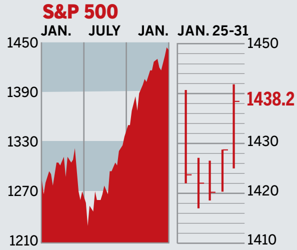
STOCKS

S&P 500



COMMENTARY

Markets reacted favorably to a strong fourth-quarter GDP number and the Fed's post-meeting press release, boosting the broad indexes back to where they were a week ago. Strong fourth-quarter earnings propelled Boeing and Caterpillar shares 7% and 2%, respectively. Shares of Amgen and 3M fell after earnings came in below expectations.

Data: Bloomberg Financial Markets, Reuters

U.S. MARKETS

	JAN. 31	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P 500	1438.2	-0.1	1.4	12.4
Dow Jones Industrials	12,621.7	0.0	1.3	16.2
NASDAQ Composite	2463.9	-0.1	2.0	6.9
S&P MidCap 400	833.0	0.7	3.6	6.7
S&P SmallCap 600	408.0	1.0	2.0	7.4
DJ Wilshire 5000	14,471.8	0.1	1.8	11.9

SECTORS

BusinessWeek 50*	812.4	-0.1	1.7	5.1
BW Info Tech 100**	452.7	-0.8	1.2	15.4
S&P/Citigroup Growth	660.4	-0.4	1.2	8.2
S&P/Citigroup Value	776.5	0.1	1.6	16.6
S&P Energy	447.1	-0.1	-1.8	5.4
S&P Financials	498.8	-0.6	0.7	16.1
S&P REIT	215.8	2.3	8.5	31.3
S&P Transportation	267.7	-0.6	1.5	3.4
S&P Utilities	185.9	0.4	-0.4	13.8
GSTI Internet	202.2	0.6	1.2	-2.1
PSE Technology	891.9	0.2	1.9	2.2

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

GLOBAL MARKETS

	JAN. 31	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	2006.2	0.5	0.8	24.8
London (FT-SE 100)	6203.1	-1.8	-0.3	7.7
Paris (CAC 40)	5608.3	-0.5	1.2	13.3
Frankfurt (DAX)	6789.1	0.6	2.9	19.6
Tokyo (NIKKEI 225)	17,383.4	-0.7	0.9	4.4
Hong Kong (Hang Seng)	20,106.4	-3.4	0.7	27.6
Toronto (S&P/TSX Composite)	13,034.1	0.2	1.0	9.1
Mexico City (IPC)	27,561.5	0.8	4.2	45.8

FUNDAMENTALS

	JAN. 30	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.77%	1.78%	1.77%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.8	17.6	17.9
S&P 500 P/E Ratio (Next 12 mos.)*	15.1	15.1	14.9
First Call Earnings Surprise*	4.36%	5.06%	3.29%

*First Call Corp.

TECHNICAL INDICATORS

	JAN. 30	WEEK AGO	YEAR AGO
S&P 500 200-day average	1330.0	1326.7	Positive
Stocks above 200-day average	77.0%	75.0%	Negative
Options: Put/call ratio	0.90	0.88	Positive
Insiders: Vickers NYSE Sell/buy ratio	5.89	6.26	Negative

BEST-PERFORMING GROUPS

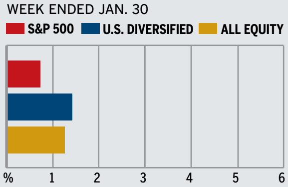
	LAST MONTH %		LAST 12 MONTHS %
Tires & Rubber	17.6	Tires & Rubber	59.5
Steel	16.0	Steel	58.7
Office REIT's	14.2	Intgrd. Telecmms. Svcs.	42.5
Constr. Materials	13.3	Constr. Materials	41.7
Retail REIT's	12.1	Department Stores	41.4

WORST-PERFORMING GROUPS

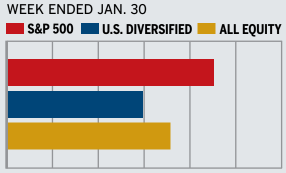
	LAST MONTH %		LAST 12 MONTHS %
Distillers & Vintners	-8.4	Gold Mining	-27.0
Instrumentation	-7.0	Electric Mfg. Svcs.	-22.7
Food Wholesalers	-6.0	Education Services	-22.0
Consumer Electronics	-5.4	Homebuilding	-20.0
Property & Casualty Ins.	-4.3	Oil & Gas Refining	-18.1

MUTUAL FUNDS

4-WEEK TOTAL RETURN
WEEK ENDED JAN. 30



52-WEEK TOTAL RETURN
WEEK ENDED JAN. 30



Data: Standard & Poor's

EQUITY FUND CATEGORIES

4-WEEK TOTAL REURN	%	52-WEEK TOTAL RETURN	%
LEADERS		**LEADERS**	
Real Estate	6.1	Real Estate	32.8
Health	2.8	Pacific/Asia ex-Japan	30.8
Mid-cap Growth	2.5	Europe	25.5
Mid-cap Blend	2.3	Latin America	22.9
LAGGARDS		**LAGGARDS**	
Precious Metals	-1.3	Japan	-4.3
Diversified Emerging Mkts.	-0.7	Natural Resources	-0.6
Natural Resources	-0.5	Technology	2.4
Latin America	0.0	Small-cap Growth	3.8

EQUITY FUNDS

4-WEEK TOTAL REURN	%	52-WEEK TOTAL RETURN	%
LEADERS		**LEADERS**	
Volumetric	20.2	Dreyfus Prem. Grtr. China A	68.8
Frontier MicroCap	11.1	Old Mut. Clay Finlay Ch. A	59.6
ProFunds. Real Est. Inv.	11.1	Oberweis China Opport.	55.5
iShares MSCI Malaysia Idx.	9.4	Matthews China	54.6
LAGGARDS		**LAGGARDS**	
Matthews Korea	-6.6	DireXn. Emrg. Mkts. Short	-33.4
ProFds. Short Real Estate	-6.5	DireXn. Dev. Mkts. Bear 2X	-33.2
ProFunds Precs. Mtls. Inv.	-6.2	American Heritage Grth.	-25.0
iShares GSCI Cmdty. Idx.	-5.5	ProFunds Precs. Mtls. Inv.	-24.8

INTEREST RATES

KEY RATES

	JAN. 31	WEEK AGO	YEAR AGO
Money Market Funds	4.87%	4.86%	3.94%
90-Day Treasury Bills	5.11	5.13	4.47
2-Year Treasury Notes	4.92	4.93	4.52
10-Year Treasury Notes	4.81	4.81	4.52
30-Year Treasury Bonds	4.91	4.91	4.68
30-Year Fixed Mortgage†	6.30	6.12	5.90

† 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	3.92%	4.28%
Taxable Equivalent	5.60	6.11
Insured Revenue Bonds	4.01	4.52
Taxable Equivalent	5.73	6.46

THE WEEK AHEAD

NONMANUFACTURERS' INDEX
Monday, Feb. 5, 10 a.m. EST » The Institute for Supply Management's nonmanufacturing activity index for January is forecast to have eased slightly to 56.3%. That's the median forecast among economists queried by Action Economics. The December index edged down to 57.1%. In December more respondents—consisting mostly of service-sector purchasing managers—reported a decline in new orders than in any month for three years.

PRODUCTIVITY & COSTS
Wednesday, Feb. 7, 8:30 a.m. EST » Gains in output per hour worked likely hit an annualized rate of 1.1% for the fourth quarter, following a small 0.2% increase in the third quarter. Compared with the same period a year ago, third-quarter productivity growth, at 1.4%, was the weakest since mid-1997. Unit labor costs probably accelerated to an annualized pace of 3.1%, from 2.3%.

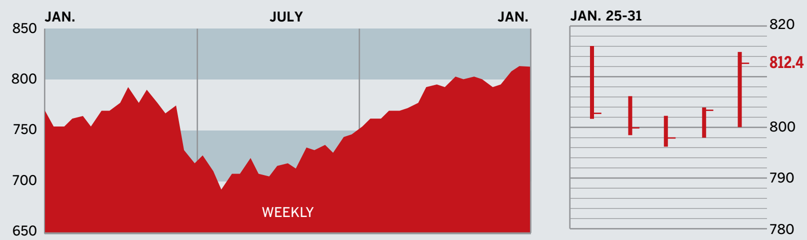
INSTALLMENT CREDIT
Wednesday, Feb. 7, 3 p.m. EST » In December consumers very likely accumulated $5 billion of debt, following a $12.3 billion jump in November. The gain came largely in revolving credit, made up mostly of credit cards, which surged by $8.6 billion. Nonrevolving credit also rose as auto sales improved a little.

The *BusinessWeek* production index improved to 292.1 for the week ended Jan. 20, an 8.2% gain from a year ago. Before calculation of the four-week moving average, the index dropped to 291.2.

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 fell 0.1%, as good economic news and positive earnings news dueled with less pleasing reports from other companies. Amgen fell 6%, after its fourth-quarter profits came in below analysts' estimates. Merrill Lynch announced plans to acquire First Republic: The market's verdict was a 4% price drop. But eBay shares rose after it raised its 2007 forecast.

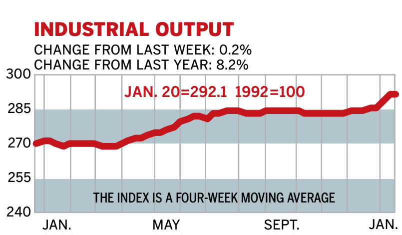
COMPANY PERFORMANCE

RANK	COMPANY	% CHANGE WEEK	% CHANGE SINCE 3/1/06
1	**Apple Computer**	-1.1	25.2
2	**WellPoint**	3.1	2.1
3	**Caremark Rx**	2.9	23.1
4	**UnitedHealth Group**	0.9	-10.3
5	**Schlumberger**	-0.8	10.4
6	**Occidental Petroleum**	0.3	1.3
7	**Halliburton**	-2.0	-13.1
8	**Qualcomm**	-2.5	-20.1
9	**Amgen**	-6.3	-6.8
10	**Aetna**	1.0	-17.3
11	**Lowe's**	0.4	-1.1
12	**Burlington Northern Santa Fe**	1.3	2.2
13	**Motorola**	6.9	-7.2
14	**Yahoo**	-2.2	-11.7
15	**Goldman Sachs Group**	-3.6	50.2
16	**Lehman Brothers Holdings**	-2.1	12.7
17	**Gilead Sciences**	0.1	3.3
18	**Jabil Circuit**	-1.2	-36.6
19	**Best Buy**	0.1	-6.4
20	**EMC**	0.2	-0.2
21	**Baker Hughes**	0.0	1.6
22	**Texas Instruments**	4.0	4.5
23	**Cisco Systems**	-1.0	31.5
24	**Starbucks**	0.4	-3.8
25	**Intel**	0.6	1.7

Data: Reuters

RANK	COMPANY	% CHANGE WEEK	% CHANGE SINCE 3/1/06
26	**D. R. Horton**	1.1	-14.8
27	**National Oilwell Varco**	0.8	-0.4
28	**JPMorgan Chase**	1.1	23.8
29	**Merrill Lynch**	-4.1	21.2
30	**Valero Energy**	1.4	0.9
31	**ConocoPhillips**	1.2	8.9
32	**Marathon Oil**	-0.5	28.0
33	**Prudential Financial**	0.5	15.7
34	**Microsoft**	-0.7	14.8
35	**Freeport-McMoRan**	2.1	13.6
36	**Weatherford International**	0.0	-6.4
37	**eBay**	8.0	-19.1
38	**Coventry Health Care**	2.4	-13.5
39	**CVS**	2.4	18.8
40	**FedEx**	-0.2	2.9
41	**Franklin Resources**	-0.9	16.0
42	**Lennar**	1.4	-9.2
43	**Coach**	2.4	28.4
44	**Staples**	-3.1	4.8
45	**NVIDIA**	-6.8	30.1
46	**Norfolk Southern**	-1.9	-3.0
47	**Caterpillar**	7.3	-12.3
48	**McKesson**	1.1	3.0
49	**Hartford Financial Services**	1.6	15.2
50	**Home Depot**	0.1	-3.3

BW PRODUCTION INDEX



The production index maintained its positive trend again this week. Before calculation of the four-week moving average, however, the index pulled back to 291.2, from 294.3. On a seasonally adjusted basis, rail-freight traffic tumbled the most, the result of winter storms in the West. Truck assemblies and coal output fell nearly as much during the period. Crude-oil refining and autos were also off slightly. On the plus side were electric-power and lumber production.

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

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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