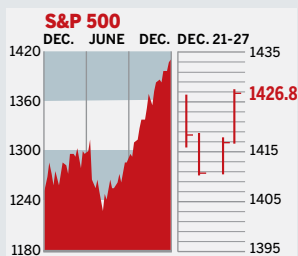


## STOCKS



### COMMENTARY

Investors showed some holiday cheer following the Christmas weekend. The Dow broke through 12,500 for the first time ever. Better-than-expected new-home sales gave stocks a boost, especially homebuilders. Toll Brothers climbed 1.9%, and Lennar jumped 2.7% on Dec. 27. Mild temperatures across much of the U.S. caused energy stocks to cool.

Data: Bloomberg Financial Markets, Reuters

## U.S. MARKETS

	DEC. 27	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>S&amp;P 500</b>	1426.8	0.2	14.3	13.6
<b>Dow Jones Industrials</b>	12,510.6	0.4	16.7	16.1
<b>NASDAQ Composite</b>	2431.2	0.1	10.2	9.2
<b>S&amp;P MidCap 400</b>	813.5	0.6	10.2	10.0
<b>S&amp;P SmallCap 600</b>	404.9	1.2	15.5	15.1
<b>DJ Wilshire 5000</b>	14,306.9	0.3	14.5	13.9

## SECTORS

	DEC. 27	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>BusinessWeek 50*</b>	801.4	-0.2	8.0	7.6
<b>BW Info Tech 100**</b>	447.7	0.3	17.7	16.5
<b>S&amp;P/Citigroup Growth</b>	656.0	0.0	10.0	9.2
<b>S&amp;P/Citigroup Value</b>	769.4	0.5	18.8	18.1
<b>S&amp;P Energy</b>	458.9	-0.1	23.1	24.2
<b>S&amp;P Financials</b>	499.9	0.8	17.2	16.4
<b>S&amp;P REIT</b>	197.8	-0.1	29.3	27.4
<b>S&amp;P Transportation</b>	264.2	0.3	5.8	5.0
<b>S&amp;P Utilities</b>	187.6	0.4	17.5	16.4
<b>GSTI Internet</b>	202.2	-0.1	-1.4	-2.7
<b>PSE Technology</b>	879.1	-0.1	5.1	4.1

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

## GLOBAL MARKETS

	DEC. 27	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>S&amp;P Euro Plus (U.S. Dollar)</b>	1981.8	-0.1	31.1	30.4
<b>London (FT-SE 100)</b>	6245.2	0.8	11.1	11.6
<b>Paris (CAC 40)</b>	5540.0	0.5	17.5	16.2
<b>Frankfurt (DAX)</b>	6608.9	0.3	22.2	21.9
<b>Tokyo (NIKKEI 225)</b>	17223.2	1.2	6.9	7.9
<b>Hong Kong (Hang Seng)</b>	19,607.0	1.9	31.8	29.1
<b>Toronto (S&amp;P/TSX Composite)</b>	12852.6	0.5	14.0	14.3
<b>Mexico City (IPC)</b>	26,196.7	3.2	47.1	46.9

## FUNDAMENTALS

	DEC. 26	WEEK AGO	YEAR AGO
<b>S&amp;P 500 Dividend Yield</b>	1.77%	1.76%	1.81%
<b>S&amp;P 500 P/E Ratio (Trailing 12 mos.)</b>	17.8	17.9	18.3
<b>S&amp;P 500 P/E Ratio (Next 12 mos.)*</b>	15.3	15.4	15.1
<b>First Call Earnings Revision*</b>	0.18%	0.17%	-2.39%

\*First Call Corp.

## TECHNICAL INDICATORS

	DEC. 26	WEEK AGO	YEAR AGO
<b>S&amp;P 500 200-day average</b>	1316.4	1313.7	Positive
<b>Stocks above 200-day average</b>	73.0%	74.0%	Negative
<b>Options: Put/call ratio</b>	0.75	0.80	Positive
<b>Insiders: Vickers NYSE Sell/buy ratio</b>	NA	6.88	NA

## BEST-PERFORMING GROUPS

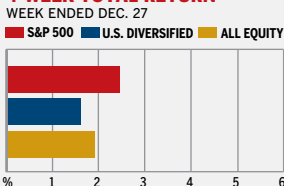
	LAST MONTH %	LAST 12 MONTHS %
<b>Tires &amp; Rubber</b>	19.3	79.5
<b>Drug Chains</b>	15.0	44.9
<b>Health-Care Services</b>	14.3	42.4
<b>Forest Products</b>	12.6	41.6
<b>Fertilizers &amp; Ag. Chems.</b>	12.6	39.4
<b>Steel</b>		79.5
<b>Divsfd. Metals &amp; Mining</b>		44.9
<b>Broadcasting</b>		42.4
<b>Intgrd. Telecmm. Svcs.</b>		41.6
<b>Investmt. Bnkg. &amp; Brkrge.</b>		39.4

## WORST-PERFORMING GROUPS

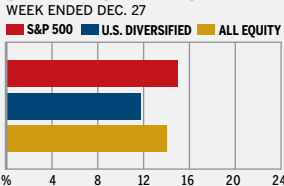
	LAST MONTH %	LAST 12 MONTHS %
<b>Home Entertmnt. Sftwre.</b>	-10.6	-36.5
<b>Computer Retailers</b>	-9.5	-22
<b>Electric Mfg. Svcs.</b>	-6	-21.1
<b>REITs - Industrial</b>	-5.4	-13.8
<b>Air Freight &amp; Couriers</b>	-4.9	-12
<b>Education Services</b>		-36.5
<b>Homebuilding</b>		-22
<b>Internet Software</b>		-21.1
<b>Electric Mfg. Svcs.</b>		-13.8
<b>Internet Retailers</b>		-12

## 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	%
<b>LEADERS</b>			
Latin America	7.0	Latin America	40.8
Pacific/Asia ex-Japan	5.9	Pacific/Asia ex-Japan	36.7
Japan	5.0	Precious Metals	33.2
Diversified Emerging Markets	4.7	Europe	31.4
<b>LAGGARDS</b>			
Precious Metals	-1.8	Japan	-0.7
Natural Resources	-0.3	Health	3.8
Technology	-0.1	Technology	5.9
Real Estate	0.1	Large-cap Growth	6.2

## EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
<b>LEADERS</b>			
ProFunds Ultra Japan Inv	17.9	Dreyfus Prem. Grtr. China A	79.1
DireXn. Japan Bull 2X Inv.	17.0	Oberweis China Opport.	78.7
Legg Mason Eq. Tr. Bal. Prim	14.8	iShares FTSE Xha. Ch. 25 ldx.	66.8
Dreyfus Prem. Grtr. China A	14.0	ING Russia A	63.9
<b>LAGGARDS</b>			
Gab. WldInd. Sm. Cap Val. A	-18.7	Ameritor Investment	-85.7
ProfDs UITSh. Japan Inv.	-15.0	DireXn. Emrg. Mkts. Short	-49.6
ProfDs UITSh. Emrg. Mkts. Inv.	-12.8	DireXn. Sm. Cap Bear 2.5X	-30.8
Waddell & Reed Adv. Asst. A	-12.7	ProfDs. UITSh. Sm. Cap Inv.	-25.9

## INTEREST RATES

### KEY RATES

	DEC. 27	WEEK AGO	YEAR AGO
<b>Money Market Funds</b>	4.88%	4.87%	3.79%
<b>90-Day Treasury Bills</b>	4.97	4.96	3.97
<b>2-Year Treasury Notes</b>	4.78	4.71	4.35
<b>10-Year Treasury Notes</b>	4.66	4.60	4.34
<b>30-Year Treasury Bonds</b>	4.78	4.73	4.51
<b>30-Year Fixed Mortgage†</b>	6.00	6.04	6.17

†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
<b>General Obligations</b>	3.75%	4.14%
<b>Taxable Equivalent</b>	5.36	5.91
<b>Insured Revenue Bonds</b>	3.89	4.36
<b>Taxable Equivalent</b>	5.56	6.23

## THE WEEK AHEAD

### PURCHASING MANAGERS' INDEX

**Tuesday, Jan. 2, 10 a.m., EST** » The Institute for Supply Management's December factory activity index probably held at 49.5% for a second straight period. That's the consensus estimate among economists surveyed by Action Economics. A reading under 50% implies a decline in activity among manufacturers.

**FOMC MINUTES** **Tuesday, Jan. 2, 2 p.m. EST** » The Federal

Reserve's Open Market Committee issues the minutes of its Dec. 12 monetary policy meeting. Fed watchers will read the notes to gauge how much emphasis the central bank is placing on inflation relative to softer economic growth.

### CONSTRUCTION SPENDING

**Wednesday, Jan. 3, 10 a.m. EST** » November building outlays likely fell 0.3%, after a larger-than-expected 1% drop in October.

### FACTORY INVENTORIES

**Thursday, Jan. 4, 10 a.m. EST** » Manufacturing inventories probably rose 0.3% in November, after an October gain of 0.4%.

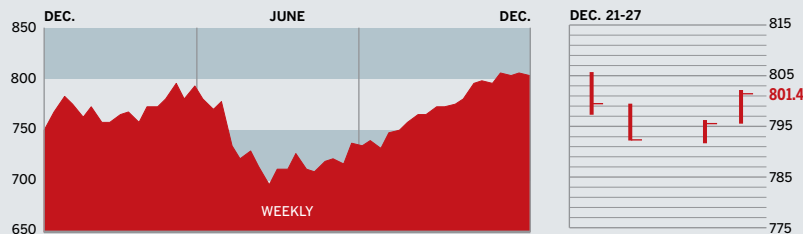
**EMPLOYMENT** **Friday, Jan. 5, 8:30 a.m., EST** » Nonfarm payrolls in December are forecast to have risen by 110,000 workers, after a gain of 132,000 in November. The jobless rate probably held at 4.5%. Average hourly earnings most likely rose by 0.3%.

The *BusinessWeek* production index fell to 284.2 for the week ended Dec. 16, a 6.9% gain from a year ago. Before calculation of the four-week moving average, the index eased to 282.9.

**BusinessWeek** .com

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



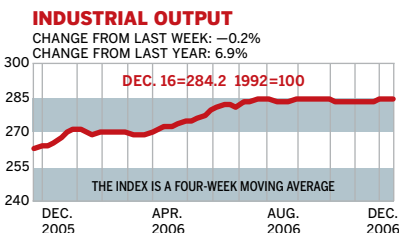
The BW50 was pulled down 0.2% by energy and tech stocks. Apple Computer fell 3.8%, due in large part to reports of a federal investigation of possible stock-option backdating. Shares of Jabil Circuit crashed 8.4%, as it warned of weaker earnings growth next year. Home-improvement retailers Home Depot and Lowe's got a bounce from positive home sales data.

### COMPANY PERFORMANCE

RANK	COMPANY	WEEK	% CHANGE	SINCE 3/1/06	RANK	COMPANY	WEEK	% CHANGE	SINCE 3/1/06
1	Apple Computer		-3.8	19.0	26	D. R. Horton		1.1	-22.1
2	WellPoint		-0.3	1.6	27	National Oilwell Varco		-1.0	2.4
3	Caremark Rx		1.9	14.7	28	JPMorgan Chase		1.5	19.0
4	UnitedHealth Group		-0.3	-8.3	29	Merrill Lynch		2.4	21.1
5	Schlumberger		-1.5	11.1	30	Valero Energy		-2.1	-3.3
6	Occidental Petroleum		-0.9	8.1	31	ConocoPhillips		-0.5	18.3
7	Halliburton		-1.9	-7.8	32	Marathon Oil		-0.9	31.3
8	Qualcomm		-1.9	-20.3	33	Prudential Financial		-0.2	11.8
9	Amgen		-1.4	-9.3	34	Microsoft		-0.2	11.7
10	Aetna		0.5	-14.3	35	Freeport-McMoRan		-3.9	10.9
11	Lowe's		2.3	-8.5	36	Weatherford International		-3.0	-2.2
12	Burlington Northern Santa Fe		1.8	-5.9	37	eBay		-3.5	-23.7
13	Motorola		0.7	-4.0	38	Coventry Health Care		-0.1	-15.8
14	Yahoo		0.6	-19.7	39	CVS		4.4	10.2
15	Goldman Sachs Group		0.3	42.9	40	FedEx		-3.5	0.7
16	Lehman Brothers Holdings		0.8	7.8	41	Franklin Resources		-0.7	8.0
17	Gilead Sciences		2.0	6.0	42	Lennar		2.0	-12.1
18	Jabil Circuit		-8.4	-35.7	43	Coach		-2.2	21.2
19	Best Buy		2.6	-7.8	44	Staples		0.4	10.4
20	EMC		-0.8	-3.9	45	NVIDIA		-2.0	59.2
21	Baker Hughes		-0.8	10.8	46	Norfolk Southern		2.1	-1.7
22	Texas Instruments		-0.5	-3.0	47	Caterpillar		0.2	-15.9
23	Cisco Systems		-0.3	34.9	48	McKesson		-0.2	-5.7
24	Starbucks		-1.7	-1.5	49	Hartford Financial Services		1.3	13.5
25	Intel		-1.0	-1.0	50	Home Depot		1.1	-6.1

Data: Reuters

## BW PRODUCTION INDEX



The Production Index cooled off a little more during the latest period. Before calculation of the four-week moving average, the index retreated to 282.9, from 283.4. On a seasonally adjusted basis, the biggest decline came in electric-power production as temperatures around most of the country remained above average. Coal production was also off quite a bit. Auto and truck assemblies both slid lower, while crude-oil refining was nearly unchanged. On the plus side, steel, lumber, and rail-freight traffic were higher.

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.

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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)