

STOCKS



COMMENTARY

It was a roller-coaster ride on the markets this week. Alcoa shares fell 11.9% on the latest rumors that BHP Billiton didn't want the aluminum giant. DuPont sank 7.8% after earnings disappointed. Poor results at Countrywide Financial, which dropped 14%, sparked a sell-off. Merck, IBM, and Boeing all tromped estimates, sending shares up.

Data: Bloomberg Financial Markets, Reuters

U.S. MARKETS

	JULY 25	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
S&P 500	1518.1	-1.8	7.0	19.6
Dow Jones Industrials	13,785.1	-1.0	10.6	24.1
NASDAQ Composite	2648.2	-1.9	9.6	27.7
S&P MidCap 400	890.1	-3.2	10.7	20.7
S&P SmallCap 600	426.8	-3.3	6.7	18.2
DJ Wilshire 5000	15,248.4	-2.1	7.3	20.0

SECTORS

		WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
BusinessWeek 50*	869.5	-1.4	8.9	21.4
BW Info Tech 100**	514.6	-0.1	15.0	41.2
S&P/Citigroup Growth	704.9	-1.2	8.0	20.5
S&P/Citigroup Value	810.9	-2.4	6.1	18.9
S&P Energy	566.7	-0.2	24.4	31.7
S&P Financials	466.4	-4.1	-5.8	6.0
S&P REIT	176.4	-5.5	-11.3	2.0
S&P Transportation	292.4	-2.2	10.8	15.7
S&P Utilities	200.3	-2.5	7.3	16.4
S&P GSTI Internet	218.5	-5.0	9.4	39.7
PSE Technology	975.6	-0.6	11.4	29.2

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

GLOBAL MARKETS

	JULY 25	WEEK	% CHANGE YEAR TO DATE	LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	2193.5	-3.1	10.2	33.4
London (FT-SE 100)	6454.3	-1.7	3.8	10.3
Paris (CAC 40)	5837.1	-2.6	5.3	18.3
Frankfurt (DAX)	7692.6	-2.5	16.6	38.2
Tokyo (NIKKEI 225)	17,858.4	-0.9	3.7	19.0
Hong Kong (Hang Seng)	23,362.2	2.3	17.0	40.9
Toronto (S&P/TSX Composite)	14,105.3	-3.3	9.3	20.0
Mexico City (IPC)	31,103.5	-2.5	17.6	54.9

FUNDAMENTALS

	JULY 24	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.80%	1.74%	1.88%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.6	18.2	16.9
S&P 500 P/E Ratio (Next 12 mos.)*	15.0	15.4	13.9
First Call Earnings Surprise*	3.19%	2.54%	4.66%

*First Call Corp.

TECHNICAL INDICATORS

	JULY 24	WEEK AGO	YEAR AGO
S&P 500 200-day average	1446.1	1441.1	Positive
Stocks above 200-day average	55.0%	63.0%	Neutral
Options: Put/call ratio	0.92	0.76	Positive
Insiders: Vickers NYSE Sell/buy ratio	4.68	4.95	Negative

BEST-PERFORMING GROUPS

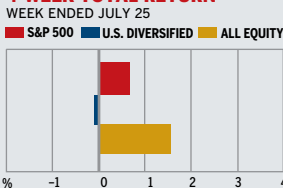
	LAST MONTH %	LAST 12 MONTHS %
Education Services	26.6	211.2
Internet Retailers	16.2	120.6
Divsfd. Metals & Mining	15.8	96.9
Constr. & Engineering	13.6	61.6
Gold Mining	10.5	53.3
Tires & Rubber		211.2
Divsfd. Metals & Mining		120.6
Internet Retailers		96.9
Computer Hardware		61.6
Fertilizers & Ag. Chems.		53.3

WORST-PERFORMING GROUPS

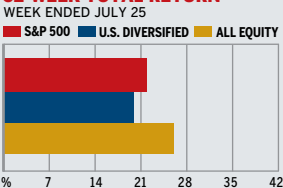
	LAST MONTH %	LAST 12 MONTHS %
Constr. Materials	-13.7	-24.5
Homebuilding	-13.1	-17.4
Coal	-10.7	-14.0
Automobiles	-9.1	-8.4
Oil & Gas Refining	-8.9	-8.3
Homebuilding		-24.5
Gold Mining		-17.4
Agricultural Products		-14.0
Spclzd. Cnsmr. Serv.		-8.4
Airlines		-8.3

MUTUAL FUNDS

4-WEEK TOTAL RETURN



52-WEEK TOTAL RETURN



Data: Morningstar Inc.

EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
Pacific/Asia ex-Japan Stk.	8.9	Pacific/Asia ex-Japan Stk.	73.1
Diversified Emerging Mkts.	7.8	Latin America Stock	70.7
Specialty-Precious Metals	7.8	Diversified Emerging Mkts.	58.4
Latin America Stock	5.2	Foreign Small/Mid Growth	44.6
LAGGARDS			
Specialty-Financial	-4.1	Bear Market	-18.8
Specialty-Real Estate	-3.5	Muni Single State Short	2.9
Small Value	-2.9	Muni National Short	3.1
High Yield Bond	-2.3	Inflation-Protected Bond	3.3

EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
ProFunds Precs. Mtls. Inv.	18.5	DireXn. Lat. Am. Bull 2X Inv.	144.8
ProFunds Precs. Mtls. Svc.	18.5	ProFds. UltraEmrg. Mkts. Inv.	119.4
American Heritage Grth.	17.7	ProFds. UltraEmrg. Mkts. Svc.	117.2
Oppenheimer Baring China A	12.9	Dreyfus Prem. Grtr. China I	115.0
LAGGARDS			
iShares DJ U.S. Home Constr.	-14.1	Ameritor Investment	-66.7
SPDR S&P Homebuilders ETF	-12.5	ProFds. UltSh. Emrg. Mkts. Svc.	-61.1
DireXn. Emrg. Mkts. Bear 2X	-11.6	ProFds. UltSh. Emrg. Mkts. Inv.	-60.7
ProFds. Sh. Prec. Mtls. Svc.	-11.1	DireXn. Emrg. Mkts. Bear 2X	-56.5

INTEREST RATES

KEY RATES

	JULY 25	WEEK AGO	YEAR AGO
Money Market Funds	4.87%	4.87%	4.77%
90-Day Treasury Bills	4.98	4.96	5.13
2-Year Treasury Notes	4.73	4.83	5.11
10-Year Treasury Notes	4.90	5.01	5.06
30-Year Treasury Bonds	5.03	5.10	5.12
30-Year Fixed Mortgage †	6.65	6.67	6.71

† 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	4.08%	4.49%
Taxable Equivalent	5.83	6.41
Insured Revenue Bonds	4.24	4.68
Taxable Equivalent	6.06	6.69

THE WEEK AHEAD

PERSONAL INCOME *Tuesday, July 31, 8:30 a.m., EDT* » Personal income is expected to have increased 0.5% in June, after a 0.4% gain in May. That's the forecast of economists surveyed by Action Economics. Meanwhile spending probably grew a meager 0.1% in June, following a 0.5% rise in the prior month.

EMPLOYMENT COST INDEX

Tuesday, July 31, 8:30 a.m., EDT » Compensation most likely grew

0.9% in the second quarter, a quicker pace from the 0.8% gain in the first quarter of 2007.

CONSTRUCTION SPENDING

Tuesday, July 31, 10 a.m. EDT » Building outlays in June probably grew 0.3%. In May, spending jumped 0.9%.

CONSUMER CONFIDENCE

Tuesday, July 31, 10 a.m., EDT » The Conference Board's July consumer confidence index likely rose to 105, from 103.9 in June.

PURCHASING MANAGERS' INDEX

Wednesday, Aug. 1, 10 a.m., EDT » The Institute for Supply Management's July manufacturing activity index likely eased to 55.5%, after climbing to 56% in June.

EMPLOYMENT *Friday, Aug. 3, 8:30 a.m., EDT* » Nonfarm payrolls are forecast to have grown by 133,000 workers in July, nearly identical to the 132,000 jobs added in June. The jobless rate probably held at 4.5% for a fourth straight month.

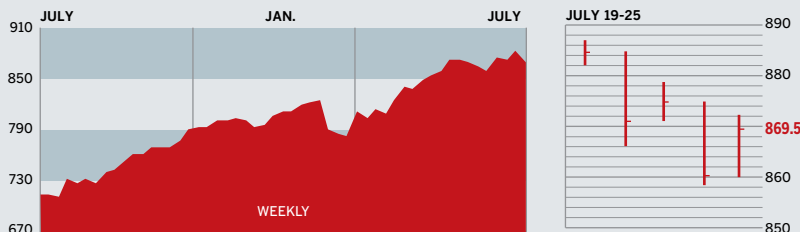
The *BusinessWeek* production index rebounded to 308.7 for the week ended July 14, an 8.6% gain from the previous year. Before calculation of the four-week moving average, the index rose to 310.6.

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

THE BUSINESSWEEK FIFTY



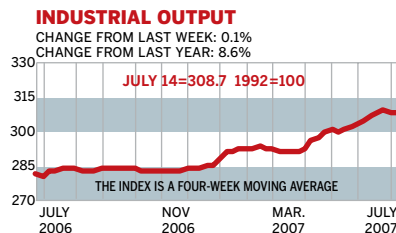
The BW50 slipped 1.4% this week. The worst performers: Sunoco and Nucor, both off 10%. Valero Energy and U.S. Steel followed suit, losing 7.7% and 8.9% respectively. Wall Street powerhouses Morgan Stanley, Lehman Brothers Holdings, and Goldman Sachs Group all got hit as well. Meanwhile, Amazon.com rose 17.5% on a threefold increase in quarterly profits.

COMPANY PERFORMANCE

RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/07	RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/07
1	Google	-7.2	13.4	26	Allegheny Technologies	-5.5	5.5
2	Coach	-1.8	1.9	27	Oracle	0.8	25.3
3	Gilead Sciences	-3.6	6.0	28	Starbucks	5.5	-9.5
4	Nucor	-10.3	-8.1	29	Moody's	-3.7	-11.4
5	Questar	-4.9	27.4	30	PepsiCo	3.3	8.2
6	Sunoco	-10.4	11.0	31	Stryker	-1.9	6.4
7	Verizon Communications	3.0	15.6	32	Best Buy	-1.6	-2.1
8	Colgate-Palmolive	2.8	3.3	33	United Parcel Service	1.3	8.6
9	Goldman Sachs Group	-5.5	0.7	34	Apple	-0.6	62.2
10	Paccar	-10.0	26.4	35	T. Rowe Price Group	-4.0	11.1
11	Amazon.com	17.5	120.2	36	Valero Energy	-7.7	21.8
12	Cognizant Technology Solutions	-3.2	-8.8	37	Constellation Energy Group	-1.3	15.8
13	Avon Products	1.6	9.3	38	TJX	-3.5	3.4
14	Varian Medical Systems	-2.0	-7.0	39	Morgan Stanley	-7.0	5.9
15	Bed Bath & Beyond	-1.5	-11.1	40	Paychex	-1.7	5.2
16	CB Richard Ellis Group	-6.6	13.4	41	Coventry Health Care	-3.2	6.6
17	Robert Half International	-3.7	-7.2	42	United States Steel	-8.9	17.3
18	Chicago Mercantile Exchange Hldgs.	-5.2	1.6	43	United Technologies	-0.5	14.5
19	Adobe Systems	0.7	6.3	44	Hershey	-4.9	-10.2
20	EOG Resources	-5.2	5.2	45	Black & Decker	-1.5	9.0
21	Sempra Energy	-1.7	-5.2	46	Synovus Financial	-4.1	-9.3
22	Sherwin-Williams	7.1	7.9	47	Linear Technology	-1.9	11.7
23	Lehman Brothers Holdings	-5.6	-7.7	48	AT&T	2.2	10.1
24	Rockwell Collins	0.9	12.5	49	XTO Energy	-7.0	10.2
25	IMS Health	-7.4	2.0	50	PNC Financial Services Group	-6.5	-6.6

Data: Reuters

BW PRODUCTION INDEX



The Production Index registered a big rebound during the latest week. Before calculation of the four-week moving average, the index jumped to 310.6, after backtracking to 304.5 in the prior period. On a seasonally adjusted basis rail-freight traffic as well as output of coal and lumber bounced back significantly. Meanwhile, truck assemblies kept on charging ahead. Electric power production and crude oil refining managed small increases. On the downside, only autos slid lower.

Information on each of the index components is at businessweek.com. BW production index Copyright 2006 by the McGraw-Hill Companies

ONLINE RESOURCES

BW50 More information about BW50 companies is available online.

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