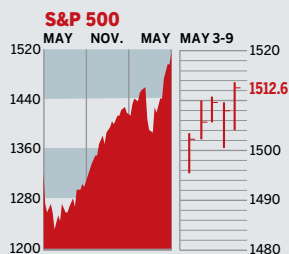


## STOCKS



### COMMENTARY

M&A activity, real and imagined, stoked the markets this week. Shares of Alcoa, which announced a takeover of Alcan, jumped 11%. Speculation that Countrywide Financial might be a private equity target sent the stock up 10.7%, but OfficeMax sagged 9% on similar rumors. Investors soured on General Motors after earnings came in below estimates.

Data: Bloomberg Financial Markets, Reuters

## U.S. MARKETS

	MAY 9	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>S&amp;P 500</b>	1512.6	1.1	6.6	14.1
<b>Dow Jones Industrials</b>	13,362.9	1.1	7.2	14.8
<b>NASDAQ Composite</b>	2576.3	0.7	6.7	10.2
<b>S&amp;P MidCap 400</b>	898.8	1.4	11.7	10.1
<b>S&amp;P SmallCap 600</b>	433.5	0.9	8.4	7.1
<b>DJ Wilshire 5000</b>	15,230.3	1.1	7.1	13.5

## SECTORS

	MAY 9	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>BusinessWeek 50*</b>	848.9	1.4	6.3	9.2
<b>BW Info Tech 100**</b>	471.8	0.9	5.4	16.2
<b>S&amp;P/Citigroup Growth</b>	691.8	0.8	6.0	13.0
<b>S&amp;P/Citigroup Value</b>	819.6	1.4	7.2	15.3
<b>S&amp;P Energy</b>	499.0	1.3	9.5	14.1
<b>S&amp;P Financials</b>	508.6	1.5	2.7	11.3
<b>S&amp;P REIT</b>	204.3	0.1	2.7	20.8
<b>S&amp;P Transportation</b>	282.7	2.1	7.2	-2.6
<b>S&amp;P Utilities</b>	214.7	0.3	15.1	34.0
<b>GSTI Internet</b>	222.5	1.6	11.4	15.4
<b>PSE Technology</b>	951.1	1.0	8.6	9.0

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

## GLOBAL MARKETS

	MAY 9	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
<b>S&amp;P Euro Plus (U.S. Dollar)</b>	2203.6	-0.3	10.7	22.5
<b>London (FT-SE 100)</b>	6549.6	1.0	5.3	7.3
<b>Paris (CAC 40)</b>	6051.6	1.0	9.2	13.9
<b>Frankfurt (DAX)</b>	7476.0	0.3	13.3	21.7
<b>Tokyo (NIKKEI 225)</b>	17748.1	2.0	3.0	3.2
<b>Hong Kong (Hang Seng)</b>	20,844.8	2.2	4.4	21.7
<b>Toronto (S&amp;P/TSX Composite)</b>	13,895.2	2.3	7.6	12.7
<b>Mexico City (IPC)</b>	29,992.8	2.5	13.4	37.4

## FUNDAMENTALS

	MAY 8	WEEK AGO	YEAR AGO
<b>S&amp;P 500 Dividend Yield</b>	1.75%	1.75%	1.75%
<b>S&amp;P 500 P/E Ratio (Trailing 12 mos.)</b>	17.7	17.5	18.1
<b>S&amp;P 500 P/E Ratio (Next 12 mos.)*</b>	15.6	15.3	15.0
<b>First Call Earnings Revision*</b>	-0.10%	-0.24%	0.03%

\*First Call Corp.

## TECHNICAL INDICATORS

	MAY 8	WEEK AGO	YEAR AGO
<b>S&amp;P 500 200-day average</b>	1387.3	1380.8	Positive
<b>Stocks above 200-day average</b>	74.0%	73.0%	Negative
<b>Options: Put/call ratio</b>	0.74	0.86	Positive
<b>Insiders: Vickers NYSE Sell/buy ratio</b>	6.16	5.57	Negative

## BEST-PERFORMING GROUPS

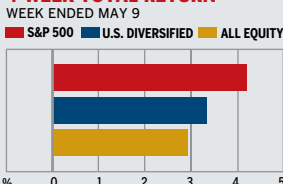
	LAST MONTH %	LAST 12 MONTHS %
<b>Internet Retailers</b>	28.0	133.6
<b>Consumer Electronics</b>	20.4	53.9
<b>Health-Care Supplies</b>	18.4	49.9
<b>Household Appliances</b>	18.2	44.2
<b>Commerical Printing</b>	15.4	42.4
<b>Tires &amp; Rubber</b>		133.6
<b>Internet Retailers</b>		53.9
<b>Leisure Products</b>		49.9
<b>Office REIT's</b>		44.2
<b>Intgrd. Telecmm. Svcs.</b>		42.4

## WORST-PERFORMING GROUPS

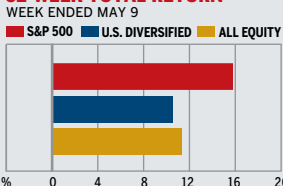
	LAST MONTH %	LAST 12 MONTHS %
<b>IT Consulting</b>	-7.9	-28.2
<b>Residential REIT's</b>	-6.1	-27.5
<b>Agricultural Products</b>	-5.3	-21.3
<b>Gold Mining</b>	-4.5	-21.1
<b>Department Stores</b>	-4.4	-21.0
<b>Gold Mining</b>		-28.2
<b>Electric Mfg. Svcs.</b>		-27.5
<b>Employment Services</b>		-21.3
<b>Homebuilding</b>		-21.1
<b>Agricultural Products</b>		-21.0

## 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	4.6	Utilities	33.7
Health	4.5	Pacific/Asia ex-Japan	25.7
Natural Resources	4.1	Latin America	24.0
Large-cap Value	4.0	Real Estate	22.5
<b>LAGGARDS</b>			
Real Estate	-1.3	Japan	-9.1
Japan	-0.8	Precious Metals	-2.0
Precious Metals	-0.2	Small-cap Growth	3.6
Diversified Pacific/Asia	1.8	Technology	5.3

## EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
<b>LEADERS</b>			
ProShrs. Ult. Semiconductors	12.4	iShares MSCI Malaysia Idx.	52.3
DireXn. Cmtdy. Bull 2X	12.0	Dreyfus Prem. Grtr. China A	51.6
ProFunds UltraDow 30 Inv.	11.8	ProFds. Utilities Ultrasector	51.6
ProShares Ultra Dow 30	11.7	AIM China A	47.4
<b>LAGGARDS</b>			
ProShrs. UltSh. Semiconductors	-11.3	American Heritage Grth.	-40.0
ProFunds UltraShort Dow 30	-10.2	ProFunds UltSh. Emrg. Mkts.	-32.7
Rydex Dynamic Dow 30 H	-10.2	DireXn. Emrg. Mkts. Short	-31.0
ProShares UltraShort Dow 30	-10.1	ProFunds Precs. Mts. Inv.	-30.9

## INTEREST RATES

### KEY RATES

	MAY 9	WEEK AGO	YEAR AGO
<b>Money Market Funds</b>	4.86%	4.86%	4.39%
<b>90-Day Treasury Bills</b>	4.86	4.88	4.88
<b>2-Year Treasury Notes</b>	4.72	4.64	4.97
<b>10-Year Treasury Notes</b>	4.66	4.64	5.13
<b>30-Year Treasury Bonds</b>	4.84	4.82	5.20
<b>30-Year Fixed Mortgage †</b>	6.11	6.13	6.48

† 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>	3.78%	4.20%
<b>Taxable Equivalent</b>	5.40	6.00
<b>Insured Revenue Bonds</b>	3.98	4.47
<b>Taxable Equivalent</b>	5.69	6.39

## THE WEEK AHEAD

**CONSUMER PRICE INDEX** *Tuesday, May 15, 8:30 a.m. EDT* » Prices are forecast to have increased by 0.4% in April, following a 0.6% jump the month before. That's the median estimate among economists surveyed by Action Economics. Gasoline prices, just below \$3 per gallon, will push up the headline reading. Minus energy and food, the index probably rose 0.2% after ticking up 0.1% in March.

**RESIDENTIAL CONSTRUCTION** *Wednesday, May 16, 8:30 a.m. EDT* » April housing starts very likely eased to an annual rate of 1.51 million. In March starts unexpectedly rose to a rate of 1.52 million. The gain was likely the result of improved weather conditions after a cold February.

**INDUSTRIAL PRODUCTION** *Wednesday, May 16, 9:15 a.m. EDT* » Factory output probably inched up 0.3% in April, after a 0.2%

decline in March, driven by a huge weather-related plunge in utility output. The capacity utilization rate is expected to have inched back up to 81.5%, from 81.4%.

**LEADING INDICATORS** *Thursday, May 17, 10 a.m. EDT* » The Conference Board's leading economic indicators index for April probably held steady, as rising stock prices were offset by weakness elsewhere. In March the index rose 0.1%.

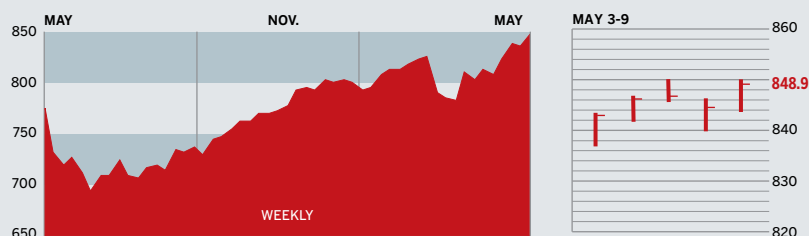
The *BusinessWeek* production index rose to 300.2 for the week ended Apr. 28, up 9.6% from the previous year. Before calculation of the four-week average, it climbed to 301.1.

[BusinessWeek.com](http://BusinessWeek.com)

**ONLINE:** The Company Insight Center lets you dig into data on more than 350,000 companies—public and private—worldwide. Find the best company resource on the free Web at [investing.businessweek.com](http://investing.businessweek.com).

For the BW50, more investment data, and the components of the production index visit [businessweek.com/extras](http://businessweek.com/extras).

## THE BUSINESSWEEK FIFTY



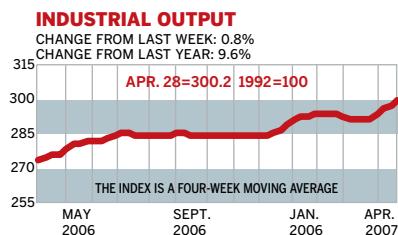
Merger mania in metals pushed the BW50 up 1.4% this week. Shares of United States Steel and Allegheny Technologies jumped on news of Alcoa's bid for Alcan. Strangely, Verizon shares rose after an analyst cut estimates. Meanwhile, Starbucks fell after its CEO said he was comfortable with the 4% rise in same store sales.

### COMPANY PERFORMANCE

RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06	RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/06
1	Google	0.7	4.4	26	Allegheny Technologies	6.3	13.6
2	Coach	1.5	4.5	27	Oracle	-0.2	14.6
3	Gilead Sciences	-0.4	16.1	28	Starbucks	-3.9	-2.8
4	Nucor	2.1	8.4	29	Moody's	3.8	6.0
5	Questar	0.3	18.2	30	Pepsico	0.2	6.4
6	Sunoco	-3.6	16.2	31	Stryker	0.4	5.4
7	Verizon Communications	3.9	10.1	32	Best Buy	1.7	1.9
8	Colgate-Palmolive	-0.2	0.6	33	United Parcel Service	0.2	1.0
9	Goldman Sachs Group	3.2	12.3	34	Apple	6.5	26.3
10	Paccar	2.8	27.9	35	T. Rowe Price Group	2.1	8.5
11	Amazon.com	2.7	60.6	36	Valero Energy	1.7	28.8
12	Cognizant Technology Solutions	-5.5	-11.6	37	Constellation Energy Group	0.8	19.0
13	Avon Products	-3.2	8.3	38	TJX	-0.8	2.3
14	Varian Medical Systems	-0.6	-6.7	39	Morgan Stanley	2.0	14.9
15	Bed Bath & Beyond	1.1	4.4	40	Paychex	2.2	-5.0
16	CB Richard Ellis Group	-2.1	12.8	41	Coventry Health Care	0.6	8.0
17	Robert Half International	2.8	-11.1	42	United States Steel	9.6	28.0
18	Chicago Mercantile Exchange Hldgs.	-1.6	-6.0	43	United Technologies	0.5	4.8
19	Adobe Systems	-0.6	5.1	44	Hershey	-0.5	4.0
20	EOG Resources	-1.9	12.1	45	Black & Decker	3.3	12.4
21	Sempra Energy	-1.5	3.8	46	Synovus Financial	2.8	1.1
22	Sherwin-Williams	2.5	-0.8	47	Linear Technology	1.7	15.7
23	Lehman Brothers Holdings	1.5	4.5	48	AT&T	2.0	7.3
24	Rockwell Collins	1.3	2.1	49	XTO Energy	-1.1	6.5
25	IMS Health	-0.6	5.8	50	PNC Financial Services Group	1.1	2.7

Data: Reuters

## BW PRODUCTION INDEX



The Production Index kept on climbing. Before calculation of the four-week moving average, the index improved to 301.1, from 300.2 in the prior period. On a seasonally adjusted basis, the components were evenly split. On the rise were lumber output, autos, electric power production, and crude oil refining. The biggest decline was in truck assemblies, followed by rail-freight traffic, coal, and steel. For the month of April, the index average grew to 300.2, from 291.9 in March.

Information on each of the index components is at [businessweek.com](http://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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