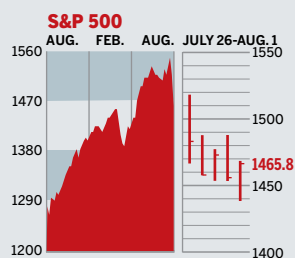


STOCKS



COMMENTARY

A last-minute dash by the markets couldn't make up for the ground lost. There were a few bright spots, like Ford (up 5.8%) and Cummins (up 9.3%), but little else. ExxonMobil and Health Management Associates both got hit after profits fell. Worst off: American Home Mortgage, which tanked 87%, prompting fears of a subprime contagion.

Data: Bloomberg Financial Markets, Reuters

U.S. MARKETS

	AUG. 1	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P 500	1465.8	-3.4	3.3	15.3
Dow Jones Industrials	13,362.4	-3.1	7.2	20.1
NASDAQ Composite	2553.9	-3.6	5.7	23.9
S&P MidCap 400	858.7	-3.5	6.7	16.6
S&P SmallCap 600	411.0	-3.7	2.7	14.7
DJ Wilshire 5000	14,713.0	-3.5	3.5	15.8

SECTORS

	AUG. 1	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
BusinessWeek 50*	846.4	-2.6	6.0	18.5
BW Info Tech 100**	495.5	-3.7	10.7	35.5
S&P/Citigroup Growth	680.3	-3.5	4.2	16.3
S&P/Citigroup Value	783.4	-3.4	2.5	14.4
S&P Energy	534.0	-5.8	17.2	20.6
S&P Financials	448.6	-3.8	-9.4	1.3
S&P REIT	171.0	-3.1	-14.0	-1.9
S&P Transportation	288.5	-1.3	9.4	18.6
S&P Utilities	197.7	-1.3	5.9	13.9
S&P GSTI Internet	204.2	-6.5	2.2	32.6
PSE Technology	943.8	-3.3	7.8	24.1

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

GLOBAL MARKETS

	AUG. 1	WEEK	% CHANGE YEAR TO DATE	% CHANGE LAST 12 MONTHS
S&P Euro Plus (U.S. Dollar)	2134.1	-2.7	7.3	26.5
London (FT-SE 100)	6250.6	-3.2	0.5	6.3
Paris (CAC 40)	5654.3	-3.1	2.0	14.3
Frankfurt (DAX)	7473.9	-2.8	13.3	33.5
Tokyo (NIKKEI 225)	16,871.0	-5.5	-2.1	9.3
Hong Kong (Hang Seng)	22,455.4	-3.9	12.5	32.8
Toronto (S&P/TSX Composite)	13,654.7	-3.2	5.8	14.7
Mexico City (IPC)	30,048.4	-3.4	13.6	50.4

FUNDAMENTALS

	JULY 31	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.86%	1.80%	1.85
S&P 500 P/E Ratio (Trailing 12 mos.)	16.8	17.6	16.9
S&P 500 P/E Ratio (Next 12 mos.)*	14.4	15.0	13.9
First Call Earnings Surprise*	3.34%	3.19%	5.28

*First Call Corp.

TECHNICAL INDICATORS

	JULY 31	WEEK AGO	YEAR AGO
S&P 500 200-day average	1449.3	1446.1	Positive
Stocks above 200-day average	43.0%	55.0%	Neutral
Options: Put/call ratio	1.14	0.92	Positive
Insiders: Vickers NYSE Sell/buy ratio	3.83	4.68	Negative

BEST-PERFORMING GROUPS

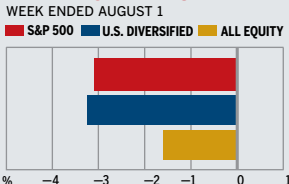
	LAST MONTH %	LAST 12 MONTHS %
Divsfd. Metals & Mining	8.4	147.3
Industrial Gases	8.2	126.6
Gold Mining	6.5	95.2
Semiconductor Equip.	6.4	52.8
Airlines	5.8	51.0
Tires & Rubber		147.3
Internet Retailers		126.6
Divsfd. Metals & Mining		95.2
Computer Hardware		52.8
Fertilizers & Ag. Chems.		51.0

WORST-PERFORMING GROUPS

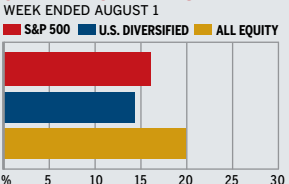
	LAST MONTH %	LAST 12 MONTHS %
Tires & Rubber	-20.9	-27.6
Constr. Materials	-15.7	-22.5
Homebuilding	-15.2	-20.5
Oil & Gas Refining	-14.7	-11.2
Spclzd. Cnsmr. Serv.	-13.4	-10.5
Homebuilding		-27.6
Agricultural Products		-22.5
Gold Mining		-20.5
Spclzd. Cnsmr. Serv.		-11.2
Coal		-10.5

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.	6.4	Pacific/Asia ex-Japan Stk.	66.9
Bear Market	4.0	Latin America Stock	59.7
Specialty-Precious Metals	3.9	Diversified Emerging Mkts.	48.5
Diversified Emerging Mkts.	3.5	Foreign Small/Mid Growth	34.7
LAGGARDS			
Specialty-Real Estate	-7.1	Bear Market	-13.5
Small Value	-7.0	Specialty-Real Estate	2.8
Specialty-Financial	-6.6	Muni Single State Short	2.9
Small Blend	-6.1	Muni National Short	3.1

EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS			
DireXn. Sm. Cap Bear 2.5X	19.1	DireXn. Lat. Am. Bull 2X Inv.	116.6
Rydex Ivse. Russell 2000 2x H	15.1	Dreyfus Prem. Grtr. China I	114.0
Rydex Ivse. Russell 2000 2x A	15.1	Dreyfus Prem. Grtr. China A	113.4
Rydex Ivse. Russell 2000 2x C	15.1	Dreyfus Prem. Grtr. China T	112.8
LAGGARDS			
DireXn. Sm. Cap Bull 2.5X	-17.7	Ameritor Investment	-66.7
iShares DJ U.S. Home Constr.	-15.2	ProFds. UltSh. Emrg. Mkts. Svc.	-56.0
ProFunds UltraSm. Cap Svc.	-14.2	ProFds. UltSh. Emrg. Mkts. Inv.	-55.5
ProFunds UltraSm. Cap Inv.	-14.1	DireXn. Emrg. Mkts. Bear 2X	-50.6

INTEREST RATES

KEY RATES

	AUG. 1	WEEK AGO	YEAR AGO
Money Market Funds	4.88%	4.87%	4.80
90-Day Treasury Bills	4.88	4.98	5.11
2-Year Treasury Notes	4.55	4.73	4.95
10-Year Treasury Notes	4.76	4.90	4.98
30-Year Treasury Bonds	4.91	5.03	5.06
30-Year Fixed Mortgage†	6.58	6.65	6.54

†BancQuote 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	4.01%	4.45%
Taxable Equivalent	5.73	6.36
Insured Revenue Bonds	4.20	4.65
Taxable Equivalent	6.00	6.64

THE WEEK AHEAD

PRODUCTIVITY & COSTS *Tuesday, Aug. 7, 8:30 a.m. EDT* » Output per hour worked is forecast to have grown at an annualized rate of 2% during the second quarter, up from a pace of 1% in the first quarter. That's the consensus among economists surveyed by Action Economics. In addition, recent revisions showing slower economic growth during the past three years point to downward corrections to prior productivity

data. Unit labor costs likely grew by 1.9%, after cooling off to an annualized pace of 1.8%.
FOMC MEETING *Tuesday, Aug. 7, 9 a.m. EDT* » The Federal Open Market Committee meets to discuss monetary policy. Fed watchers polled by Action Economics fully expect the Fed to keep interest rates at 5.25%.
INSTALLMENT CREDIT *Tuesday, Aug. 7, 3 p.m. EDT* » Consumers most likely took on an additional

\$6.7 billion of debt in June, after a \$12.9 billion jump in May.
EXPORT-IMPORT PRICES *Friday, Aug. 10, 8:30 a.m. EDT* » Import prices probably grew 1.2% in July, after a 1% rise in June. Export prices likely grew 0.3% for a second straight month.
FEDERAL BUDGET *Friday, Aug. 10, 2 p.m. EDT* » In July, the federal government probably ran a \$32.4 billion deficit. It would be the smallest July shortfall since 2002.

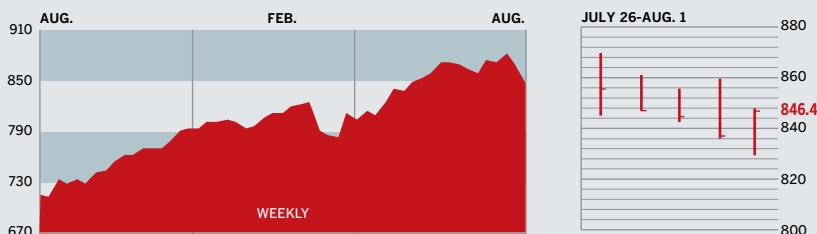
The *BusinessWeek* production index edged up to 308.8 for the week ended July 21 but stood 8.3% above its level of a year ago. Before calculation of the four-week moving average, the index dropped to 309.7.

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



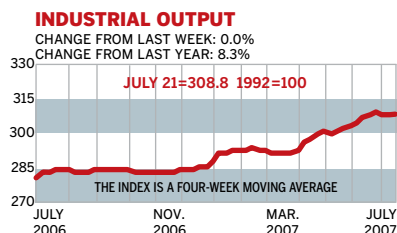
The BW50 fell 2.6%, with only five of the 50 companies surviving the recent turbulence. The bottom of the lot: Avon Products, which slipped 13.7% after profits missed expectations. Amazon.com and Lehman Brothers Holdings both fell by more than 10%. By comparison, Morgan Stanley got off easy, dropping just 2.2%. CME Group led the pack, up 2.5%.

COMPANY PERFORMANCE

RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/07	RANK	COMPANY	WEEK	% CHANGE SINCE 3/1/07
1	Google	0.6	14.1	26	Allegheny Technologies	-3.1	2.2
2	Coach	-1.4	0.5	27	Oracle	-3.8	20.5
3	Gilead Sciences	-2.2	3.7	28	Starbucks	-2.7	-12.0
4	Nucor	-9.5	-16.9	29	Moody's	-3.4	-14.4
5	Questar	-4.8	21.4	30	Pe psiCo	-2.8	5.2
6	Sunoco	-8.8	1.3	31	Stryker	-4.4	1.8
7	Verizon Communications	0.0	15.6	32	Best Buy	-2.8	-4.8
8	Colgate-Palmolive	-3.4	-0.2	33	United Parcel Service	0.9	9.6
9	Goldman Sachs Group	-7.0	-6.3	34	Apple	-1.6	59.6
10	Paccar	-6.8	17.8	35	T. Rowe Price Group	-2.2	8.7
11	Amazon.com	-10.3	97.5	36	Valero Energy	-9.3	10.5
12	Cognizant Technology Solutions	-1.8	-10.4	37	Constellation Energy Group	-4.3	10.9
13	Avon Products	-13.7	-5.6	38	TJX	-1.5	1.9
14	Varian Medical Systems	-3.0	-9.8	39	Morgan Stanley	-2.2	3.5
15	Bed Bath & Beyond	-0.2	-11.3	40	Paychex	-2.5	2.6
16	CB Richard Ellis Group	-9.3	2.9	41	Coventry Health Care	-3.6	2.8
17	Robert Half International	-5.3	-12.1	42	United States Steel	-8.1	7.8
18	CME Group	2.5	4.1	43	United Technologies	-0.7	13.7
19	Adobe Systems	-5.1	0.8	44	Hershey	-2.4	-12.3
20	EOG Resources	0.5	5.7	45	Black & Decker	-5.7	2.8
21	Sempra Energy	-3.6	-8.7	46	Synovus Financial	-4.6	-13.5
22	Sherwin-Williams	-2.0	5.6	47	Linear Technology	-3.2	8.1
23	Lehman Brothers Holdings	-10.1	-17.0	48	AT&T	-0.7	9.3
24	Rockwell Collins	-5.8	6.0	49	XTO Energy	-4.0	5.7
25	IMS Health	-3.0	-1.0	50	PNC Financial Services Group	-1.4	-7.9

Data: Reuters

BW PRODUCTION INDEX



The Production Index barely budged in the latest week. Before calculation of the four-week moving average, the index dipped to 309.7, from 310.6 for the prior period. On the plus side, rail-freight traffic registered the best performance, followed by a modest increase in electric-power production and small gains in crude-oil refining and lumber output. Auto and truck assemblies both dropped off considerably, while coal slipped a little. The steel component was virtually unchanged.

Information on each of the index components is at businessweek.com. BW production index Copyright 2007 by the McGraw-Hill Companies

ONLINE RESOURCES

BW50 More information about BW50 companies is available online.

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