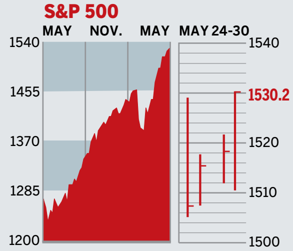
STOCKS

S&P 500



COMMENTARY

Both the S&P 500 and the Dow Jones Industrials hit all-time highs this week. The markets perked up after detecting an optimistic tone in the minutes of the recent Federal Open Market Committee meeting. In M&A news, Archstone-Smith Trust agreed to be acquired, while Avaya is a rumored buyout candidate; shares rose 19% and 13%, respectively.

Data: Bloomberg Financial Markets, Reuters

U.S. MARKETS

	MAY 30	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P 500	1530.2	0.5	7.9	21.5
Dow Jones Industrials	13,633.1	0.8	9.4	22.9
NASDAQ Composite	2592.6	0.6	7.3	19.8
S&P MidCap 400	911.2	0.7	13.3	20.8
S&P SmallCap 600	437.9	0.8	9.5	17.9
DJ Wilshire 5000	15,411.9	0.6	8.4	21.5

SECTORS

BusinessWeek 50*	872.0	1.5	9.2	21.0
BW Info Tech 100**	479.8	0.2	7.2	28.9
S&P/Citigroup Growth	699.1	0.6	7.1	19.7
S&P/Citigroup Value	830.1	0.4	8.6	23.1
S&P Energy	524.8	1.0	15.2	30.0
S&P Financials	508.7	0.2	2.7	17.0
S&P REIT	204.2	5.3	2.7	25.8
S&P Transportation	283.9	1.1	7.6	5.0
S&P Utilities	210.5	−1.3	12.8	33.0
GSTI Internet	225.5	−0.5	12.9	28.6
PSE Technology	942.9	0.4	7.7	16.8

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

GLOBAL MARKETS

	MAY 30	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	2203.5	−1.2	10.7	32.1
London (FT-SE 100)	6602.1	−0.2	6.1	16.8
Paris (CAC 40)	6042.2	−1.3	9.0	23.5
Frankfurt (DAX)	7765.0	0.4	17.7	38.1
Tokyo (NIKKEI 225)	17,588.3	−0.7	2.1	10.9
Hong Kong (Hang Seng)	20,293.8	−2.4	1.6	28.0
Toronto (S&P/TSX Composite)	14,081.7	−0.4	9.1	20.3
Mexico City (IPC)	31,380.0	1.7	18.6	66.5

FUNDAMENTALS

	MAY 29	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.76%	1.75%	1.86%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.9	17.9	17.2
S&P 500 P/E Ratio (Next 12 mos.)*	15.7	15.7	14.3
First Call Earnings Revision*	−0.11%	0.07%	−0.58%

*First Call Corp.

TECHNICAL INDICATORS

	MAY 29	WEEK AGO	YEAR AGO
S&P 500 200-day average	1404.3	1399.5	Positive
Stocks above 200-day average	72.0%	75.0%	Negative
Options: Put/call ratio	0.90	0.84	Positive
Insiders: Vickers NYSE Sell/buy ratio	5.51	5.78	Negative

BEST-PERFORMING GROUPS

	LAST MONTH %		LAST 12 MONTHS %
Aluminum	16.2	Tires & Rubber	187.4
Divsfd. Metals & Mining	15.8	Divsfd. Metals & Mining	73.4
Coal	15.7	Internet Retailers	66.1
Health-Care Supplies	15.5	Constr. Materials	54.7
Wireless Services	12.8	Intgrd. Telecmms. Svcs.	54.2

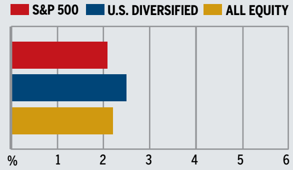
WORST-PERFORMING GROUPS

	LAST MONTH %		LAST 12 MONTHS %
IT Consulting	−8.2	Gold Mining	−23.3
Agricultural Products	−8.0	Electric Mfg. Svcs.	−20.9
Gold Mining	−5.5	Agricultural Products	−12.8
Personal Products	−5.1	Employment Services	−10.3
Retail REIT's	−4.8	Airlines	−8.2

MUTUAL FUNDS

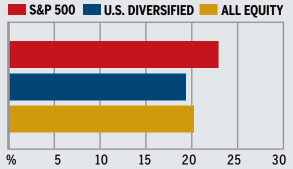
4-WEEK TOTAL RETURN

WEEK ENDED MAY 30



52-WEEK TOTAL RETURN

WEEK ENDED MAY 30



Data: Standard & Poor's

EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS		**LEADERS**	
Latin America	9.9	Latin America	66.9
Pacific/Asia ex-Japan	5.7	Pacific/Asia ex-Japan	42.6
Communications	5.7	Utilities	37.5
Natural Resources	4.9	Diversified Emerging Mkts.	35.4
LAGGARDS		**LAGGARDS**	
Real Estate	−0.9	Japan	0.2
Precious Metals	−0.9	Precious Metals	8.0
Japan	0.6	Miscellaneous	14.3
Utilities	0.7	Domestic Hybrid	14.7

EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS		**LEADERS**	
DireXn. Lat. Am. Bull 2X Inv.	17.4	DireXn. Lat. Am. Bull 2X Inv.	118.9
DireXn. Cmdty. Bull 2X	15.2	Dreyfus Prem. Grtr. China A	83.9
ProFds. Mble. Tlcmms. Inv.	13.9	ProFunds UltraEmrg. Mkts.	80.5
Dreyfus Prem. Grtr. China A	13.1	AIM China A	70.6
LAGGARDS		**LAGGARDS**	
ProFunds UltSh. Emrg. Mkts.	−11.5	ProFunds UltSh. Emrg. Mkts.	−55.6
ProShrs. UltSh. Basic Mats.	−9.7	DireXn. Emrg. Mkts. Short	−52.3
ProShares UltSh. Oil & Gas	−9.5	DireXn. Sm. Cap Bear 2.5X	−36.5
Third Millennium Russia A	−8.5	DireXn. NASDAQ 100 Bear 2.5X	−35.7

INTEREST RATES

KEY RATES

	MAY 30	WEEK AGO	YEAR AGO
Money Market Funds	4.87%	4.86%	4.51%
90-Day Treasury Bills	4.83	4.89	4.81
2-Year Treasury Notes	4.88	4.84	4.97
10-Year Treasury Notes	4.88	4.86	5.08
30-Year Treasury Bonds	5.01	5.01	5.18
30-Year Fixed Mortgage †	6.33	6.29	6.55

† 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%	4.38%
Taxable Equivalent	5.60	6.26
Insured Revenue Bonds	4.03	4.55
Taxable Equivalent	5.76	6.50

THE WEEK AHEAD

FACTORY INVENTORIES *Monday, June 4, 10 a.m. EDT* » Manufacturing inventories probably increased by 0.5% in April after a 0.2% gain in March. That's the median forecast among economists surveyed by Action Economics. Inventory growth may rise now that stockpiles are more in line with sales, and demand is increasing.

NONMANUFACTURERS' INDEX *Tuesday, June 5, 10 a.m. EDT* » The Institute for Supply Management's May nonmanufacturing activity report probably edged down slightly, to 55.6%, after rising to 56% in April. The new orders index improved, while the fewest respondents since last November, reported having too much inventory on hand.

INSTALLMENT CREDIT *Thursday, June 7, 3 p.m. EDT* » In April, consumers most likely took on $5 billion of additional debt. Installment credit jumped by $13.5 billion in March, with a pretty even split between revolving and non-revolving credit.

INTERNATIONAL TRADE Friday, *June 8, 8:30 a.m. EDT* » The April trade deficit is expected to have narrowed to $62 billion. Increased energy imports and prices overwhelmed the improvement in exports, leading to a larger-than-expected deficit of $63.9 billion in March.

The *BusinessWeek* production index rose to 301.7 for the week ended May 19, a 9.2% gain from a year ago. Before calculation of the four-week moving average, the index bounced up to 303.1.

BusinessWeek.com

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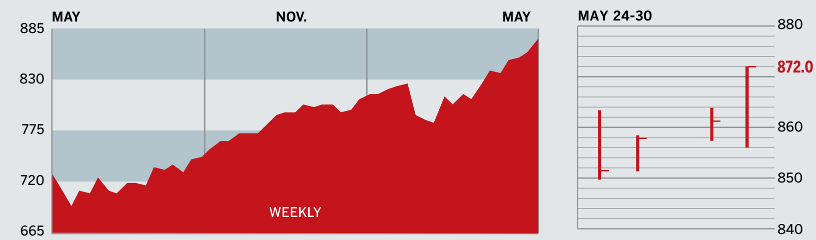
For the BW50, more investment data, and the components of the production index visit **businessweek.com/extras**.

THE BUSINESSWEEK FIFTY



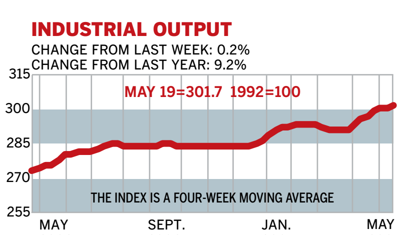
Did the rising tide lift all boats? The BW50 was up 1.5% this week, with 34 of the 50 companies posting price gains. Tech topped the list, as shares of Apple and Google each rose 5.2%. Others showed a steely confidence, with United States Steel and Nucor rising 5% and 4.8%, respectively. The week's worst performer: Sempra Energy, which fell 4.1%.

COMPANY PERFORMANCE

RANK	COMPANY	% CHANGE WEEK	% CHANGE SINCE 3/1/06
1	**Google**	5.2	10.9
2	**Coach**	3.8	8.4
3	**Gilead Sciences**	-0.4	15.0
4	**Nucor**	4.8	11.5
5	**Questar**	2.1	27.6
6	**Sunoco**	1.4	23.3
7	**Verizon Communications**	2.7	17.2
8	**Colgate-Palmolive**	0.1	-0.7
9	**Goldman Sachs Group**	1.5	15.0
10	**Paccar**	0.1	24.3
11	**Amazon.com**	1.2	78.5
12	**Cognizant Technology Solutions**	3.6	-12.5
13	**Avon Products**	1.7	4.1
14	**Varian Medical Systems**	-3.2	-12.4
15	**Bed Bath & Beyond**	0.6	2.9
16	**CB Richard Ellis Group**	-0.1	12.1
17	**Robert Half International**	0.4	-11.0
18	**Chicago Mercantile Exchange Hldgs.**	1.6	-2.1
19	**Adobe Systems**	0.0	10.1
20	**EOG Resources**	0.3	14.7
21	**Sempra Energy**	-4.1	3.0
22	**Sherwin-Williams**	0.4	1.6
23	**Lehman Brothers Holdings**	-1.3	-0.2
24	**Rockwell Collins**	3.5	7.6
25	**IMS Health**	4.7	13.3
26	**Allegheny Technologies**	-0.4	9.8
27	**Oracle**	1.4	18.2
28	**Starbucks**	-0.7	-7.1
29	**Moody's**	0.6	12.1
30	**Pepsico**	-0.2	8.6
31	**Stryker**	-0.4	8.1
32	**Best Buy**	-1.5	0.7
33	**United Parcel Service**	2.3	2.0
34	**Apple**	5.2	40.4
35	**T. Rowe Price Group**	0.8	8.6
36	**Valero Energy**	0.9	30.7
37	**Constellation Energy Group**	-0.4	16.8
38	**TJX**	-1.5	0.8
39	**Morgan Stanley**	0.1	14.5
40	**Paychex**	-0.9	-1.9
41	**Coventry Health Care**	1.3	10.6
42	**United States Steel**	5.0	27.1
43	**United Technologies**	0.8	5.8
44	**Hershey**	1.4	-0.3
45	**Black & Decker**	2.0	11.6
46	**Synovus Financial**	0.0	2.3
47	**Linear Technology**	-0.9	6.9
48	**AT&T**	1.4	11.4
49	**XTO Energy**	1.1	13.3
50	**PNC Financial Services Grp.**	0.1	1.1

Data: Reuters

BW PRODUCTION INDEX



The Production Index kept on climbing during the latest period. Before calculation of the four-week moving average, the index jumped to 303.1, from 301.7 in the prior week. All but one component posted gains. Coal and auto output had the biggest increases, followed by modest gains in lumber, steel, and truck assemblies. Rail-freight traffic improved, but the gain was restrained by flooding in the Midwest. Crude-oil refining barely rose, while electric-power production slipped lower.

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

ONLINE RESOURCES

BW50 More information about BW50 companies is available online.

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