATES

KEY RATES

	OCT. 11	WEEK AGO	YEAR AGO
Money Market Funds	4.84%	4.85%	3.27%
90-Day Treasury Bills	5.02	4.91	3.65
2-Year Treasury Notes	4.86	4.59	4.22
10-Year Treasury Notes	4.78	4.56	4.39
30-Year Treasury Bonds	4.91	4.72	4.60
30-Year Fixed Mortgage †	6.18	6.12	5.95

†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	3.83%	4.30%
Taxable Equivalent	5.47	6.14
Insured Revenue Bonds	3.88	4.29
Taxable Equivalent	5.54	6.13

THE WEEK AHEAD

PRODUCER PRICE INDEX

Tuesday, Oct. 17, 8:30 a.m. EDT » Producer prices are forecast to have fallen 0.5% in September, after a 0.1% gain in August. That's the median forecast of economists polled by Action Economics. With energy and food excluded, producer prices most likely rose 0.2%, after a 0.4% dip.

INDUSTRIAL PRODUCTION

Tuesday, Oct. 17, 9:15 a.m. EDT » September factory output

very likely increased by 0.2%, following a 0.1% dip in August. The factory utilization rate probably held steady at 82.4%.

CONSUMER PRICE INDEX

Wednesday, Oct. 18, 8:30 a.m. EDT » September consumer prices for goods and services probably eased 0.2% on falling gasoline prices, after a 0.2% gain in August. Minus energy and food, the index most likely rose 0.2% for a third straight month.

RESIDENTIAL CONSTRUCTION

Wednesday, Oct. 18, 8:30 a.m. EDT » September housing starts are expected to have fallen to an annual pace of 1.64 million. Starts were off 20% from a year ago in August, and housing permits plunged 22% in the same period.

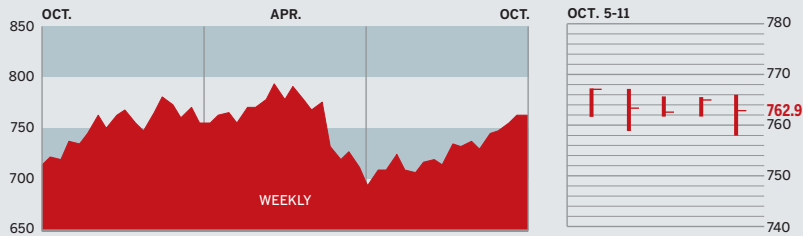
LEADING INDICATORS Thursday, Oct. 19, 10 a.m. EDT » The Conference Board's leading economic indicators index likely rebounded 0.3% in September.

The *BusinessWeek* production index retreated to 284.3 for the week ended Sept. 30, but stood 10.6% above the year-ago level. Before calculation of the four-week moving average, the index fell to 283.3.

BusinessWeek online

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

THE BUSINESSWEEK FIFTY



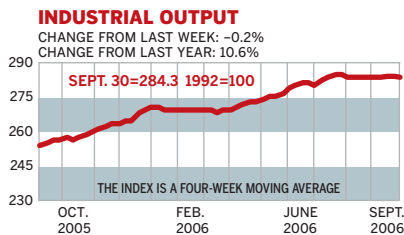
The BusinessWeek 50 essentially treaded water, rising 0.1% on the week. Marathon Oil rose 7%, aided by a Goldman Sachs forecast of a rally among commodities during the rest of the year. Copper explorer Freeport-McMoRan 9.2%. Caremark Rx tumbled 9.1% due in part to an analyst downgrade, while drug wholesaler McKesson dropped fell 6.2%.

COMPANY PERFORMANCE

RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06	RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06
1	Apple Computer	-2.9	6.9	26	D. R. Horton	0.8	-29.1
2	WellPoint	-2.0	-0.8	27	National Oilwell Varco	0.9	-12.4
3	Caremark Rx	-9.1	3.3	28	JPMorgan Chase	0.3	15.8
4	UnitedHealth Group	1.1	-14.0	29	Merrill Lynch	2.0	7.4
5	Schlumberger	-2.8	-0.1	30	Valero Energy	0.0	-6.8
6	Occidental Petroleum	-0.2	-2.4	31	ConocoPhillips	1.5	-5.5
7	Halliburton	0.6	-20.4	32	Marathon Oil	7.0	12.0
8	Qualcomm	5.4	-19.9	33	Prudential Financial	0.6	0.8
9	Amgen	0.7	-2.7	34	Microsoft	-1.4	2.5
10	Aetna	-1.1	-21.7	35	Freeport-McMoRan	9.2	5.8
11	Lowe's	1.8	-10.5	36	Weatherford International	1.7	-6.0
12	Burlington Northern Santa Fe	1.5	-2.7	37	eBay	-2.7	-27.4
13	Motorola	-1.3	17.0	38	Coventry Health Care	-4.9	-18.1
14	Yahoo	-3.8	-24.4	39	CVS	-3.1	10.0
15	Goldman Sachs Group	1.4	26.7	40	FedEx	-0.4	3.5
16	Lehman Brothers Holdings	-1.5	2.6	41	Franklin Resources	-2.6	2.3
17	Gilead Sciences	2.1	4.9	42	Lennar	1.3	-22.3
18	Jabil Circuit	1.7	-18.2	43	Coach	-0.3	-0.9
19	Best Buy	-1.6	3.4	44	Staples	2.4	8.4
20	EMC	1.8	-11.3	45	NVIDIA	4.1	37.3
21	Baker Hughes	-1.0	-1.0	46	Norfolk Southern	0.5	-10.7
22	Texas Instruments	-0.6	7.1	47	Caterpillar	4.2	-6.5
23	Cisco Systems	2.0	20.6	48	McKesson	-6.2	-7.6
24	Starbucks	4.1	3.0	49	Hartford Financial Services	-0.8	7.9
25	Intel	0.3	1.4	50	Home Depot	1.1	-10.0

Data: Reuters

BW PRODUCTION INDEX



The production index declined for the first time in seven weeks. Before calculation of the four-week moving average, the index dropped to 283.3, from 284.1. After seasonal adjustments, five components fell. Lumber output slipped the most, followed by auto and truck assemblies. Electric-power output fell modestly, while steel production inched lower. Crude-oil refining, coal, and rail-freight traffic were all higher. In September the index average edged down to 284.3, from 284.4 in August.

Information on each of the index components is at www.businessweek.com.
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ONLINE RESOURCES

BW50 More information about BW50 companies is available online.

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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