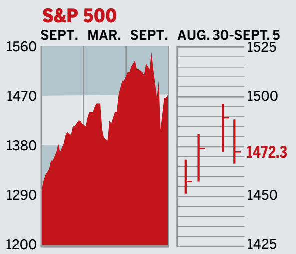
STOCKS



COMMENTARY

Will he or won't he? The markets moved with the perceived probability of Federal Reserve Chairman Ben Bernanke announcing a cut in the fed funds rate. The modest results in the Fed's Beige Book made a rate cut seem less likely. Coupled with soft employment numbers and weak existing-home-sales figures, the uncertainty sent stock prices tumbling 143 points.

Data: Bloomberg Financial Markets, Reuters

U.S. MARKETS

	SEPT. 5	WEEK % CHANGE	YEAR TO DATE % CHANGE	LAST 12 MONTHS % CHANGE
S&P 500	1472.3	0.6	3.8	12.1
Dow Jones Industrials	13,305.5	0.1	6.8	16.0
NASDAQ Composite	2606.0	1.7	7.9	18.1
S&P MidCap 400	864.9	1.2	7.5	14.3
S&P SmallCap 600	416.8	0.7	4.2	11.8
DJ Wilshire 5000	14,804.2	0.8	4.1	12.6

SECTORS

BusinessWeek 50*	844.9	0.7	5.8	13.9
BW Info Tech 100**	511.1	2.0	14.2	29.0
S&P/Citigroup Growth	686.3	1.1	5.2	12.6
S&P/Citigroup Value	783.4	0.1	2.5	11.7
S&P Energy	546.9	2.8	20.1	26.5
S&P Financials	448.2	−0.6	−9.5	−0.4
S&P REIT	176.8	1.7	−11.1	−2.5
S&P Transportation	276.9	−0.2	5.0	13.2
S&P Utilities	197.1	0.2	5.6	13.5
S&P GSTI Internet	212.9	3.2	6.6	22.0
PSE Technology	952.4	1.8	8.8	17.3

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

GLOBAL MARKETS

	SEPT. 5	WEEK % CHANGE	YEAR TO DATE % CHANGE	LAST 12 MONTHS % CHANGE
S&P Euro Plus (U.S. Dollar)	2123.1	27.4	6.7	20.0
London (FT-SE 100)	6270.7	2.3	0.8	4.8
Paris (CAC 40)	5551.6	0.6	0.2	7.3
Frankfurt (DAX)	7588.0	2.0	15.0	29.0
Tokyo (NIKKEI 225)	16,158.5	0.9	−6.2	−1.4
Hong Kong (Hang Seng)	24,069.2	4.6	20.6	38.0
Toronto (S&P/TSX Composite)	13,683.3	1.4	6.0	12.2
Mexico City (IPC)	30,809.6	3.7	16.5	44.9

FUNDAMENTALS

	SEPT. 4	WEEK AGO	YEAR AGO
S&P 500 Dividend Yield	1.82%	1.90%	1.84%
S&P 500 P/E Ratio (Trailing 12 mos.)	17.2	16.6	17.3
S&P 500 P/E Ratio (Next 12 mos.)*	14.8	14.3	14.3
First Call Earnings Revision*	−1.49%	−1.32%	−1.21%

*First Call Corp.

TECHNICAL INDICATORS

	SEPT. 4	WEEK AGO	YEAR AGO
S&P 500 200-day average	1459.0	1457.2	Positive
Stocks above 200-day average	42.0%	34.0%	Neutral
Options: Put/call ratio	0.89	1.02	Positive
Insiders: Vickers NYSE Sell/buy ratio	1.47	1.55	Positive

BEST-PERFORMING GROUPS

	LAST MONTH %		LAST 12 MONTHS %
Oil & Gas Refining	15.5	Internet Retailers	96.0
Oil & Gas Equipment	13.0	Tires & Rubber	92.4
Constr. & Engineering	11.5	Divsfd. Metals & Mining	77.9
Fertilizers & Ag. Chems.	10.0	Auto Parts & Equip.	58.1
Retail REIT's	9.4	Constr. & Engineering	51.8

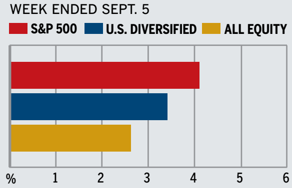
WORST-PERFORMING GROUPS

	LAST MONTH %		LAST 12 MONTHS %
Real Estate Mgt. & Dvpt.	−13.0	Homebuilding	−38.3
Homebuilding	−12.5	Agricultural Products	−21.4
IT Consulting	−12.2	Gold Mining	−18.6
Health-Care Facilities	−8.9	Electric Mfg. Svcs.	−18.0
Commercial Printing	−7.2	Home Furnishings	−15.7

MUTUAL FUNDS

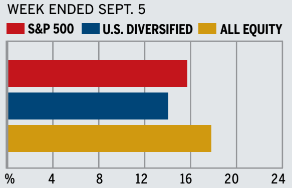
4-WEEK TOTAL RETURN

WEEK ENDED SEPT. 5



52-WEEK TOTAL RETURN

WEEK ENDED SEPT. 5



Data: Morningstar Inc.

EQUITY FUND CATEGORIES

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS		**LEADERS**	
Pacific/Asia ex-Japan Stk.	7.3	Pacific/Asia ex-Japan Stk.	66.6
Specialty-Real Estate	7.1	Latin America Stock	51.5
Specialty-Technology	5.0	Diversified Emerging Mkts.	42.3
Specialty-Financial	4.9	Specialty-Communications	30.6
LAGGARDS		**LAGGARDS**	
Bear Market	−5.7	Bear Market	−13.5
High Yield Muni	−2.3	Japan Stock	−1.9
Japan Stock	−1.2	High Yield Muni	0.0
Specialty-Precious Metals	−1.1	Muni California Long	0.8

EQUITY FUNDS

4-WEEK TOTAL RETURN	%	52-WEEK TOTAL RETURN	%
LEADERS		**LEADERS**	
iShares FTSE Xha. Ch. 25 Idx.	17.4	AIM China I	121.2
DireXn. Sm. Cap Bull 2.5X	14.9	AIM China A	120.5
ProFds. Oil Equip., Svcs. Inv.	14.8	AIM China C	118.9
ProFds. Oil Equip., Svcs. Svc.	14.7	AIM China B	118.9
LAGGARDS		**LAGGARDS**	
Regions Morg. Kgn. S. Hi Inc. A	−21.7	ProFds. UltSh. Emrg. Mkts. Svc.	−58.3
Regions Morg. Kgn. S. Hi Inc. I	−21.7	ProFds. UltSh. Emrg. Mkts. Inv.	−57.9
Regions Morg. Kgn. S. Hi Inc. C	−21.6	DireXn. Emrg. Mkts. Bear 2X	−51.9
ProFds. UltSh. Emrg. Mkts. Svc.	−17.4	DireXn. NASDAQ 100 Bear 2.5X	−42.9

INTEREST RATES

KEY RATES

	SEPT. 5	WEEK AGO	YEAR AGO
Money Market Funds	4.97%	4.93%	4.84%
90-Day Treasury Bills	4.34	3.97	4.98
2-Year Treasury Notes	4.01	4.14	4.80
10-Year Treasury Notes	4.47	4.55	4.78
30-Year Treasury Bonds	4.78	4.88	4.93
30-Year Fixed Mortgage †	6.41	6.30	6.25

† 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	4.01%	4.64%
Taxable Equivalent	5.73	6.63
Insured Revenue Bonds	4.22	4.81
Taxable Equivalent	6.03	6.87

THE WEEK AHEAD

INTERNATIONAL TRADE *Tuesday, Sept. 11, 8:30 a.m. EDT* » The July trade deficit is expected to have widened to $59.3 billion. That's the median forecast among economists polled by Action Economics. In June the deficit narrowed to $58.1 billion.

FEDERAL BUDGET *Thursday, Sept. 13, 2 p.m. EDT* » The federal government likely ran a $53 billion deficit in August, down from its $64.2 billion deficit a year ago.

RETAIL SALES *Friday, Sept. 14, 8:30 a.m. EDT* » August retail sales probably climbed 0.3%, after a 0.3% gain in July. Less motor vehicles, sales probably rose 0.3%, after a 0.4% increase.

CURRENT ACCOUNT *Friday, Sept. 14, 8:30 a.m. EDT* » The second-quarter current account deficit most likely narrowed to $191.7 billion, from $192.6 billion.

EXPORT-IMPORT PRICES *Friday, Sept. 14, 8:30 a.m. EDT* » Import prices are expected to have risen 0.4% in August, following a 1.5% jump in July led by a 7% surge in petroleum prices. The export price index probably crept up 0.2% for a second straight month.

INDUSTRIAL PRODUCTION *Friday, Sept. 15, 9:15 a.m. EDT* » Factory output probably grew 0.3% for a second straight month in August. The forecasted increase in production is expected to keep the capacity utilization rate at 81.9%.

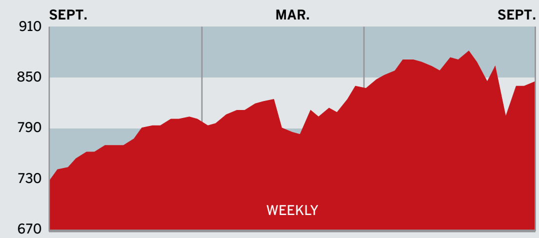
The *BusinessWeek* production index improved to 311.1 for the week ended Aug. 25 and stood 9.5% above the year-ago level. Before calculation of the four-week moving average, the index fell to 311.4.

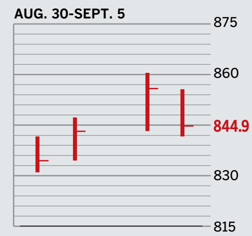
BusinessWeek.com

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**.

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

THE BUSINESSWEEK FIFTY





The BW50 rose 0.7%, helped by energy stocks Sunoco, XTO Energy, and Valero Energy, which all rose by 4% or more. Shares of Coach jumped 9.4%, followed by Amazon.com, up 5.9%. Fear of falling commercial real estate prices sent shares of CB Richard Ellis down 5.9%, while a downgrade by UBS helped send shares of Robert Half International down 5.4%.

COMPANY PERFORMANCE

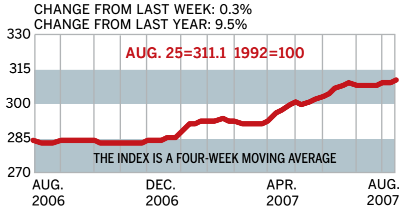
RANK	COMPANY	% CHANGE WEEK	% CHANGE SINCE 3/1/07
1	**Google**	2.9	17.4
2	**Coach**	9.4	–2.9
3	**Gilead Sciences**	1.2	1.9
4	**Nucor**	0.3	–13.0
5	**Questar**	2.0	19.8
6	**Sunoco**	5.7	16.9
7	**Verizon Communications**	–0.7	12.2
8	**Colgate-Palmolive**	–1.7	–3.0
9	**Goldman Sachs Group**	2.4	–11.9
10	**Paccar**	2.7	22.6
11	**Amazon.com**	5.9	114.0
12	**Cognizant Technology Solutions**	–0.9	–20.8
13	**Avon Products**	–2.9	–9.7
14	**Varian Medical Systems**	–0.1	–11.4
15	**Bed Bath & Beyond**	–2.2	–15.2
16	**CB Richard Ellis Group**	–5.9	–18.4
17	**Robert Half International**	–5.4	–22.1
18	**CME Group**	0.8	4.7
19	**Adobe Systems**	3.6	11.5
20	**EOG Resources**	4.0	2.4
21	**Sempra Energy**	–0.7	–9.3
22	**Sherwin-Williams**	0.6	3.6
23	**Lehman Brothers Holdings**	–0.1	–25.9
24	**Rockwell Collins**	–0.8	2.7
25	**IMS Health**	–0.8	1.9
26	**Allegheny Technologies**	0.8	–5.0
27	**Oracle**	3.0	26.2
28	**Starbucks**	–0.1	–11.2
29	**Moody's**	–2.4	–30.5
30	**PepsiCo**	–0.4	7.6
31	**Stryker**	–0.2	7.4
32	**Best Buy**	–1.6	–6.9
33	**United Parcel Service**	–0.9	7.4
34	**Apple**	2.0	61.6
35	**T. Rowe Price Group**	–1.0	7.8
36	**Valero Energy**	4.1	23.4
37	**Constellation Energy Group**	–0.2	6.8
38	**TJX**	–2.4	7.2
39	**Morgan Stanley**	2.2	0.6
40	**Paychex**	0.7	10.2
41	**Coventry Health Care**	–0.3	5.0
42	**United States Steel**	4.0	5.7
43	**United Technologies**	–1.2	11.9
44	**Hershey**	–1.0	–13.4
45	**Black & Decker**	–1.7	–0.3
46	**Synovus Financial**	–1.2	–15.4
47	**Linear Technology**	0.8	3.6
48	**AT&T**	–1.2	8.0
49	**XTO Energy**	5.1	8.8
50	**PNC Financial Services Group**	–2.6	–6.0

Data: Reuters

BW PRODUCTION INDEX

INDUSTRIAL OUTPUT

CHANGE FROM LAST WEEK: 0.3%
CHANGE FROM LAST YEAR: 9.5%



The production index eked out another small gain. Before calculation of the four-week moving average, the index edged down 311.4, from 311.6 in the prior week. On a seasonally adjusted basis only one component managed to rise. On the downside, crude-oil refining fell the most, followed closely by truck assemblies. Slightly cooler temperatures led to a small decline in electric-power production. Rail-freight traffic, coal, lumber, and steel were off only a little. Auto output revved up.

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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