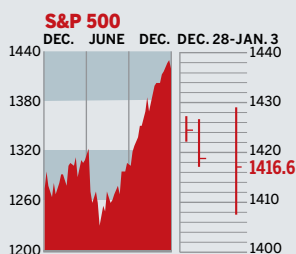


## STOCKS



### COMMENTARY

Stocks fell during the short week. Financial markets were closed on Jan. 2 in observance of a national day of mourning for former President Gerald R. Ford. Equities cooled on Jan. 3 as notes from the Federal Reserve's Dec. 12 monetary policy meeting showed no hint of an imminent interest rate cut. Falling commodity prices hit mining and energy issues.

Data: Bloomberg Financial Markets, Reuters

## U.S. MARKETS

	JAN. 3	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>S&amp;P 500</b>	1416.6	-0.7	-0.1	11.6
<b>Dow Jones Industrials</b>	12,474.5	-0.3	0.1	15.0
<b>NASDAQ Composite</b>	2423.2	-0.3	0.3	8.0
<b>S&amp;P MidCap 400</b>	807.2	-0.8	0.4	7.8
<b>S&amp;P SmallCap 600</b>	399.2	-1.4	-0.2	12.1
<b>DJ Wilshire 5000</b>	14,202.2	-0.7	-0.1	11.8

## SECTORS

	JAN. 3	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>BusinessWeek 50*</b>	793.6	-1.0	-0.6	4.3
<b>BW Info Tech 100**</b>	453.8	1.4	1.4	16.4
<b>S&amp;P/Citigroup Growth</b>	651.2	-0.7	-0.2	7.3
<b>S&amp;P/Citigroup Value</b>	763.9	-0.7	0.0	16.1
<b>S&amp;P Energy</b>	438.8	-4.4	-3.7	12.6
<b>S&amp;P Financials</b>	496.6	-0.6	0.3	14.6
<b>S&amp;P REIT</b>	198.9	0.6	0.0	27.2
<b>S&amp;P Transportation</b>	264.3	0.0	0.2	6.1
<b>S&amp;P Utilities</b>	187.4	-0.1	0.4	15.1
<b>GSTI Internet</b>	200.5	-0.9	0.4	-3.2
<b>PSE Technology</b>	875.8	-0.4	0.0	3.2

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

## GLOBAL MARKETS

	JAN. 3	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>S&amp;P Euro Plus (U.S. Dollar)</b>	2012.3	1.5	1.1	30.2
<b>London (FT-SE 100)</b>	6319.0	1.2	1.6	11.2
<b>Paris (CAC 40)</b>	5610.9	1.3	1.2	17.5
<b>Frankfurt (DAX)</b>	6691.3	1.2	1.4	22.5
<b>Tokyo (NIKKEI 225)</b>	17,225.3	0.0	0.0	6.9
<b>Hong Kong (Hang Seng)</b>	20,413.4	3.5	2.2	36.6
<b>Toronto (S&amp;P/TSX Composite)</b>	12,701.4	-1.2	-1.6	11.0
<b>Mexico City (IPC)</b>	26,619.4	1.6	0.6	43.9

## FUNDAMENTALS

	DEC. 29	WEEK AGO	YEAR AGO
<b>S&amp;P 500 Dividend Yield</b>	1.79%	1.77%	1.78%
<b>S&amp;P 500 P/E Ratio (Trailing 12 mos.)</b>	17.8	17.8	18.5
<b>S&amp;P 500 P/E Ratio (Next 12 mos.) *</b>	15.4	15.3	14.7
<b>First Call Earnings Surprise*</b>	8.10%	6.10%	9.51%

\*First Call Corp.

## TECHNICAL INDICATORS

	DEC. 29	WEEK AGO	YEAR AGO
<b>S&amp;P 500 200-day average</b>	1318.3	1316.4	Positive
<b>Stocks above 200-day average</b>	74.0%	73.0%	Negative
<b>Options: Put/call ratio</b>	0.82	0.80	Positive
<b>Insiders: Vickers NYSE Sell/buy ratio</b>	6.47	6.69r	Negative

## BEST-PERFORMING GROUPS

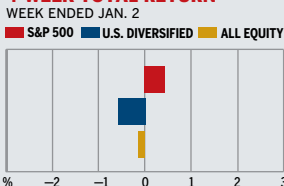
	LAST MONTH %	LAST 12 MONTHS %
<b>Tires &amp; Rubber</b>	35.7	68.3
<b>Drug Chains</b>	11.9	42.2
<b>Forest Products</b>	11.9	41.7
<b>Paper Packaging</b>	10.6	38.4
<b>Health-Care Supplies</b>	10.1	36.8
<b>Steel</b>		42.2
<b>Intgrd. Telecmm. Svcs.</b>		41.7
<b>Broadcasting</b>		38.4
<b>Investmt. Bnkg. &amp; Brkrge.</b>		36.8
<b>Motorcycles</b>		

## WORST-PERFORMING GROUPS

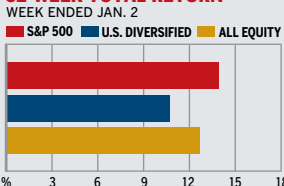
	LAST MONTH %	LAST 12 MONTHS %
<b>Coal</b>	-18.9	-33.0
<b>Oil &amp; Gas Exploration</b>	-12.3	-25.6
<b>Oil &amp; Gas Refining</b>	-10.9	-23.3
<b>Oil &amp; Gas Equipment</b>	-10.5	-22.6
<b>Computer Retailers</b>	-9.9	-14.5
<b>Education Services</b>		-33.0
<b>Homebuilding</b>		-25.6
<b>Internet Software</b>		-23.3
<b>Gold Mining</b>		-22.6
<b>Internet Retailers</b>		-14.5

## 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>			
Pacific/Asia ex-Japan	4.2	Pacific/Asia ex-Japan	38.4
Latin America	3.2	Latin America	38.4
Diversified Emerging Markets	2.2	Real Estate	29.8
Foreign	1.9	Europe	29.3
<b>LAGGARDS</b>			
Natural Resources	-3.6	Japan	-4.0
Precious Metals	-2.8	Health	3.4
Mid-cap Growth	-1.9	Large-cap Growth	5.3
Technology	-1.7	Technology	5.7

## EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
<b>LEADERS</b>			
Baird Mid Cap Instl	14.9	Dreyfus Prem. Grtr. China A	80.9
iShares FTSE Xha. Ch. 25 Idx.	14.8	Old Mut. Clay Finlay Ch. A	78.6
API Efficient Frntr Val. P	13.7	Oberweis China Opport.	78.4
Legg Mason Eq. Tr. Bal. Prim	12.6	iShares FTSE Xha. Ch. 25 Idx.	78.1
<b>LAGGARDS</b>			
Dunham Real Estate Stock C	-21.7	Ameritor Investment	-85.7
Gab. Wldnd. Sm. Cap Val. A	-21.5	DireXn. Emrg. Mkts. Short	-46.4
Westwood Income A	-18.0	DireXn. Sm. Cap Bear 2.5X	-29.2
American Indep. Intl. Eq. A	-17.7	American Heritage Grth.	-25.0

## INTEREST RATES

### KEY RATES

	JAN. 3	WEEK AGO	YEAR AGO
<b>Money Market Funds</b>	4.87%	4.88%	3.83%
<b>90-Day Treasury Bills</b>	5.05	4.97	4.11
<b>2-Year Treasury Notes</b>	4.76	4.77	4.33
<b>10-Year Treasury Notes</b>	4.66	4.66	4.37
<b>30-Year Treasury Bonds</b>	4.76	4.78	4.56
<b>30-Year Fixed Mortgage †</b>	6.04	6.00	6.11

† 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
<b>General Obligations</b>	3.80%	4.18%
<b>Taxable Equivalent</b>	5.43	5.97
<b>Insured Revenue Bonds</b>	3.93	4.40
<b>Taxable Equivalent</b>	5.61	6.29

## THE WEEK AHEAD

**INSTALLMENT CREDIT** *Monday, Jan. 8, 3 p.m. EST* » In November, consumers probably accumulated \$3.1 billion of debt, after a \$1.2 billion drop in October. That's the median forecast of economists polled by Action Economics. The overall October decline was due to a drop in non-revolving credit, made up largely of auto loans.

**INTERNATIONAL TRADE** *Wednesday, Jan. 10, 8:30 a.m. EST* » The November

trade deficit is forecast to have widened to \$60 billion. The October deficit narrowed to \$58.9 billion, the smallest monthly gap since August, 2005.

**RETAIL SALES** *Friday, Jan. 12, 8:30 a.m. EST* » Retail sales probably increased 0.6% on slightly stronger light-vehicle sales in December, after a solid 1% rise in November. Excluding vehicles, sales likely grew 0.5% after a 1.1% jump in November.

## EXPORT-IMPORT PRICES

*Friday, Jan. 12, 8:30 a.m. EST* » December import prices are expected to have risen 0.5%, after a 0.2% gain in November. Export prices probably climbed 0.2%, following a 0.4% increase in the prior month.

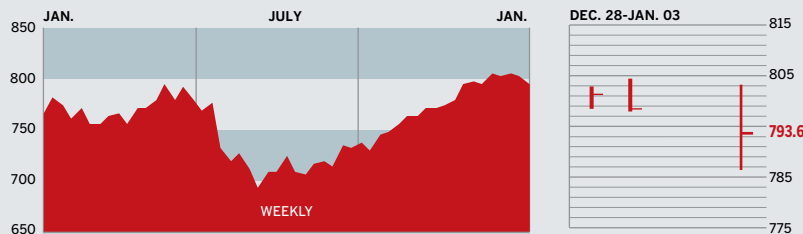
**BUSINESS INVENTORIES** *Friday, Jan. 12, 10 a.m. EST* » Inventory levels most likely edged up 0.2% in November, following a 0.4% rise in October.

The *BusinessWeek* production index improved to 285.6 for the week ended Dec. 23, a 6.4% gain from a year ago. Before calculation of the four-week moving average, the index bounced up to 289.4.

**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



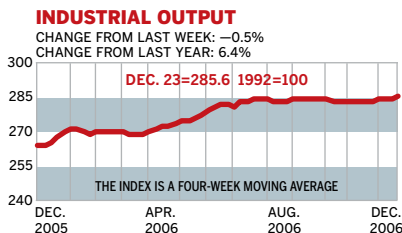
The BW50's 1% fall was steeper than the major stock indexes as declining issues outnumbered gainers by more than two to one. Freeport-McMoRan tumbled 10% as copper prices fell to nearly a nine-month low. On the plus side, Home Depot rose 2.3% on Jan. 3 following the sudden departure of CEO Robert Nardelli.

### COMPANY PERFORMANCE

RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06	RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06
1	Apple Computer	2.8	22.4	26	D. R. Horton	-2.0	-23.7
2	WellPoint	0.2	1.8	27	National Oilwell Varco	-6.6	-4.3
3	Caremark Rx	-0.9	13.6	28	JPMorgan Chase	-1.8	16.8
4	UnitedHealth Group	-1.5	-9.7	29	Merrill Lynch	0.1	21.2
5	Schlumberger	-4.8	5.8	30	Valero Energy	-3.8	-7.0
6	Occidental Petroleum	-5.6	2.1	31	ConocoPhillips	-5.5	11.9
7	Halliburton	-4.7	-12.1	32	Marathon Oil	-5.8	23.7
8	Qualcomm	-0.3	-20.6	33	Prudential Financial	0.1	12.0
9	Amgen	-0.1	-9.4	34	Microsoft	-0.5	11.1
10	Aetna	-1.9	-15.9	35	Freeport-McMoRan	-10.0	-0.3
11	Lowe's	2.7	-6.0	36	Weatherford International	-8.3	-10.3
12	Burlington Northern Santa Fe	-0.3	-6.2	37	eBay	-1.3	-24.7
13	Motorola	0.1	-3.9	38	Coventry Health Care	-0.8	-16.5
14	Yahoo	-0.5	-20.1	39	CVS	-1.2	8.9
15	Goldman Sachs Group	-0.6	42.1	40	FedEx	1.7	2.4
16	Lehman Brothers Holdings	0.0	7.7	41	Franklin Resources	2.2	10.4
17	Gilead Sciences	-4.4	1.4	42	Lennar	-3.8	-15.4
18	Jabil Circuit	2.7	-34.0	43	Coach	1.2	22.7
19	Best Buy	-1.2	-8.9	44	Staples	-2.5	7.6
20	EMC	-2.0	-5.8	45	NVIDIA	-3.8	53.1
21	Baker Hughes	-5.0	5.2	46	Norfolk Southern	-2.2	-3.8
22	Texas Instruments	-1.4	-4.3	47	Caterpillar	-0.5	-16.3
23	Cisco Systems	1.6	37.0	48	McKesson	0.8	-5.0
24	Starbucks	-1.5	-2.9	49	Hartford Financial Services	0.4	14.0
25	Intel	-0.2	-1.2	50	Home Depot	3.8	-2.6

Data: Reuters

## BW PRODUCTION INDEX



The Production Index turned in an impressive week. Before calculation of the four-week moving average, the index climbed up to 289.4, from 282.9. On a seasonally adjusted basis, the biggest increase came in rail-freight traffic, which drove 2006 to be the ninth straight annual record for total freight volume. There were sizable gains in auto and truck assemblies, as well as lumber output. Crude-oil refining managed a small gain. On the downside were electric-power production and steel.

Information on each of the index components is at [www.businessweek.com](http://www.businessweek.com). BW production index Copyright 2007 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.

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**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)