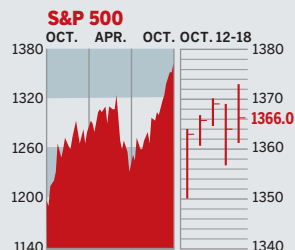


### STOCKS



#### COMMENTARY

A decline in consumer prices for September, lower crude oil prices, and positive earnings reports from IBM and Intel led the Dow to rise briefly above the 12,000 level on Oct. 18. Despite a surprising increase in housing starts for September, homebuilders had a rough time. KB Home, Pulte, and Centex were all lower on the week.

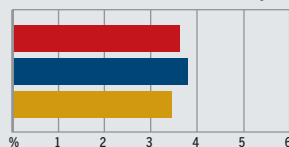
Data: Bloomberg Financial Markets, Reuters

### MUTUAL FUNDS

#### 4-WEEK TOTAL RETURN

WEEK ENDED OCT. 17

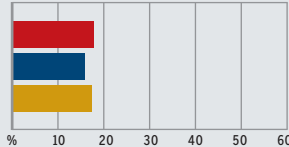
■ S&P 500 ■ U.S. DIVERSIFIED ■ ALL EQUITY



#### 52-WEEK TOTAL RETURN

WEEK ENDED OCT. 17

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



Data: Standard & Poor's

### U.S. MARKETS

	OCT. 18	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P 500	1366.0	1.2	9.4	15.9
Dow Jones Industrials	11,992.7	1.2	11.9	16.6
NASDAQ Composite	2337.2	1.3	6.0	13.7
S&P MidCap 400	782.1	1.6	6.0	15.7
S&P SmallCap 600	388.5	2.5	10.8	18.2
DJ Wilshire 5000	13,660.2	1.3	9.3	16.4

### SECTORS

	OCT. 17	WEEK AGO	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
BusinessWeek 50*	770.4	1.0	3.9	9.1
BW Info Tech 100**	421.1	0.9	10.7	18.7
S&P/Citigroup Growth	633.1	1.2	6.1	11.6
S&P/Citigroup Value	730.9	1.2	12.9	20.5
S&P Energy	417.8	4.1	12.1	18.0
S&P Financials	475.5	0.6	11.5	22.4
S&P REIT	191.8	2.4	25.4	33.9
S&P Transportation	265.1	1.1	6.1	20.5
S&P Utilities	178.9	2.3	12.0	15.0
GSTI Internet	177.6	-0.5	-13.4	1.3
PSE Technology	850.4	0.9	1.7	8.3

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

### GLOBAL MARKETS

	OCT. 18	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	1812.5	0.4	19.9	28.5
London (FT-SE 100)	6150.4	1.3	9.5	16.8
Paris (CAC 40)	5361.3	0.9	13.7	20.2
Frankfurt (DAX)	6182.8	1.0	14.3	25.0
Tokyo (NIKKEI 225)	16,653.0	1.5	3.4	24.7
Hong Kong (Hang Seng)	18,048.1	1.0	21.3	23.6
Toronto (S&P/TSX Composite)	11,966.0	3.0	6.2	15.7
Mexico City (IPC)	23,012.9	2.8	29.3	52.6

### FUNDAMENTALS

	OCT. 17	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.79%	1.81%	2.12%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.8	17.8	17.3
S&P 500 P/E Ratio (Next 12 mos.)*	14.7	14.5	13.9
First Call Earnings Surprise*	5.29%	8.59%	2.74%

\*First Call Corp.

### TECHNICAL INDICATORS

	OCT. 17	WEEK AGO	READING
S&P 500 200-day average	1288.4	1285.8	Positive
Stocks above 200-day average	66.0%	61.0%	Neutral
Options: Put/call ratio	0.83	0.82	Positive
Insiders: Vickers NYSE Sell/buy ratio	3.94	3.84	Negative

### BEST-PERFORMING GROUPS

Group	LAST MONTH %	LAST 12 MONTHS %
Real Estate Mgt. & Dvpt.	20.6	109.7
Auto Parts & Equip.	17.9	55.1
Steel	12.3	52.9
Auto Retail	11.7	52.4
Restaurants	11.5	47.2

### WORST-PERFORMING GROUPS

Group	LAST MONTH %	LAST 12 MONTHS %
Education Services	-25.0	-36.9
Health-Care Services	-11.1	-23.7
Drug Chains	-10.2	-17.8
Gold Mining	-5.8	-15.6
Health-Care Distrib. & Svcs.	-5.5	-7.4

### EQUITY FUND CATEGORIES

Category	4-WEEK TOTAL RETURN %	52-WEEK TOTAL RETURN %
<b>LEADERS</b>		
Latin America	8.0	45.5
Small-cap Growth	5.0	41.0
Small-cap Value	4.6	36.6
Communications	4.5	33.3
<b>LAGGARDS</b>		
International Hybrid	2.0	8.7
Domestic Hybrid	2.2	11.1
Japan	2.3	11.4
Pacific/Asia ex-Japan	2.4	13.3

### EQUITY FUNDS

Fund	4-WEEK TOTAL RETURN %	52-WEEK TOTAL RETURN %
<b>LEADERS</b>		
DireXn. Lat. Am. Bull 2X Inv.	16.7	68.3
American Heritage	14.3	67.8
DireXn. NASDAQ 100 BL 2.5X	12.9	64.7
DireXn. Sm. Cap Bull 2.5X	12.7	60.3
<b>LAGGARDS</b>		
Ameritor Investment	-50.0	-88.9
DireXn. Sm. Cap Bear 2.5X	-12.7	-40.0
DireXn. NASDAQ 100 Bear 2.5X	-11.8	-37.0
ProFunds UITSh. Emrg. Mkts.	-11.5	-33.4

### INTEREST RATES

#### KEY RATES

	OCT. 18	WEEK AGO	YEAR AGO
Money Market Funds	4.84%	4.84%	3.31%
90-Day Treasury Bills	5.09	5.02	3.86
2-Year Treasury Notes	4.84	4.84	4.25
10-Year Treasury Notes	4.76	4.78	4.47
30-Year Treasury Bonds	4.89	4.91	4.70
30-Year Fixed Mortgage †	6.23	6.18	5.97

†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%	4.30%
Taxable Equivalent	5.53	6.14
Insured Revenue Bonds	3.89	4.40
Taxable Equivalent	5.56	6.29

## THE WEEK AHEAD

**FOMC MEETING** Tuesday, Oct. 24, 9 a.m. EDT » The Federal Reserve's Open Market Committee begins its two-day meeting to set monetary policy. Every economist queried by Action Economics expects the Fed will maintain interest rates at 5.25%.

**EXISTING HOME SALES** Wednesday, Oct. 25, 10 a.m. EDT » Existing home sales in September probably declined to an annual rate of 6.25 million, from

6.3 million units in August. Median home prices were down from the year before in August for the first time since April, 1995.

**DURABLE GOODS ORDERS** Thursday, Oct. 26, 8:30 a.m. EDT » Durable goods orders most likely rebounded with a 1% increase. New orders were unchanged during August.

**NEW HOME SALES** Thursday, Oct. 26, 10 a.m. EDT » New home sales are forecast to have

edged higher, to an annual rate of 1.06 million, in September. Sales in August rose slightly, to a pace of 1.05 million.

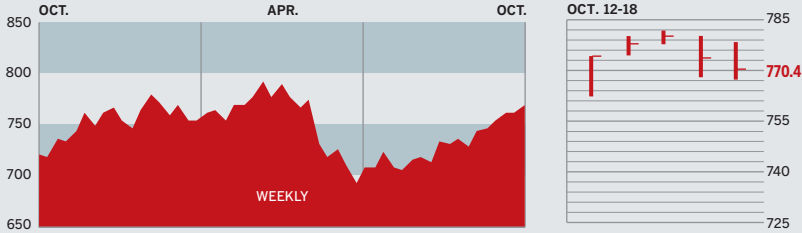
**GROSS DOMESTIC PRODUCT** Friday, Oct. 27, 8:30 a.m. EDT » Third-quarter real gross domestic product probably grew at an annualized rate of 3%. The rapid decline in residential construction probably held down growth. In the second quarter, growth cooled to a pace of 2.6%.

The *BusinessWeek* production index stood at 284.2 for the week ended Oct. 7, a 10.3% gain from the previous year. Before calculation of the four-week moving average, the index bounced up to 284.5.

**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



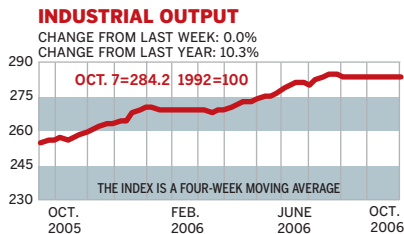
The BW50 gained 1% last week. Despite news that some iPods contain a Windows virus, shares of Apple Computer rose 1.8%. Oil stocks gushed higher, with National Oilwell Varco surging 8.6%, Marathon Oil up 6.9%, and Occidental Petroleum climbing 3.7%. Yahoo! declined on weak third-quarter earnings while eBay dipped on expectations of slower revenue growth for 2007.

## COMPANY PERFORMANCE

RANK	COMPANY	% CHANGE		RANK	COMPANY	% CHANGE	
		WEEK	SINCE 3/1/06			WEEK	SINCE 3/1/06
1	Apple Computer	1.8	8.8	26	D. R. Horton	-3.3	-31.4
2	WellPoint	0.7	-0.1	27	National Oilwell Varco	8.6	-4.9
3	Caremark Rx	-2.8	0.4	28	JPMorgan Chase	-0.9	14.8
4	UnitedHealth Group	-4.2	-17.6	29	Merrill Lynch	1.8	9.3
5	Schlumberger	4.7	4.6	30	Valero Energy	4.1	-3.0
6	Occidental Petroleum	3.7	1.2	31	ConocoPhillips	4.7	-1.0
7	Halliburton	5.7	-15.8	32	Marathon Oil	6.9	19.8
8	Qualcomm	1.0	-19.2	33	Prudential Financial	1.0	1.8
9	Amgen	-1.5	-4.1	34	Microsoft	3.6	6.1
10	Aetna	-0.3	-21.9	35	Freeport-McMoRan	5.4	11.4
11	Lowe's	2.6	-8.2	36	Weatherford International	1.7	-4.4
12	Burlington Northern Santa Fe	3.5	0.8	37	eBay	-2.1	-28.9
13	Motorola	-5.6	10.5	38	Coventry Health Care	0.9	-17.4
14	Yahoo	-5.2	-28.3	39	CVS	0.7	10.8
15	Goldman Sachs Group	2.2	29.5	40	FedEx	2.3	5.8
16	Lehman Brothers Holdings	4.3	7.0	41	Franklin Resources	1.1	3.4
17	Gilead Sciences	3.7	8.8	42	Lennar	-1.4	-23.4
18	Jabil Circuit	-3.6	-21.1	43	Coach	2.1	1.1
19	Best Buy	0.6	4.0	44	Staples	-0.9	7.5
20	EMC	-2.1	-13.1	45	NVIDIA	-2.4	33.9
21	Baker Hughes	4.6	3.5	46	Norfolk Southern	6.4	-5.0
22	Texas Instruments	-1.3	5.8	47	Caterpillar	1.1	-5.5
23	Cisco Systems	-0.9	19.5	48	McKesson	0.8	-6.9
24	Starbucks	1.0	4.0	49	Hartford Financial Services	2.5	10.5
25	Intel	1.1	2.5	50	Home Depot	-5.4	-14.9

Data: Reuters

## BW PRODUCTION INDEX



The production index barely moved during the latest period. Before calculation of the four-week moving average, the index rebounded to 284.5, from 283.3. On a seasonally adjusted basis, lumber production posted the biggest increase. Auto and truck assemblies were also higher, as were electric-power production and crude-oil refining. Steel output declined the most, while rail-freight traffic eased a little from the prior week. The coal component was virtually unchanged.

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)