Barrington Research™
Economic and Investment Research

MARKET WEEK
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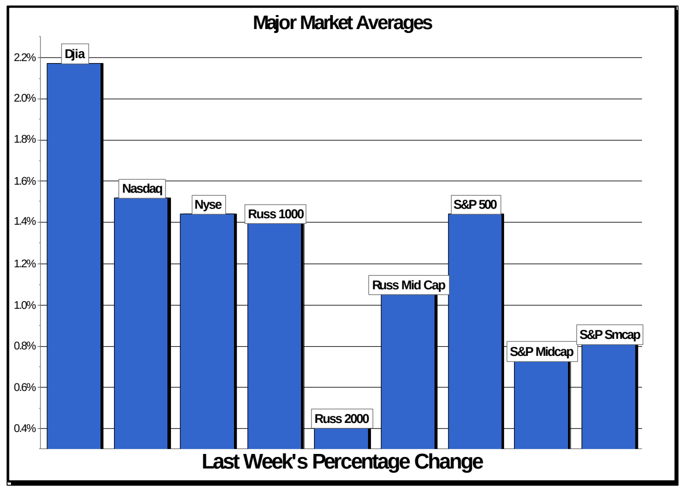
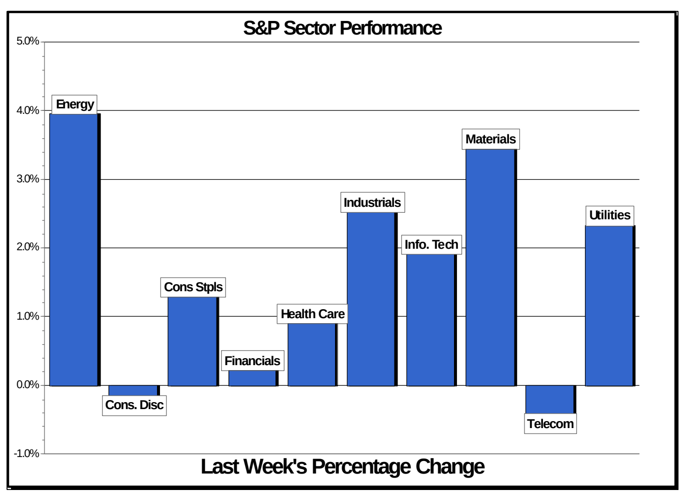
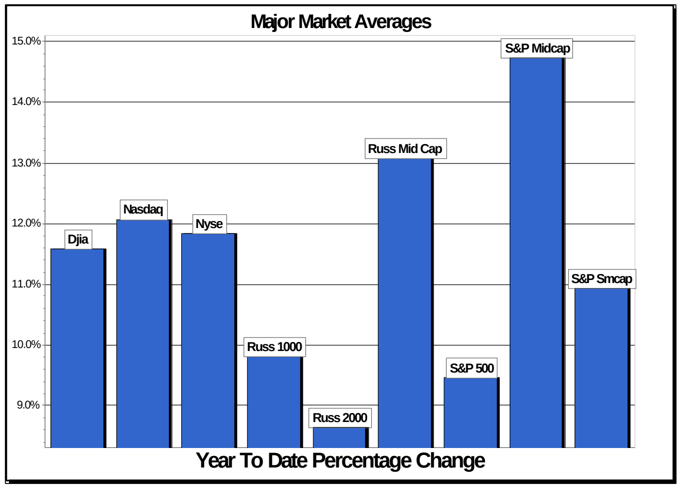
Market Still Roaring into Second Half



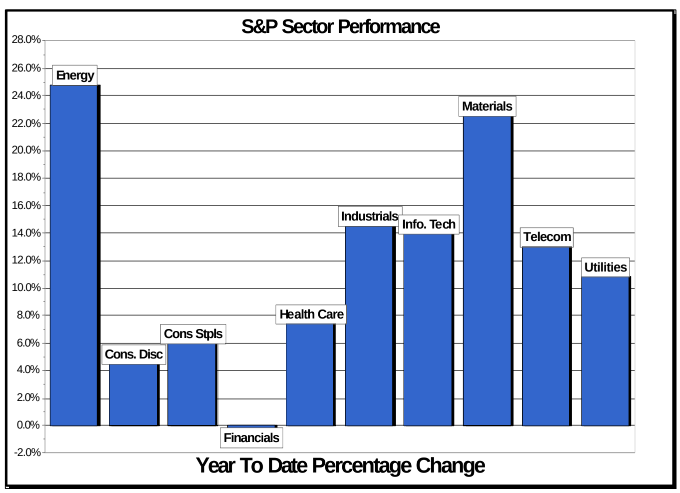
Economic news last week was mixed at best, crude oil prices rose to an 11-month high close to $74/barrel, the dollar fell to a new record low against the euro and a 26-year low versus the British pound, the second quarter earnings season was off to a weak start and the subprime mortgage fiasco spread to new victims. However, the market rose every day during the week but one, the DJIA (+2.17%) and the S&P 500 (+1.44%) rose to new record highs with increases in all other market averages as well along with 8 of the 10 S&P sectors. It had some strategists scratching their heads and wondering whether fundamentals mattered at all any more. For some insight, it may help to focus in on two days last week, Tuesday when the DJIA plunged 148 points on rekindled credit fears and Thursday when a 2% jump in the DJIA (+283) accounted for just about all of its gain for the week.



Tuesday's 148-point drop on the DJIA reminded investors of the credit fears ushered in during the week ended June 8 when the 10-year Treasury yield first broke up through 5%. Announcements from the two major credit-rating agencies, S&P and Moody's, reawakened fears of the spreading of the troubled subprime mortgage market. S&P said it may downgrade $12 billion of subprime residential mortgage-backed securities (RMBS), noting that credit ratings on 612 classes of RMBS backed by subprime collateral were put on Credit-Watch and beginning in a few days it said most of these classes would be downgraded. In total, S&P rates over $565 billion U.S. RMBS. Moody's cut ratings on 399 mortgage-backed securities. S&P also said it is reviewing ratings on CDOs (Collateralized Debt Obligations) that invested in the RMBS, which may be downgraded as well. CDOs are essentially mutual funds that hold asset-backed securities. Aside from disturbing financial markets the actions will also likely raise borrowing costs for subprime lenders, reduce refinancing options for them and further depress the housing industry. On the same day, Home Depot and Sears lowered earnings forecasts blaming the housing market, the U.S. dollar sank to a new record low against the euro, gold & other commodity prices rose, and oil topped $73/barrel. Canada also raised its key overnight interest rate by a quarter point to a six-year-high 4.5% to curb inflation that is running above its target. There were also articles that day on widening U.S. credit spreads between high-yield corporates and emerging country debt and the 10-year Treasury yield.



Then came one of the best rallies in years on Thursday on relatively unimpressive volume according to technicians. The big Rio Tinto buyout of Alcan, significantly outbidding Alcoa, was presumably one of the drivers to the rally as focus went back to the buyout boom. The media pointed to better-than-expected June retail chain sales and Wal-Mart's positive June sales as an explanation for the rally but overall retail spending was still very sluggish in June as confirmed again on the next day with the lower-than-expected overall retail sales (-0.9%). Probably the biggest factor was a comment from Bernanke that the Fed could handle any subprime credit problems, which had some analysts calling it a *relief rally* which was probably not far off the mark. But the real positive driver to the stock market continues to be liquidity and the resulting deal boom, which doesn't seem to have an end in sight yet. According to Barron's, there are $375 billion of cash takeover deals to close within the next 90 days and private equity firms have raised an additional $137 billion so far this year, up 42% from a year ago. Corporate balance sheets are also still very strong with free cash flow continuing to rise, a future plus for both acquisitions and share repurchases both of which will continue to reduce the number of shares in the market. With record short interest and a lot of nervous institutional investors after the Tuesday market scare, short-covering and a rush by institutional investors to make sure they didn't miss the rally also likely added to the Thursday market surge. This kind of buying was confirmed by the fact that highly liquid big-cap stocks (the kind used to put a lot of money to work quickly) led the market higher. As evidence, the mega-cap DJIA soundly beat other major large-cap averages and they, in turn, substantially outperformed the small-cap averages. The mega-cap Nasdaq 100 (+2.2%) also significantly outperformed the Nasdaq composite (+1.52%).



The relative performance of S&P sectors during the week also gave some good insights into the market. The cyclical sectors dominated the performance for the second week in a row indicating growing investor confidence in second half economic growth. While the sharp drop in the dollar last week raises the risk of higher domestic inflation, it is also a positive for U.S. corporate earnings with 40% of S&P earnings coming from overseas. According to a Barron's estimate, each 10% decline in the dollar translates to a 1.5 percentage rise in S&P year-over-year earnings. Since the largest companies tend to have the most overseas exposure, it is also another reason for the strong big-cap relative performance. The market-leading energy (+3.9%), materials (+3.5%), industrials (+2.5%) and technology (+1.9%) sectors are all particularly big beneficiaries of the falling dollar. Not only does the weaker dollar stimulate more U.S. exports for these sectors and raise translated foreign earnings for all international companies, the falling dollar also raises prices for most of the internationally-traded commodities including oil, which is a specific additional plus for the energy and materials sectors. On the other hand, the falling dollar is a negative for the financial sector and for many defensive sectors.

Busy Week Ahead

Investors will have lots of news to absorb in the coming week and, with two strong weeks of gains, there could be a little profit taking due simply to the uncertainty. As discussed below, the overall economics calendar is not particularly heavy, but the calendar includes a number of key reports on inflation, manufacturing, housing and international investment flows. The inflation news should be encouraging while the housing won't be.

Secondly, the Fed will be prominent in the news with minutes from the June meeting being released on Thursday. Recent comments from Fed officials have been mixed so the minutes on the Fed's June meeting on Thursday will create investor interest. More importantly, Chairman Bernanke will be testifying before Congress for two days on Wednesday and Thursday. Nobody expects to hear many changes in his comments. Although is testimony will be preceded by positive CPI and PPI reports, he is still likely to report that inflation is his key focus but expects to see it moderate over time. Armed with the latest negative report this week on housing starts, he will repeat his opinion that, although the housing correction is painful and not bottoming, it will not appreciably spill over to the rest of the economy. The thing to watch in his testimony is an expected update of the Fed's outlook for economic growth and inflation in the second half and 2008.

Finally, the first big week of the second half earnings season is likely to dominate the news. Last week's earnings reports and forecasts started off a little on the shaky side but they got better later to help the stock market to a strong finish. But the season heats up this week with 11 of the DJIA stocks reporting. The season started with a 4.2% consensus forecast for S&P 500 earnings but global economic growth, the lower dollar and the jump in oil prices should lead to some upward earnings adjustments. The industrial and technology sectors are leading all others on second quarter estimates but the energy sector should see some upward revisions. As a caveat, the strong performance in the industrial and technology sectors in the past two weeks could already be discounting the second quarter results.

Economic News

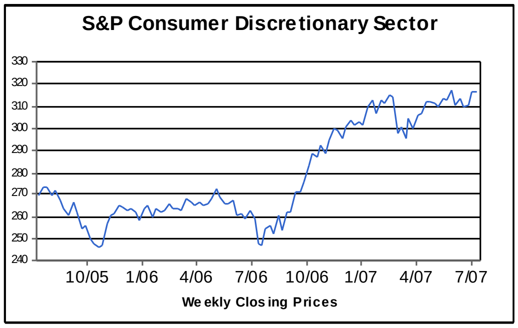
The economics calendar in the coming week features a number of key reports all crammed into the middle three days of the week with Tuesday exceptionally busy. Inflation will be front and center with the new major reports for June, neither of which should be disturbing. It will also be an important week for news on the manufacturing sector, especially with a look into early July activity. Investors will be subjected to more news on the ailing housing sector. The ***Treasury's TIC Report*** on foreign investor inflows will tell investors whether all the credit concerns in June and plunging dollar soured foreign investors on U.S. securities. The TIC report is one of the many on Tuesday, a very busy day for economics news. Though not closely watched by investors, any significant downside surprise could be disturbing in the light of the recent record lows for the dollar against the euro and 26-year low versus the English pound along with the growing credit quality fears. On the other hand, with bonds less attractive we could see more foreign interest in U.S. equities. The Conference Board's ***leading indicator index*** will be out on Thursday and, after finally poking its head above water in May, is expected to drop back to negative territory in June.

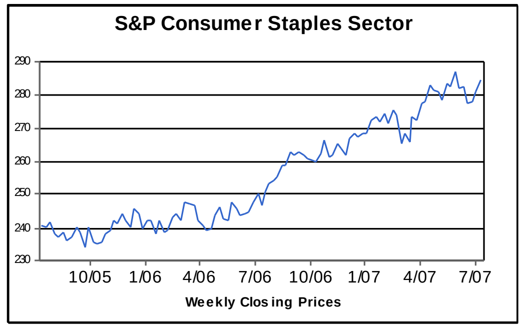
Inflation: The ***producer price index*** leads off the inflation news on Tuesday. The expected very modest 0.1% increase in the headline index will make good reading in comparison to the big 0.9% May increase. The core PPI should also not be much different than the 0.1% May increase. The ***consumer price index*** on the following day will bring similar good news. Like the PPI, the reported increase will only be around 0.1%, which will also be significantly lower than the 0.7% May increase. The June core CPI, however, may edge up slightly from the 0.1% increase in the previous month. Overall, the inflation news for the week will be benign.

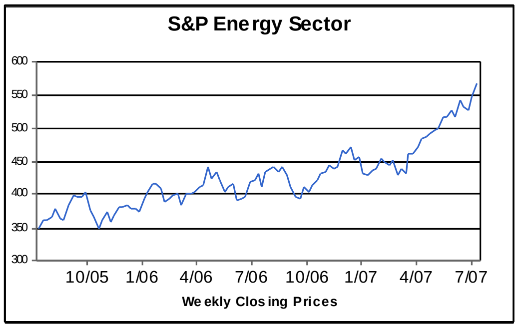
Manufacturing: Tuesday will be the biggest day for economic reports and especially for the manufacturing sector with four different reports. ***Industrial production*** will be the key report of the day and it should be good news with June output expected to be up 0.4% following a modest decline in May with capacity utilization also edging higher to 81.5%. The Fed's ***NY Empire manufacturing survey*** will be the first look into July factory momentum. The consensus is expecting a significant drop to 18.0 on the general business index but it had a surprisingly large jump in June to 25.8 and some correction would not be surprising or alarming. The second quarter ***California Manufacturing Survey*** is due out on the same day. This is a relatively new survey that has not generated much of a following yet but it is a key state. The first quarter report showed broad gains across most of the individual indexes as well as the main index and the overall second quarter climate was better. The June North American ***semiconductor equipment report*** will also be released on Tuesday. The May report indicated the book-to-bill ratio rose to 1.00. The July ***Philadelphia Fed manufacturing survey*** wraps up the manufacturing news for the week on Thursday. The consensus is also expecting a pullback following from a big June increase in the key index to 18.0 but, as with the NY Empire index, a modest correction following the previous big move should not be too disturbing.

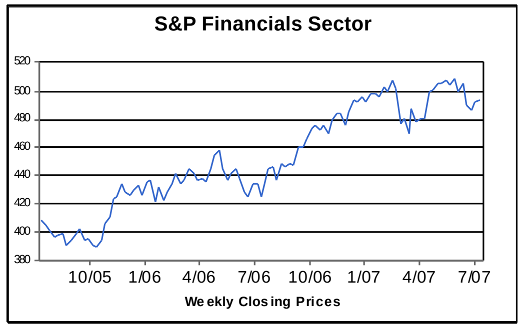
More Bad Housing News: There are also several housing-related reports in the coming week highlighted by the June report on ***housing starts*** on Tuesday. Permits rebounded a bit in May after a sharp drop in the preceding month but starts should be down modestly for the second month in a row and are still down around 24% from year ago levels. The ***NAHB Housing Index,*** a survey of homebuilder sentiment, will also be reported on Tuesday. The index has been falling steadily and reached a new record low at 28 in June and down from a previous peak over 70. It is probably due for an uptick but there is nothing in the underlying housing fundamentals that would trigger any kind of significant upturn in homebuilder optimism any time soon. Still another new low could trigger a negative investor reaction. Nor would we expect any significant positive news from the weekly ***mortgage applications*** report. Refinancing activity has fallen for the last four weeks and, though purchase mortgage applications have strengthened modestly in the past two weeks, they are likely distorted a bit on the upside.

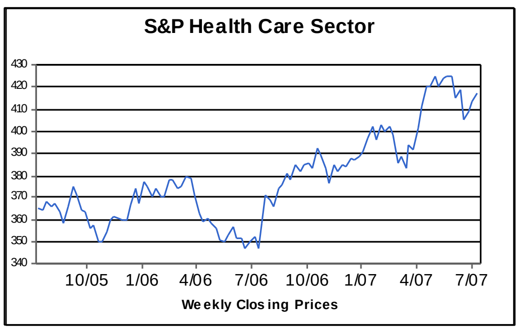
S&P Sector Performance

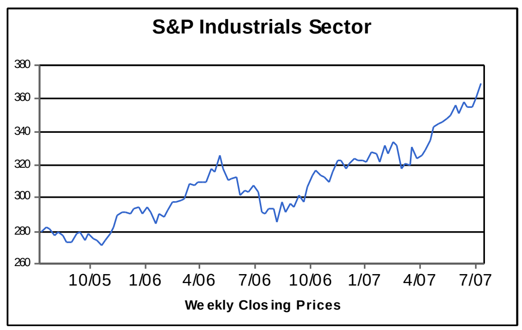


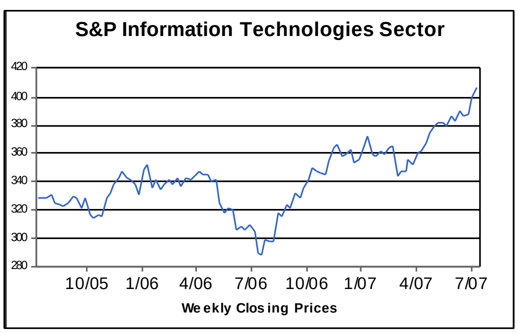


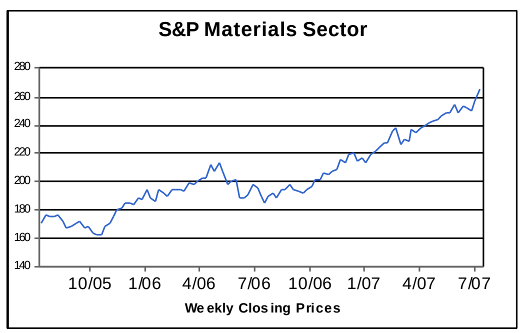


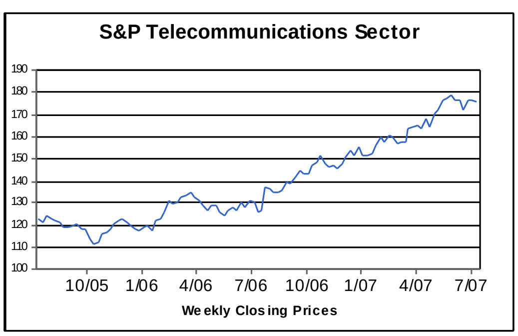


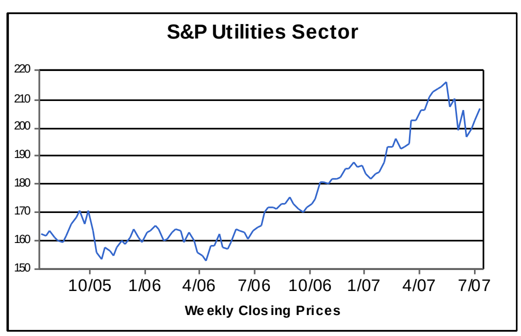




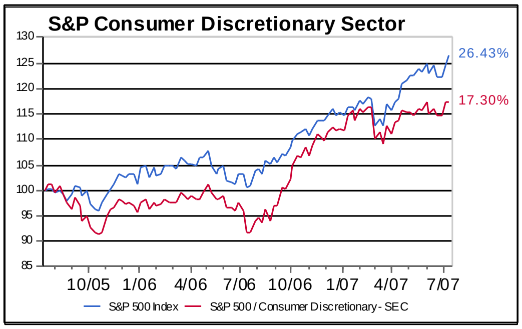


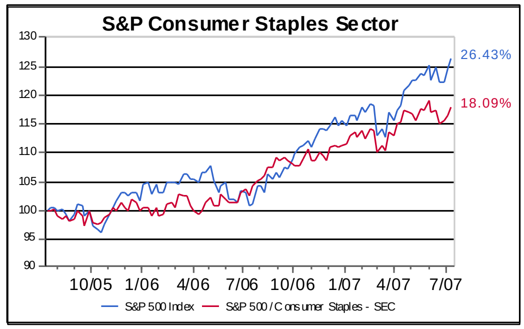


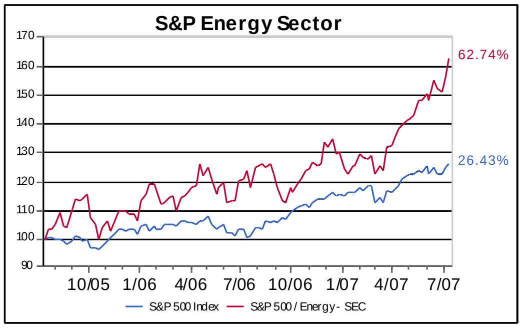


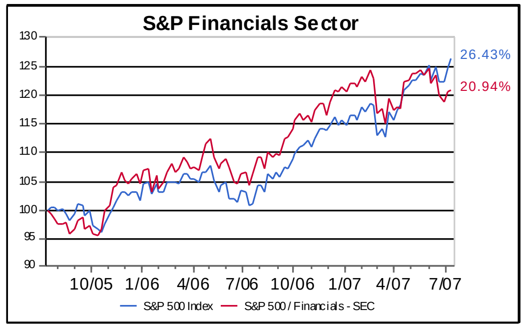


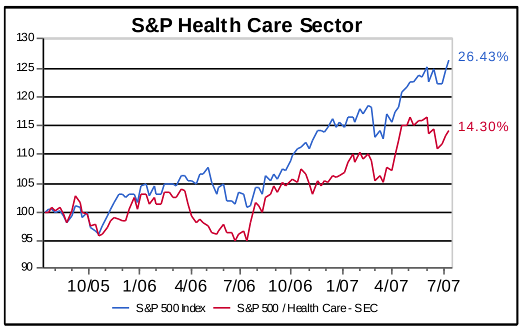
S&P Sector Relative Performance vs. S&P 500 Index

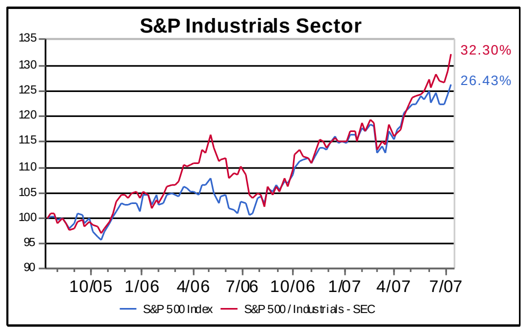


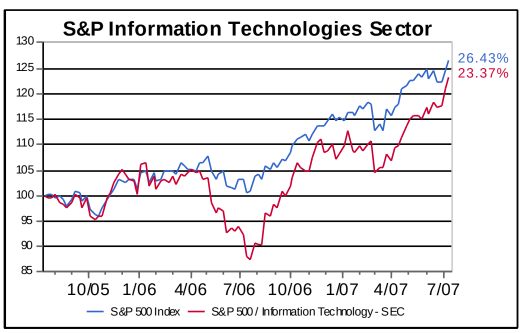


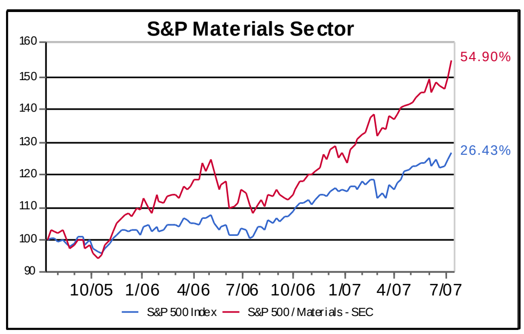


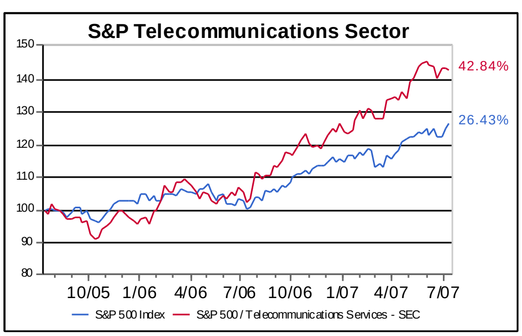


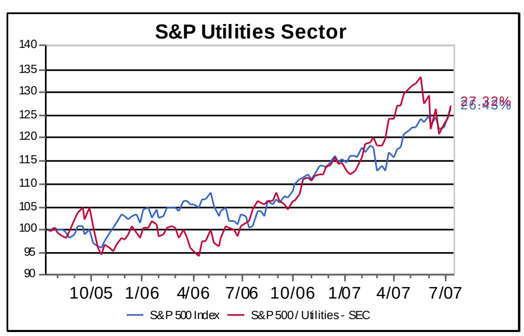




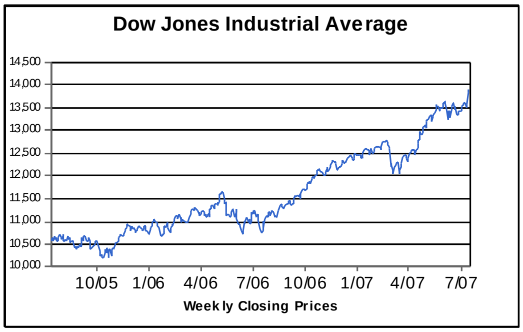


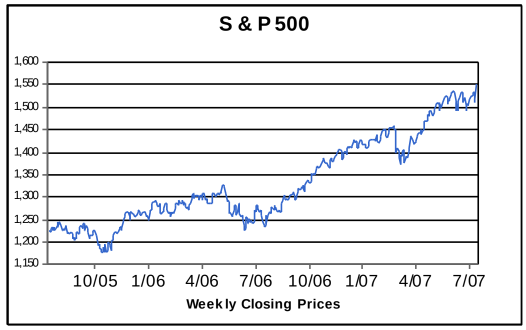


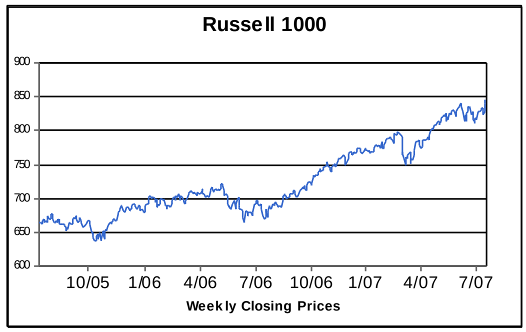


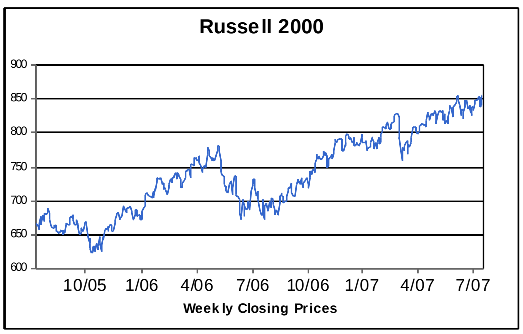


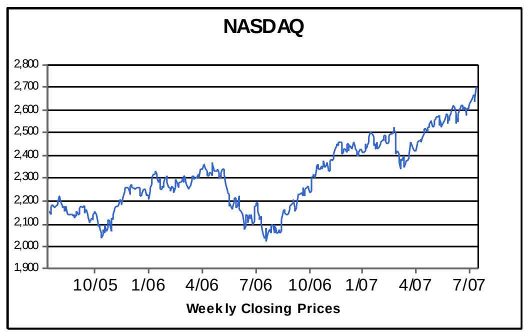
Major Market Averages

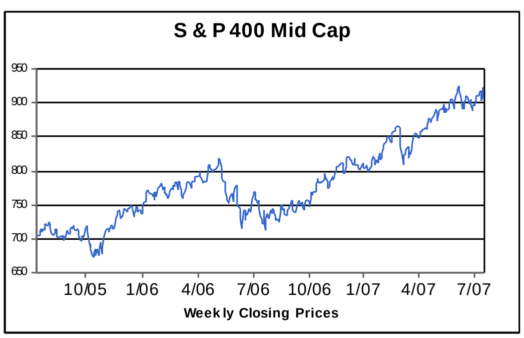


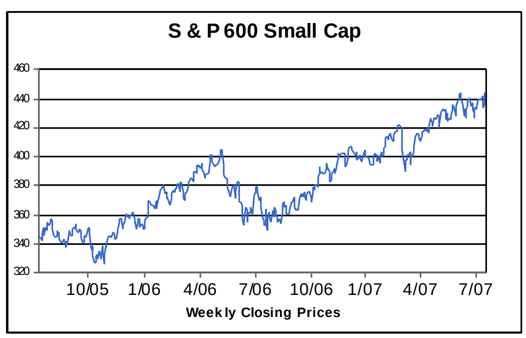












S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
Energy	**3.9**	**7.3**	**7.3**	**24.8**	**22.2**	**29.1**	**28.8**
Energy	3.9	7.3	7.3	24.8	22.2	29.1	28.8
Energy Equipment & Services	0.0	3.5	3.5	31.8	11.8	49.0	34.2
Oil & Gas Drilling	-1.4	2.4	2.4	28.4	3.1	53.1	45.1
Oil & Gas Equipment & Services	0.4	3.8	3.8	32.9	14.8	47.3	30.3
Oil Gas & Consumable Fuels	4.9	8.2	8.2	23.3	24.7	25.3	27.9
Oil & Gas Exploration & Production	1.0	2.7	2.7	23.5	4.0	65.2	33.4
Oil & Gas Storage & Transportation	1.9	4.9	4.9	11.6	16.6	-	-
Integrated Oil & Gas	5.9	9.6	9.6	22.6	31.9	15.1	25.6
Oil & Gas Refining & Marketing	2.3	4.8	4.8	47.8	-5.7	77.3	61.5
Materials	**3.5**	**6.1**	**6.1**	**22.6**	**15.7**	**2.2**	**10.8**
Materials	3.5	6.1	6.1	22.6	15.7	2.2	10.8
Chemicals	2.3	3.9	3.9	16.6	13.5	-3.0	16.5
Diversified Chemicals	0.4	3.2	3.2	11.3	7.1	-12.5	12.6
Fertilizers & Agricultural Chemicals	4.8	3.7	3.7	33.4	35.5	39.6	93.0
Industrial Gases	5.2	6.8	6.8	26.3	14.9	11.4	12.7
Specialty Chemicals	2.2	2.9	2.9	6.2	20.6	2.1	13.4
Construction Materials	-1.0	-0.1	-0.1	27.3	32.6	24.1	14.8
Construction Materials	-1.0	-0.1	-0.1	27.3	32.6	24.1	14.8
Containers & Packaging	0.5	3.2	3.2	11.4	19.4	2.0	14.4
Metal & Glass Containers	0.0	2.6	2.6	8.0	32.2	-11.0	25.7
Paper Packaging	0.8	3.6	3.6	13.7	11.9	11.7	6.9
Metals & Mining	6.8	11.8	11.8	36.7	23.6	17.2	0.4
Aluminum	13.7	16.8	16.8	57.8	1.5	-5.9	-17.3
Diversified Metals & Mining	6.6	13.8	13.8	65.0	44.6	48.8	9.7
Gold	-0.9	6.0	6.0	-8.3	-15.4	20.2	-8.6
Steel	4.5	8.3	8.3	30.0	75.8	20.7	58.1
Paper & Forest Products	2.3	3.9	3.9	18.6	2.6	-4.7	7.4
Forest Products	1.3	3.5	3.5	15.6	2.1	-0.7	10.3
Paper Products	3.0	4.1	4.1	20.0	3.1	-6.6	5.9
Industrials	**2.5**	**4.2**	**4.2**	**14.5**	**11.0**	**0.4**	**16.0**
Capital Goods	2.6	4.3	4.3	15.8	12.4	0.2	16.7
Aerospace & Defense	1.6	4.3	4.3	16.2	23.1	14.0	14.0
Aerospace & Defense	1.6	4.3	4.3	16.2	23.1	14.0	14.0
Building Products	-0.5	1.6	1.6	10.5	4.7	-12.4	29.4
Building Products	-0.5	1.6	1.6	10.5	4.7	-12.4	29.4
Construction & Engineering	4.7	8.2	8.2	47.5	5.7	41.7	37.5
Construction & Engineering	4.7	8.2	8.2	47.5	5.7	41.7	37.5
Electrical Equipment	2.7	5.6	5.6	16.5	17.3	8.3	11.8
Electrical Components & Equipment	2.7	5.6	5.6	16.5	17.3	8.3	11.8
Industrial Conglomerates	2.2	2.9	2.9	8.2	5.7	-6.1	16.9
Industrial Conglomerates	2.2	2.9	2.9	8.2	5.7	-6.1	16.9
Machinery	5.1	7.2	7.2	34.3	16.4	-0.6	18.6
Construction & Farm Machinery & Heavy Trucks	7.5	9.6	9.6	44.2	20.6	2.6	21.0
Industrial Machinery	2.5	4.6	4.6	24.7	12.7	-3.1	16.8
Trading Companies & Distributors	4.5	5.8	5.8	40.8	-1.6	6.7	40.6
Trading Companies & Distributors	4.5	5.8	5.8	40.8	-1.6	6.7	40.6
Commercial Services & Supplies	0.5	2.4	2.4	6.7	9.0	-3.8	4.9
Commercial Services & Supplies	0.5	2.4	2.4	6.7	9.0	-3.8	4.9
Commercial Printing	0.5	2.7	2.7	25.7	3.9	-3.1	17.0
Diversified Commercial & Professional Services	1.8	3.6	3.6	8.1	2.4	-12.7	2.5
Human Resource & Employment Services	0.5	3.7	3.7	-3.3	5.1	25.3	36.9
Environmental & Facilities Services	0.3	1.9	1.9	8.7	23.2	0.1	-5.9
Office Services & Supplies	-0.3	1.0	1.0	1.0	14.3	-8.2	11.2
Transportation	2.9	4.3	4.3	11.1	5.6	3.5	19.6
Air Freight & Logistics	2.9	3.5	3.5	2.3	1.6	-8.1	21.1
Air Freight & Logistics	2.9	3.5	3.5	2.3	1.6	-8.1	21.1

S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
Airlines	-0.3	4.0	4.0	1.2	-6.8	-5.1	-3.0
Airlines	-0.3	4.0	4.0	1.2	-6.8	-5.1	-3.0
Road & Rail	3.1	5.3	5.3	24.2	13.5	30.9	23.0
Railroads	3.2	5.4	5.4	24.7	13.5	30.9	23.0
Consumer Discretionary	**-0.2**	**2.0**	**2.0**	**4.5**	**17.2**	**-7.4**	**12.1**
Automobiles & Components	2.0	1.4	1.4	20.2	22.4	-34.9	-4.8
Auto Components	4.0	5.9	5.9	48.3	10.5	-19.6	5.6
Auto Parts & Equipment	5.8	6.5	6.5	43.6	10.7	-23.8	0.6
Tires & Rubber	-1.5	3.7	3.7	71.7	24.6	1.8	40.6
Automobiles	0.8	-1.0	-1.0	8.6	28.1	-40.6	-8.2
Automobile Manufacturers	0.1	-3.3	-3.3	20.1	23.6	-49.2	-16.9
Motorcycle Manufacturers	2.5	4.8	4.8	-11.3	36.9	-15.2	27.8
Consumer Durables & Apparel	0.3	2.4	2.4	4.4	4.6	0.4	21.9
Household Durables	0.6	2.0	2.0	-4.0	-6.9	8.5	20.3
Consumer Electronics	0.6	0.6	0.6	17.6	20.7	0.0	0.0
Home Furnishings	0.0	2.1	2.1	-5.8	4.1	-19.2	31.4
Homebuilding	1.1	2.5	2.5	-26.5	-20.9	25.8	32.9
Household Appliances	0.8	2.9	2.9	23.8	1.4	4.3	20.8
Housewares & Specialties	0.1	0.8	0.8	-0.8	14.0	4.0	6.0
Leisure Equipment & Products	1.3	3.5	3.5	13.6	18.3	-18.8	14.8
Leisure Products	1.4	3.8	3.8	15.0	22.5	-13.8	9.4
Photographic Products	1.0	2.7	2.7	10.8	10.3	-27.4	25.6
Textiles Apparel & Luxury Goods	-0.5	2.5	2.5	13.0	22.9	0.6	28.5
Apparel Accessories & Luxury Goods	-0.2	3.2	3.2	9.9	28.5	2.5	27.0
Footwear	-1.1	1.2	1.2	19.2	15.6	-0.6	30.1
Consumer Services	-0.7	3.8	3.8	5.8	18.5	-0.2	37.7
Hotels Restaurants & Leisure	-0.8	4.0	4.0	4.7	22.4	2.0	37.7
Casinos & Gaming	-3.0	-2.1	-2.1	-7.5	31.1	-5.0	8.2
Hotels Resorts & Cruise Lines	-1.7	9.2	9.2	8.6	13.1	0.3	44.1
Restaurants	0.4	2.2	2.2	5.6	25.3	5.1	41.0
Diversified Consumer Services	1.7	1.8	1.8	24.2	-21.3	-	-
Education Services	3.6	7.4	7.4	61.1	-35.5	-	-
Specialized Consumer Services	-0.6	-4.2	-4.2	-2.9	-6.2	-	-
Media	-0.7	0.5	0.5	0.3	29.3	-13.4	-3.4
Media	-0.7	0.5	0.5	0.3	29.3	-13.4	-3.4
Advertising	1.2	0.8	0.8	0.0	23.9	-6.8	-6.5
Broadcasting & Cable TV	-0.8	1.3	1.3	2.3	42.8	-16.9	-9.1
Movies & Entertainment	-0.3	0.8	0.8	-0.4	27.2	-12.4	0.6
Publishing	-3.2	-3.1	-3.1	-2.6	13.2	-14.2	-4.2
Retailing	0.0	2.6	2.6	5.8	9.4	-1.1	21.6
Distributors	0.2	1.6	1.6	6.3	8.0	-0.3	32.7
Distributors	0.2	1.6	1.6	6.3	8.0	-0.3	32.7
Internet & Catalog Retail	6.1	6.4	6.4	50.6	-11.8	-25.3	80.0
Internet Retail	6.1	6.4	6.4	50.6	-11.8	-25.3	80.0
Multiline Retail	-0.4	2.9	2.9	10.0	20.2	7.9	21.2
Department Stores	-2.6	-1.6	-1.6	-0.2	33.4	13.3	20.0
General Merchandise Stores	2.6	8.6	8.6	24.5	4.7	1.8	22.5
Specialty Retail	-0.5	2.0	2.0	-0.3	5.5	2.1	11.5
Apparel Retail	-0.5	2.1	2.1	-3.2	20.4	-9.7	6.8
Computer & Electronics Retail	-3.8	-0.4	-0.4	2.2	5.2	4.4	15.9
Home Improvement Retail	0.4	2.5	2.5	0.9	-1.4	1.6	15.1
Specialty Stores	-0.6	3.1	3.1	-5.5	20.7	17.6	4.9
Automotive Retail	-2.8	-1.2	-1.2	12.3	14.5	-	-
Homefurnishing Retail	-1.3	0.8	0.8	-4.8	5.4	-	-
Consumer Staples	**1.3**	**2.2**	**2.2**	**6.0**	**11.8**	**1.3**	**6.0**
Food & Staples Retailing	1.4	2.5	2.5	7.2	5.7	-5.2	2.6
Food & Staples Retailing	1.4	2.5	2.5	7.2	5.7	-5.2	2.6
Drug Retail	0.2	1.5	1.5	7.0	8.0	15.9	10.8
Food Distributors	0.7	-0.4	-0.4	-10.6	18.4	-18.7	2.5

	PERFORMANCE						
S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
Food Retail	3.0	3.5	3.5	13.3	15.7	4.3	-3.4
Hypermarkets & Super Centers	1.7	3.2	3.2	8.6	0.1	-9.5	1.7
Food Beverage & Tobacco	1.0	1.8	1.8	8.6	14.4	3.8	5.4
Beverages	0.6	1.5	1.5	7.7	11.9	1.3	-4.8
Brewers	-1.4	-2.3	-2.3	4.8	14.3	-15.3	-1.9
Distillers & Vintners	-1.4	-2.0	-2.0	-4.5	3.3	25.2	4.2
Soft Drinks	1.0	2.4	2.4	8.9	12.0	4.5	-5.7
Food Products	2.6	2.3	2.3	9.6	15.8	-8.3	18.6
Agricultural Products	4.2	10.6	10.6	14.5	29.6	10.5	46.6
Packaged Foods & Meats	2.3	1.3	1.3	8.3	13.5	-10.5	16.2
Tobacco	-0.1	1.9	1.9	9.5	17.0	19.8	13.6
Tobacco	-0.1	1.9	1.9	9.5	17.0	19.8	13.6
Household & Personal Products	1.9	2.7	2.7	-0.2	12.6	4.4	12.2
Household Products	1.8	2.5	2.5	-1.5	12.3	2.4	10.2
Household Products	1.8	2.5	2.5	-1.5	12.3	2.4	10.2
Personal Products	2.3	5.7	5.7	17.7	15.4	16.3	19.4
Personal Products	2.3	5.7	5.7	17.7	15.4	16.3	19.4
Health Care	**0.9**	**2.1**	**2.1**	**7.4**	**5.8**	**4.9**	**0.2**
Health Care Equipment & Services	0.1	2.5	2.5	10.3	-0.2	17.4	17.3
Health Care Equipment & Supplies	0.3	2.2	2.2	7.8	3.2	-0.1	12.3
Health Care Equipment	0.4	2.3	2.3	7.5	3.4	-0.5	12.1
Health Care Supplies	-5.4	-2.0	-2.0	30.8	-2.9	16.9	20.9
Health Care Providers & Services	-0.2	2.7	2.7	11.8	-2.3	34.2	22.6
Health Care Distributors	0.8	0.5	0.5	12.0	-1.8	28.8	-2.9
Health Care Services	0.2	4.7	4.7	32.6	4.9	32.2	17.4
Health Care Facilities	0.2	-0.3	-0.3	11.3	1.2	10.4	-10.9
Managed Health Care	-0.6	2.9	2.9	5.9	-6.6	42.7	52.7
Pharmaceuticals & Biotechnology	1.4	1.9	1.9	5.9	9.9	-2.0	-7.1
Biotechnology	2.5	2.2	2.2	1.2	-2.7	18.3	7.6
Biotechnology	2.5	2.2	2.2	1.2	-2.7	18.3	7.6
Pharmaceuticals	1.1	1.7	1.7	6.5	12.6	-5.9	-9.5
Pharmaceuticals	1.1	1.7	1.7	6.5	12.6	-5.9	-9.5
Financials	**0.2**	**1.6**	**1.6**	**-0.4**	**16.2**	**3.7**	**8.2**
Banks	0.2	1.4	1.4	-3.7	12.3	-4.8	10.9
Commercial Banks	0.6	1.7	1.7	-3.6	11.5	-2.2	11.1
Diversified Banks	0.7	1.6	1.6	-4.4	12.0	-1.2	13.5
Regional Banks	0.4	1.9	1.9	-2.6	10.9	-4.2	6.4
Thrifts & Mortgage Finance	-0.9	0.6	0.6	-3.7	13.4	-13.0	10.4
Thrifts & Mortgage Finance	-0.9	0.6	0.6	-3.7	13.4	-13.0	10.4
Diversified Financials	0.8	2.4	2.4	0.4	20.7	7.2	5.9
Diversified Financial Services	1.4	2.3	2.3	-3.6	15.9	2.9	0.2
Other Diversified Financial Services	1.5	2.2	2.2	-4.0	16.3	1.5	-1.0
Specialized Finance	0.5	4.3	4.3	2.1	4.5	29.0	42.6
Consumer Finance	-0.5	-1.1	-1.1	2.8	4.9	2.3	22.2
Consumer Finance	-0.5	-1.1	-1.1	2.8	4.9	2.3	22.2
Capital Markets	0.5	3.5	3.5	6.0	32.4	15.4	6.9
Asset Management & Custody Banks	1.3	4.0	4.0	13.7	16.7	11.7	6.2
Investment Banking & Brokerage	0.2	3.3	3.3	2.7	39.6	17.0	3.2
Insurance	-0.8	-0.2	-0.2	2.8	9.3	12.5	5.9
Insurance	-0.8	-0.2	-0.2	2.8	9.3	12.5	5.9
Insurance Brokers	-1.4	-0.3	-0.3	8.1	-2.7	12.9	-24.2
Life & Health Insurance	0.2	1.1	1.1	11.2	15.0	20.9	20.4
Multi-line Insurance	-0.8	-0.3	-0.3	0.4	6.4	7.8	2.7
Property & Casualty Insurance	-1.8	-1.2	-1.2	-1.8	10.7	13.0	8.4
Real Estate	-0.4	3.5	3.5	-5.0	36.8	7.4	21.9
Real Estate						7.4	21.9
Real Estate Investment Trusts	-0.6	3.1	3.1	-6.0	36.9	7.4	21.9
Information Technology	**1.9**	**4.6**	**4.6**	**14.0**	**7.7**	**0.4**	**2.1**
Software & Services	0.5	2.3	2.3	8.1	7.7	-2.1	10.5

S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
Internet Software & Services	1.5	4.2	4.2	16.4	-20.7	4.0	66.8
Internet Software & Services	1.5	4.2	4.2	16.4	-20.7	4.0	66.8
IT Services	1.8	2.9	2.9	11.6	9.5	3.4	3.3
IT Consulting & Other Services	6.7	11.7	11.7	13.0	19.1	-42.7	-31.4
Data Processing & Outsourced Services	1.2	2.0	2.0	11.5	9.4	4.7	4.7
Software	-0.4	1.3	1.3	3.7	14.5	-4.2	9.0
Application Software	0.4	0.5	0.5	6.7	5.3	10.6	11.6
Systems Software	-0.4	1.4	1.4	3.6	16.9	-5.3	7.9
Home Entertainment Software	-5.2	2.0	2.0	-4.2	-3.7	-15.2	29.1
Technology Hardware & Equipment	2.6	5.7	5.7	16.9	14.9	-1.7	8.7
Communications Equipment	4.1	6.0	6.0	12.8	15.1	1.8	2.8
Communications Equipment	4.1	6.0	6.0	12.8	15.1	1.8	2.8
Computers & Peripherals	1.7	5.7	5.7	20.5	16.0	-3.9	14.8
Computer Hardware	1.5	5.7	5.7	21.6	17.8	-1.7	13.9
Computer Storage & Peripherals	3.1	5.4	5.4	13.6	6.7	-17.1	20.9
Electronic Equipment & Instruments	0.8	3.1	3.1	8.0	-0.6	1.2	-8.5
Electronic Equipment Manufacturers	0.3	3.7	3.7	15.8	10.8	15.8	-2.4
Electronic Manufacturing Services	1.1	2.8	2.8	-0.6	-13.9	-11.9	-17.0
Office Electronics	4.0	7.7	7.7	17.4	15.7	-13.9	23.3
Office Electronics	4.0	7.7	7.7	17.4	15.7	-13.9	23.3
Semiconductors	3.7	7.4	7.4	21.4	-9.9	11.2	-21.3
Semiconductors & Semiconductor Equipment	3.3	6.6	6.6	19.5	-8.1	10.0	-21.8
Semiconductors & Semiconductor Equipment	3.3	6.6	6.6	19.5	-8.1	10.0	-21.8
Semiconductor Equipment	1.2	2.7	2.7	9.4	5.3	2.0	-25.0
Telecommunication Services	**-0.5**	**-0.5**	**-0.5**	**13.1**	**32.1**	**-9.0**	**16.0**
Telecommunication Services	-0.4	-0.5	-0.5	13.1	32.1	-9.0	16.0
Diversified Telecommunication Services	-0.3	-1.2	-1.2	12.9	43.9	-8.9	9.3
Integrated Telecommunication Services	-0.3	-1.2	-1.2	12.9	43.9	-8.9	9.3
Wireless Telecommunication Services	-0.8	3.4	3.4	13.9	-3.4	1.6	57.3
Wireless Telecommunication Services	-0.8	3.4	3.4	13.9	-3.4	1.6	57.3
Utilities	**2.3**	**3.4**	**3.4**	**10.9**	**16.9**	**12.8**	**19.6**
Utilities	2.3	3.4	3.4	10.9	16.9	12.8	19.6
Electric Utilities	2.6	3.8	3.8	11.7	19.0	13.5	21.8
Electric Utilities	2.6	3.8	3.8	11.7	19.0	13.5	21.8
Gas Utilities	4.3	4.9	4.9	26.8	21.1	-6.6	9.9
Gas Utilities	4.3	4.9	4.9	26.8	21.1	-6.6	9.9
Multi-Utilities	1.9	2.5	2.5	4.4	12.3	13.1	15.1
Multi-Utilities	1.9	2.5	2.5	4.4	12.3	13.1	15.1
Independent Power Producers & Energy Traders	2.0	3.4	3.4	22.3	24.4	-	-
Independent Power Producers & Energy Traders	2.0	3.4	3.4	22.3	24.4	-	-

Broad Based Indexes	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
S&P 500 Index (Operating Basis)	1.4	3.3	3.3	9.5	13.6	3.0	9.0
Dow Jones 30 Industrials	2.2	3.7	3.7	11.6	16.3	-0.6	3.1
Dow Jones 65 Composite	2.3	4.2	4.2	13.7	13.3	7.1	13.2
Dow Jones Wilshire 5000 (Full cap)	1.2	3.2	3.2	10.1	13.9	4.6	10.8
Russell 1000	1.4	3.4	3.4	9.8	13.3	4.4	9.5
Russell 3000	1.3	3.3	3.3	9.7	13.7	4.3	10.1
NASDAQ Composite Index	1.5	4.0	4.0	12.1	9.5	1.4	8.6
S&P Mid Cap	0.7	3.1	3.1	14.7	9.0	11.3	15.2
Russell Mid Cap	1.1	3.6	3.6	13.1	13.5	11.0	18.4
Russell 2000	0.4	2.6	2.6	8.6	17.0	3.3	17.0
S&P Small Cap	0.8	2.6	2.6	10.9	14.1	6.7	21.6
Russell Micro Cap (TR)	0.3	1.9	1.9	6.3	16.5	-	-

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Institutional Equity Trading Instructions

Barrington Research Associates, Inc., an NASD-registered broker/dealer, clears through Bear Stearns, on a fully disclosed basis. We offer several ways to facilitate the payment for our economic and investment research services.

1) Both listed and NASDAQ orders may be placed with our traders, Mike Hutchison and Alice Somodji, at (800) 233-6205 or (312) 634-6374.
2) Listed orders can also be placed directly with the Bear Stearns block desk in New York at (212) 272-5491. When placing orders, please specify that the order is for the credit of Barrington Research.
3) If you prefer, you can trade through any regional Bear Stearns institutional desk and direct your orders for the "credit of Barrington Research - Office 504."
4) If you do not have an account, please fax account instructions to your Barrington Research institutional salesperson at (312) 634-6350 and we will open the account(s).
5) All confirmations will go out in the name of Barrington Research.
6) Our DTC number is 0352. Our Broker/Dealer number is 58453. Our NSCC Symbol and Oasys Terminal ID are BRRR. Our Alert OCCD Acronym is BARRE.

In addition, Barrington Research has signed a fully-disclosed correspondent agreement with Instinet Corp. and is a participant in Instinet's new commission-sharing program, BrokerShare, which allows institutional clients to trade with Instinet while directing their commission dollars to our firm (and other broker-dealers) to pay for investment research and other services. For more information about the Instinet BrokerShare program, contact Instinet directly at (800) 225 5008.

If you have any further questions on trading, setting up accounts or related information (including BrokerShare), please call Michael Hutchison or Alice Somodji in our trading department, or your institutional sales representative.

ADDITIONAL INFORMATION ON COMPANIES MENTIONED IN THIS REPORT ARE AVAILABLE UPON REQUEST.