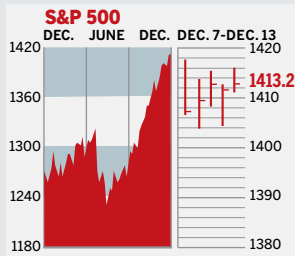


STOCKS



COMMENTARY

Disappointment that the Federal Reserve shows no intention of cutting interest rates anytime soon offset a solid employment report and better-than-expected retail sales. Shares of UAL and Continental took off on news of merger talks between the two airlines. Meanwhile Biomet jumped on reports that Smith & Nephew may want to buy the medical device maker.

Data: Bloomberg Financial Markets, Reuters

U.S. MARKETS

	DEC. 13	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
S&P 500	1413.2	0.0	13.2	11.5
Dow Jones Industrials	12,317.5	0.1	14.9	13.8
NASDAQ Composite	2432.4	-0.5	10.3	7.4
S&P MidCap 400	811.9	-0.9	10.0	8.8
S&P SmallCap 600	401.7	-1.1	14.5	11.6
DJ Wilshire 5000	14,189.3	-0.1	13.5	11.9

SECTORS

BusinessWeek 50*	800.4	-0.3	7.9	4.7
BW Info Tech 100**	444.5	-0.3	16.8	14.8
S&P/Citigroup Growth	653.1	-0.2	9.5	7.8
S&P/Citigroup Value	758.3	0.2	17.1	15.4
S&P Energy	467.6	0.6	25.4	20.8
S&P Financials	487.9	0.7	14.4	13.5
S&P REIT	200.4	-1.0	30.9	28.5
S&P Transportation	268.5	-1.9	7.5	10.4
S&P Utilities	187.8	0.7	17.6	15.9
GSTI Internet	204.0	0.5	-0.6	-3.4
PSE Technology	877.1	-1.3	4.9	2.5

*March 19, 1999=1000 **February 7, 2000=1000

GLOBAL MARKETS

	DEC. 13	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	1972.6	1.5	30.5	31.0
London (FT-SE 100)	6192.5	1.7	10.2	12.4
Paris (CAC 40)	5475.9	2.3	16.1	16.7
Frankfurt (DAX)	6520.8	2.4	20.6	22.8
Tokyo (NIKKEI 225)	16,692.9	2.0	3.6	5.8
Hong Kong (Hang Seng)	18,718.2	-1.6	25.8	25.3
Toronto (S&P/TSX Composite)	12,910.3	0.2	14.5	15.9
Mexico City (IPC)	25,690.4	0.3	44.3	44.2

FUNDAMENTALS

	DEC. 12	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.76%	1.75%	1.79%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.7	17.8	18.5
S&P 500 P/E Ratio (Next 12 mos.)*	15.3	15.3	15.2
First Call Earnings Revision*	-0.23%	-0.47%	-1.88%

*First Call Corp.

TECHNICAL INDICATORS

	DEC. 12	WEEK AGO	YEAR AGO
S&P 500 200-day average	1310.2	1307.2	Positive
Stocks above 200-day average	75.0%	76.0%	Negative
Options: Put/call ratio	0.78	0.76	Positive
Insiders: Vickers NYSE Sell/buy ratio	6.75	6.40	Negative

BEST-PERFORMING GROUPS

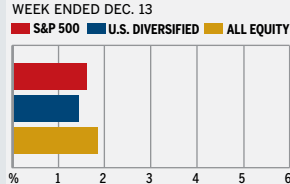
	LAST MONTH %	LAST 12 MONTHS %
Divsfd. Metals & Mining	17.3	85.6
Homebuilding	15.2	48.3
Education Services	14.8	41.3
Specialized REITs	9.9	38.1
Office REITs	9.9	36.3
Steel		85.6
Divsfd. Metals & Mining		48.3
Broadcasting		41.3
Intgrd. Telecmm. Svcs.		38.1
Department Stores		36.3

WORST-PERFORMING GROUPS

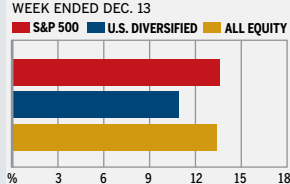
	LAST MONTH %	LAST 12 MONTHS %
Automobiles	-19.0	-42.7
Home Entertnmt. Sftwre.	-9.9	-20.9
Electric Mfg. Svcs.	-7.1	-20.8
Agricultural Products	-6.6	-17.4
Health-Care Technology	-4.8	-13.7
Education Services		-42.7
Homebuilding		-20.9
Internet Software		-20.8
Internet Retailers		-17.4
Health-Care Supplies		-13.7

MUTUAL FUNDS

4-WEEK TOTAL RETURN



52-WEEK TOTAL RETURN



Data: Standard & Poor's

EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
Real Estate	5.0	Precious Metals	38.7
Latin America	5.0	Latin America	37.9
Natural Resources	4.6	Pacific/Asia ex-Japan	34.8
Precious Metals	4.1	Real Estate	32.5
LAGGARDS			
Technology	-0.3	Japan	1.1
Small-cap Blend	0.7	Health	4.6
Small-cap Growth	0.8	Large-cap Growth	5.4
Small-cap Value	1.1	Technology	5.7

EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
Legg Mason Eq. Tr. Bal. Prim	15.9	Oberweis China Opport.	78.0
Prasad Growth	10.4	Dreyfus Prem. Grtr. China A	73.1
DireXn. Cmnty. Bull 2X	10.3	ING Russia A	66.1
iShares MSCI Malaysia Idx.	9.3	U.S. Gbl. Inv. Prc. Mnl.	64.6
LAGGARDS			
Pacific Capital Mid Cap Y	-12.3	Ameritor Investment	-87.5
Principal Inv. MidCap Gr. I A	-10.5	DireXn. Enrgr. Mkts. Short	-46.2
Pacific Capital Value A	-9.4	DireXn. Sm. Cap Bear 2.5X	-28.3
Third Millennium Russia A	-8.3	American Heritage Grth.	-25.0

INTEREST RATES

KEY RATES

	DEC. 13	WEEK AGO	YEAR AGO
Money Market Funds	4.85%	4.85%	3.70
90-Day Treasury Bills	4.93	4.98	3.91
2-Year Treasury Notes	4.69	4.57	4.41
10-Year Treasury Notes	4.57	4.48	4.52
30-Year Treasury Bonds	4.68	4.60	4.72
30-Year Fixed Mortgage †	5.93	5.83	6.24

†BancQuote 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	3.67%	4.07%
Taxable Equivalent	5.24	5.81
Insured Revenue Bonds	3.79	4.25
Taxable Equivalent	5.41	6.07

THE WEEK AHEAD

CURRENT ACCOUNT Monday, Dec. 18, 8:30 a.m. EST » The third-quarter current account deficit is expected to be \$226.4 billion. That's the median forecast of economists surveyed by Action Economics. In the second quarter, the deficit was \$218.4 billion.

PRODUCER PRICE INDEX Tuesday, Dec. 19, 8:30 a.m. EST » Producer prices probably bounced back with a 0.4% gain in November. In October the index fell 1.6%. Minus

food and energy, producer prices likely climbed by 0.3%, following a 0.9% dip in the prior month.

RESIDENTIAL CONSTRUCTION Tuesday, Dec. 19, 8:30 a.m. EST » November housing starts are forecast to have edged back up to an annual rate of 1.55 million. Starts tumbled by 14.6%, to a rate 1.49 million, in October, the lowest level since July of 2000.

PERSONAL INCOME Friday, Dec. 22, 8:30 a.m. EST » Personal

income most likely grew by 0.4% in November for a second straight month. Consumer spending probably picked up to a monthly rise of 0.4%, from 0.2% in October.

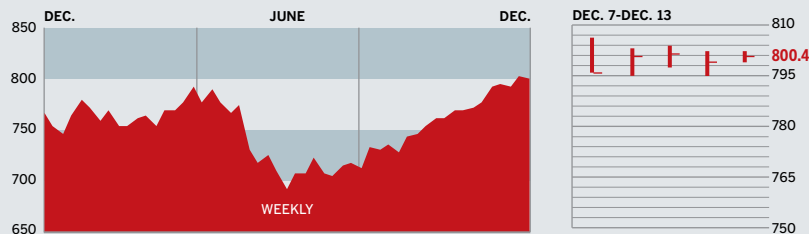
DURABLE GOODS ORDERS Friday, Dec. 22, 8:30 a.m. EST » Durable goods orders in November most likely improved 3.5%. New orders fell 8.2% in October as orders of civilian aircraft and computers fell by 44.6% and 37%, respectively.

The *BusinessWeek* production index climbed back to 284.6 for the week ended Dec. 2, a 7.7% gain from a year ago. Before calculation of the four-week moving average, the index fell to 286.7.

BusinessWeek.com

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

THE BUSINESSWEEK FIFTY



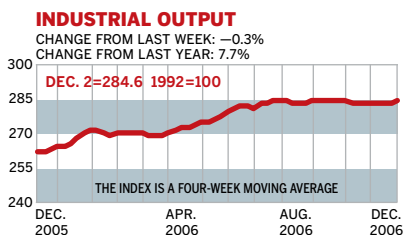
The BW50 edged lower by 0.3% on the week. Best Buy tumbled on weak third-quarter earnings. Shares of Gilead Sciences went south as the pharmaceutical company received a subpoena requesting marketing and medical education materials for its HIV drugs. One bright spot was a 2006 earnings upgrade by Hartford Financial Services.

COMPANY PERFORMANCE

RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06	RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06
1	Apple Computer	-0.9	30.0	26	D. R. Horton	-2.7	-21.5
2	WellPoint	1.5	0.4	27	National Oilwell Varco	0.6	10.6
3	Caremark Rx	0.6	0.3	28	JPMorgan Chase	1.6	15.7
4	UnitedHealth Group	1.4	-14.6	29	Merrill Lynch	0.2	16.0
5	Schlumberger	0.4	17.2	30	Valero Energy	-3.1	1.4
6	Occidental Petroleum	-0.1	9.4	31	ConocoPhillips	3.1	16.5
7	Halliburton	-1.4	-3.8	32	Marathon Oil	-0.8	34.6
8	Qualcomm	-1.9	-18.5	33	Prudential Financial	-0.6	11.7
9	Amgen	-0.1	-7.5	34	Microsoft	1.9	10.0
10	Aetna	0.6	-16.3	35	Freeport-McMoRan	-5.1	16.2
11	Lowe's	-3.4	-10.4	36	Weatherford International	4.4	7.6
12	Burlington Northern Santa Fe	-2.2	-5.4	37	eBay	1.5	-18.5
13	Motorola	-6.1	-3.5	38	Coventry Health Care	0.9	-15.2
14	Yahoo	-1.0	-17.0	39	CVS	0.9	7.0
15	Goldman Sachs Group	-3.3	40.4	40	FedEx	-2.8	5.5
16	Lehman Brothers Holdings	0.1	4.6	41	Franklin Resources	0.3	9.4
17	Gilead Sciences	-6.1	2.7	42	Lennar	-3.6	-12.8
18	Jabil Circuit	-4.2	-27.2	43	Coach	-3.1	18.8
19	Best Buy	-6.4	-6.3	44	Staples	1.6	8.6
20	EMC	-1.9	-6.2	45	NVIDIA	-0.9	53.7
21	Baker Hughes	1.6	9.2	46	Norfolk Southern	-1.8	-2.7
22	Texas Instruments	-2.1	-1.4	47	Caterpillar	-2.5	-15.9
23	Cisco Systems	0.6	34.6	48	McKesson	1.8	-6.0
24	Starbucks	-2.1	-0.7	49	Hartford Financial Services	3.9	9.0
25	Intel	-1.0	0.5	50	Home Depot	-2.0	-7.2

Data: Reuters

BW PRODUCTION INDEX



The Production Index climbed higher over the latest period. Before calculation of the four-week moving average, the index jumped to 286.7, from 283.7. On a seasonally adjusted basis, lumber output rebounded significantly, with steel, rail-freight traffic, and crude-oil refining refining managing modest gains. On the down side, the coal component fell the furthest, with auto and truck assemblies and electric-power production also lower. In November the index average inched up to 284.2, from 284.1 in October.

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