Barrington Research™

Economic and Investment Research

MARKET WEEK
July 23, 2007

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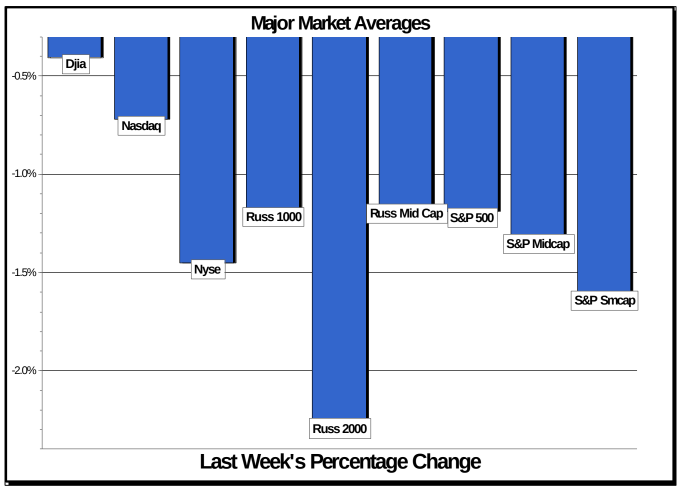
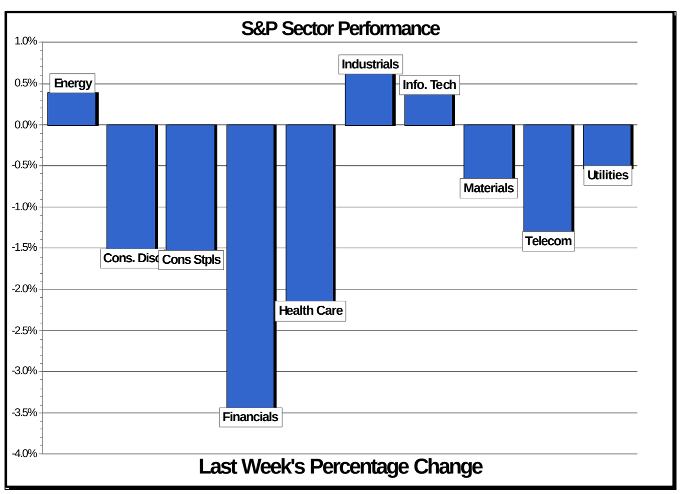
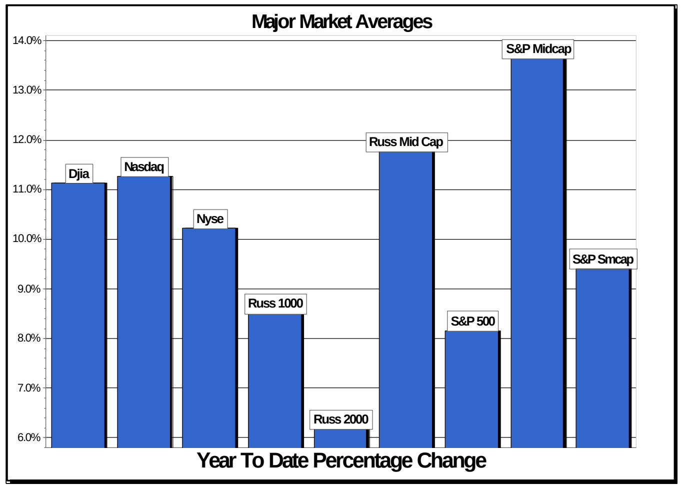
Earnings and Credit Meltdown Drive Market Lower



We said a while back that the second quarter earnings season would be the next test for the stock market but it had to share top billing last week with the continuing negative credit meltdown sentiment. The dollar struggled all week long and fell to a new low on Friday against the euro and weakened against the yen. Earlier it had fallen to a 26 year low versus the British pound. China raised interest rates for the third time this year. Crude oil ended the week above $75/barrel with investors finally beginning to worry about the implications of the latest surge in energy prices. Actually, the market hung in fairly well for most of the week with the DJIA finally breaking 14,000 on Thursday and the S&P 500 making a new high as well. But things fell apart on Friday primarily on a combination of earnings disappointments and renewed concerns about subprime lending and the spillover into overall credit conditions. It was enough to scare investors into *safe haven* buying of Treasury securities and driving the 10-year Treasury yield back below 5%. It also drove the U.S. dollar down against most currencies. It didn't help that it was also a quadruple witching day for options. The 149-point Friday drop in the DJIA was enough to offset earlier gains and end the full week on the downside



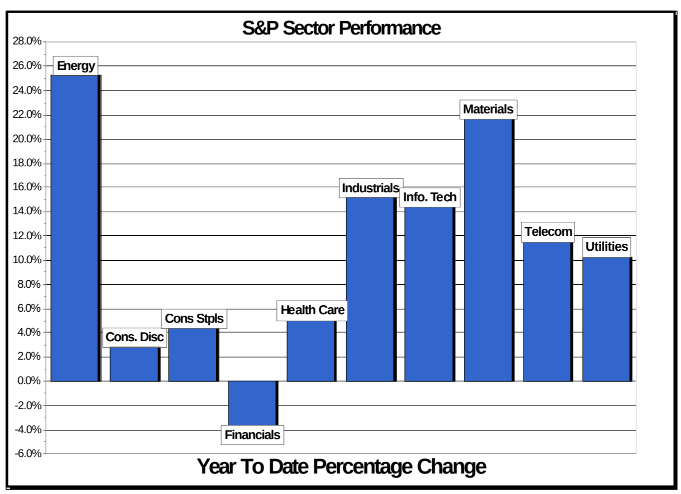
We had warned in our last issue that investors would have to absorb a very busy week of news in the week just ended with the uncertainty possibly leading to profit taking. It was a big economics calendar, an active week for Fed news and a busy week for corporate earnings reports. The economic news was mixed at best with a negative leading indicator report, more bad news on the housing sector, which triggered the credit concerns, and core CPI and PPI inflation numbers that were higher than expected. Manufacturing news, however, continued to be the bright spot. The Fed did highlight its focus on inflation and the earnings season is starting off on a bad note. The consensus estimate for S&P 500 earnings going into the week was a 4.2% second quarter increase with investors betting the growth would be revised higher as in the first quarter. But the 130 S&P 500 stocks that have reported had average earnings growth of only 1%.



Despite the uncertainty, there were a few things that were clear last week. Large-cap stocks definitely outperformed smaller ones, partly as a defensive move but also reflecting the weak dollar and stronger economic growth outside the U.S., both of which increase the relative attractiveness of such companies. The mega-cap DJIA (-0.40%) was the best performer among most of the majors such as the S&P 500 index (-1.19%) and all the major averages outperformed the small-cap averages such as the Russell 2000 index (-2.26%). The Nasdaq composite (-0.72%), driven by an improving technology sector, was right behind the DJIA with its large-cap version, the Nasdaq 100 (+0.80%) the overall best performer. The big 3.5% drop in the S&P financial index, the worst performing of all sectors, also confirmed that credit concerns were a key driver in last week's market decline.

A glance at the rest of the S&P sectors showed that investors still preferred cyclically sensitive stocks with the only three gains -- energy (+0.4%), industrials (+0.6%) and technology (+0.4%) all cyclical in nature. The materials sector (-0.7%) also outperformed the S&P 500. The consumer discretionary sector (-1.5%) was the only defensive sector to outperform the market while consumer staples (-1.6%) and health care (-2.2%) both underperformed. Rather than reflecting domestic problems like housing and subprime lending concerns, the strong cyclical sectors are mirroring the stronger economies and markets outside the U.S. Before getting too bearish, keep in mind that U.S. investors are focusing narrowly on domestic housing and credit problems while the world outside the U.S. is doing very well. Most foreign markets were up last week with the Asian markets ending their week with gains on Friday. Of course, that was before the Friday U.S. market plunge, which will more than likely trigger weak Asian markets on Monday.

More Pressures in the Week Ahead



The extreme Friday market sell-off is very likely to carry over at least into early trading on Monday to start the week. As noted, the strong Asian markets on Friday did not yet reflect the weak U.S. market close and may not have reflected all the effects of China's hike in interest rates on Friday. Consequently, we would expect them to sell off ahead of Monday's U.S. market opening. The widespread credit concerns are not likely to disappear any time soon. As discussed below, another round of negative housing news in the coming week will remind investors again that the subprime woes will get worse. The report that Barclays Plc is considering suing Bear Stearns to recover the $400 million it lost in the near-defunct subprime mortgage invested Bear Stearns hedge funds was a further reminder that the subprime mortgage debacle is continuing to spill over.

The deluge of earnings reports in the biggest week of the second quarter earnings season, however, should be the big area of focus, excluding more bad news on Islam extremists in Pakistan. Investors will have to absorb earnings reports from 172 S&P 500 companies and seven more Dow stocks. Estimates was raised to 5.2% from 4.2% for second quarter S&P 500 earnings as analysts made adjustments for strong results from a few large companies and energy stocks. But according to First Call only 59% of companies had earnings that beat expectations, well below the 68% average of the past two years and the amount by which they exceeded expectations fell to 2.7% from 4.3% over the last two years. Analysts have also modestly trimmed third quarter earnings growth estimates to 6.0% from 6.2%. The industrials, basic materials and technology sectors should continue to benefit from growth outside the U.S. and the weaker dollar. But financial stocks should continue under pressure.

Economics news will be more limited and will start off the week on the quiet side but will pick up as the week progresses. As detailed below, although light overall, the calendar will include the first look at second quarter GDP and two key housing reports. The GDP report will be the best news of the week but it will include some negatives.

Economic News

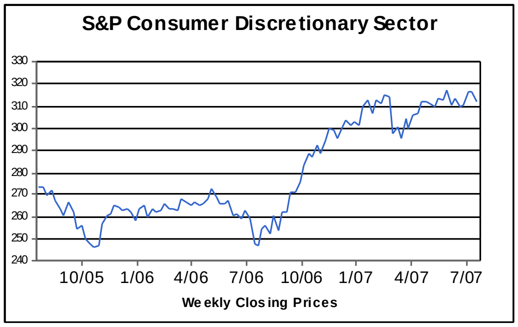
Though on the light side, especially early in the week, there are nevertheless a number of high-profile reports that will interest investors including new and existing home sales and the initial report on second quarter real GDP growth that should look considerably better than the first quarter. There will also likely be positive news on the manufacturing sector including a durable orders report that could give a boost to capital spending news. There will be little in the way of consumer news to encourage investors. The initial July University of Michigan ***consumer sentiment*** survey already showed a nice rebound in early July but the final survey on Friday is expected to give back some of the initial gain. It is too early to get a good handle on retail sales for the month of July but the ICSC has been forecasting chain store sales will not be much better than the fairly sluggish June results and few are expecting any strong rebound in auto sales from soft June sales.

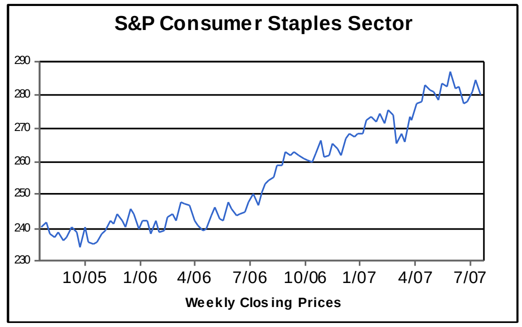
Big Picture: The highest profile economic report of the week will not come until Friday with the first look at second quarter ***GDP growth.*** At a minimum, it will focus investor attention on the overall health of the economy and the second half outlook. It is still a good bet that real GDP growth will come in above a 3.0% rate but, after an initial potential celebration, analysts will then start taking a sharp pencil to the report and it will then not seem so dynamic. First, a good part of the strength will be due simply to the sequential rebound effect from the limp 0.7% first quarter growth. Second, they will find that half of the acceleration will be due to an inventory rebound and an improving trade deficit while the domestic final sales (domestic demand) won't be up much more than 1%. Third, consumer spending which many hope will lead the economy higher, will only be up at a 1.5% annual rate compared to over 4% in the first quarter. Finally, after celebrating the return to above-3% growth, investors will soon learn that the momentum will slow again in the second half back to a 2.5%-2.8% growth rate. The Fed's ***Beige Book*** will give investors another broad look at the June and early July economic progress. It should show moderate economic growth across most Fed districts but with housing still getting weaker and consumer spending softening from the prior report.

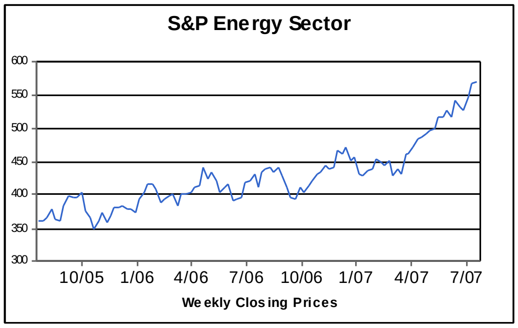
Housing Correction Continues: It will be an important week for housing with the two key reports on monthly home sales for June with both on the disappointing side. ***Sales of existing homes*** leads off on Wednesday and they are expected to be down over 2% in June for the fourth consecutive monthly decline to a 5.85 million annual rate. Pending home sales (sales contracts signed but not yet closed), a good leading indicator for existing home sales, fell over 3% in May for the third decline in a row, a signal that demand is still falling. Inventories were also up close to 4% in May with the month's supply hitting a new record high. As we've noted before, prices will also have to come down further to reduce the inventory. That will be followed the next day with ***new home sales.*** They are expected to be down more than 3% in June for the second decline in a row and the fifth in the last six months. The weekly report on ***mortgage applications*** will be released on Wednesday. Purchase mortgage applications were down last week and have been down modestly over the past month. Since the 10-year Treasury rate dropped back below 5% last week and mortgage rates have been essentially unchanged for the past couple of weeks, applications could perk up but it would only be temporary and the numbers tend of have an upward bias anyway.

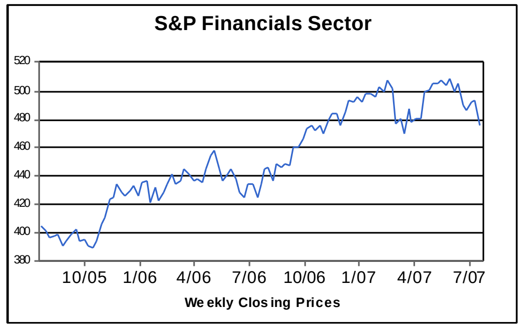
Manufacturing News: The manufacturing sector should be the bright spot again in the coming week with three reports. Thursday's preliminary report on June ***durable goods orders*** will be the highlight and the news should be good. After dropping 2.8% in May, orders should rebound by 2% in June spurred mostly by a rebound in the transportation equipment sector led by volatile civilian aircraft orders which will be up after falling for the previous two months. Defense aircraft orders will also be up. Overall orders should still be modestly higher after excluding the transportation sector. Investors should also be interested in two regional Fed manufacturing surveys giving insight into July activity. The first two, New York State and the Philadelphia region, were positive. The ***Richmond Fed manufacturing survey*** will be released on Tuesday. The region had a healthy bounce in June after six consecutive months of declining momentum and we suspect more good news for July. The situation is reversed for Thursday's ***Kansas City Fed survey*** which had a surprise decline in June and, given other recent reports, it may be set for a rebound in July.

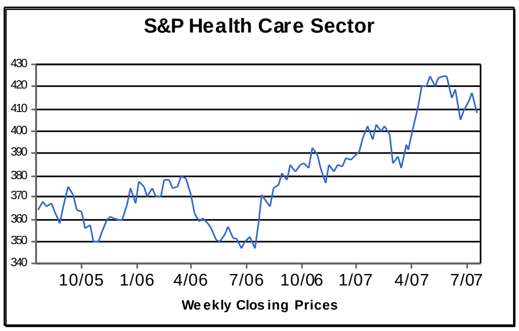
S&P Sector Performance

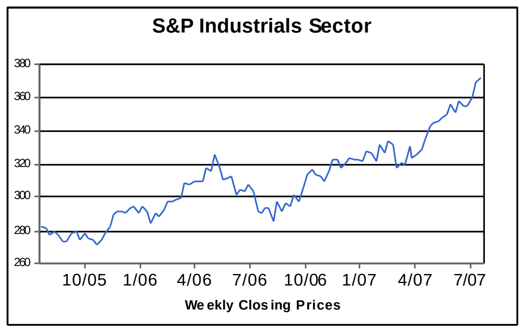


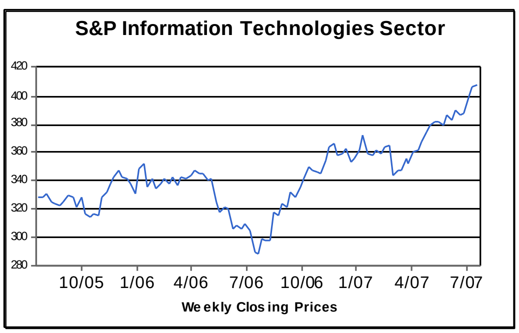


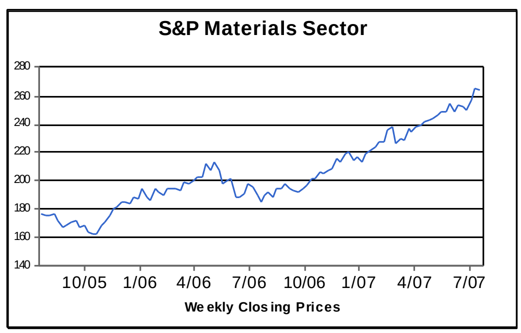


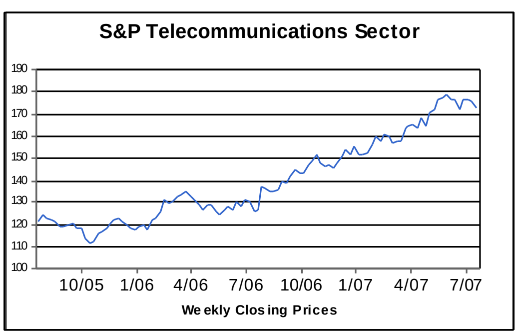


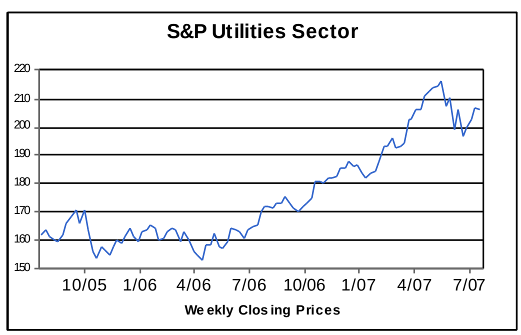




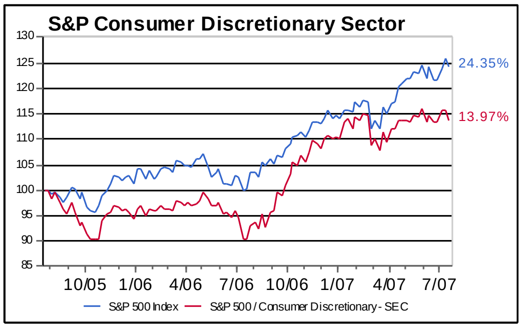


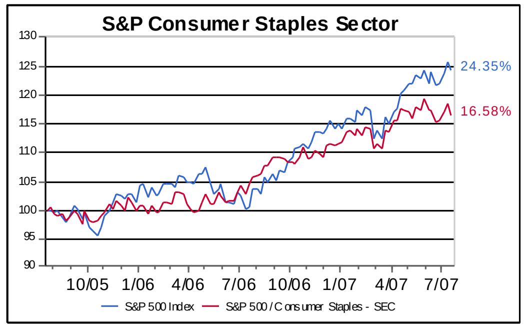


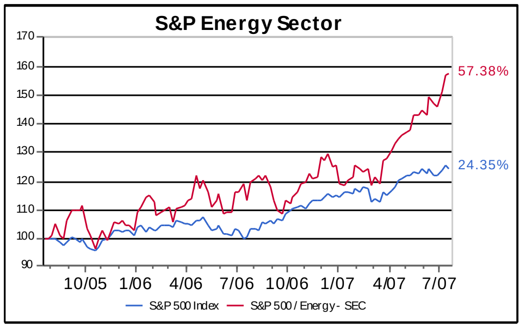


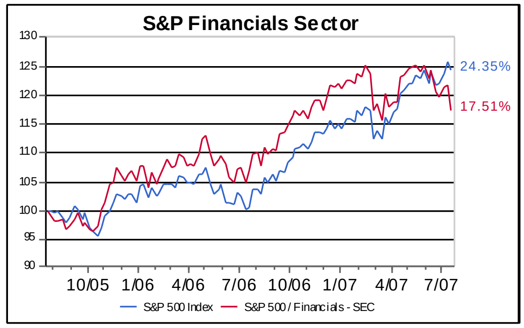


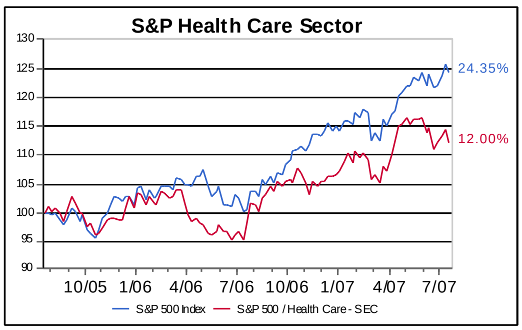
S&P Sector Relative Performance vs. S&P 500 Index

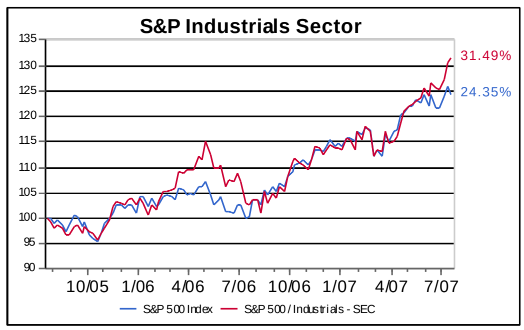


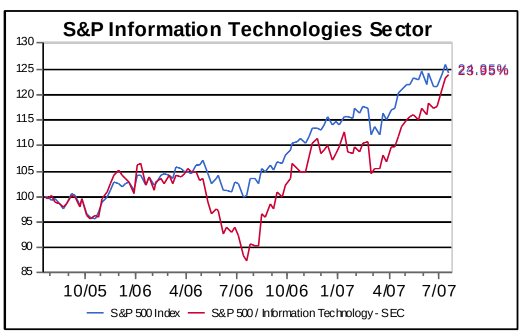


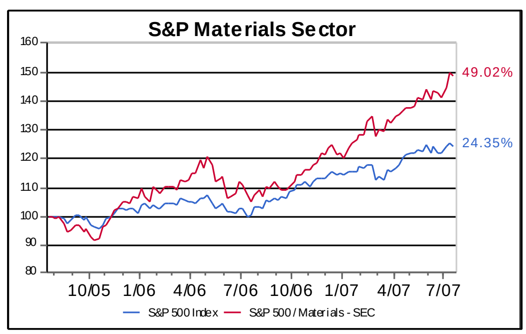


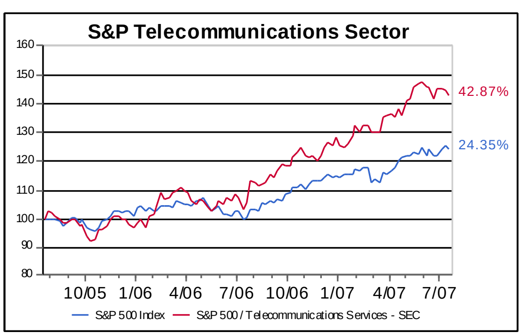


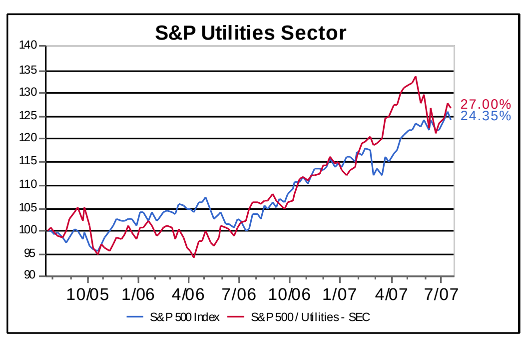




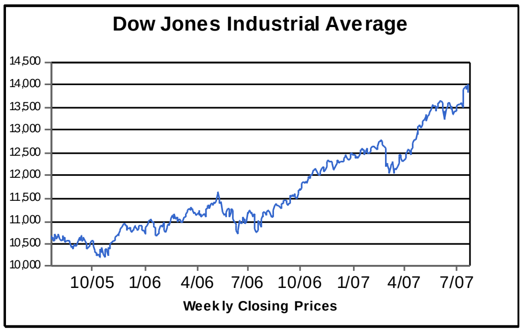


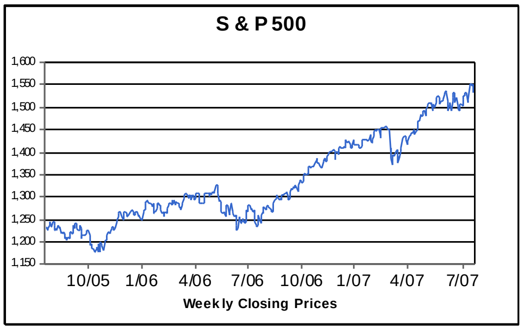


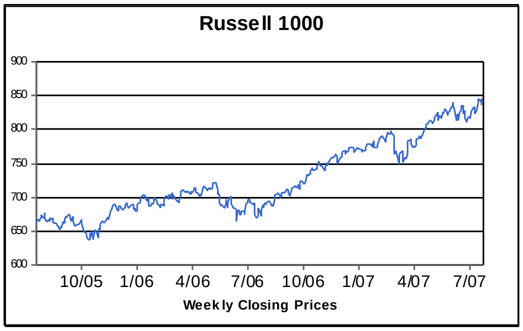


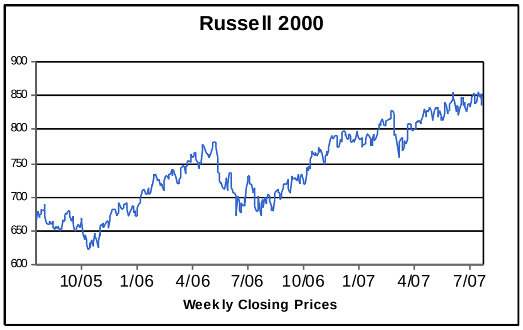


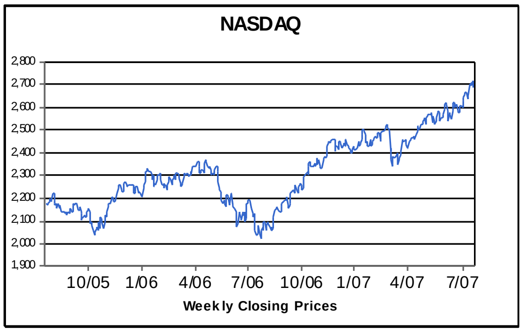
Major Market Averages

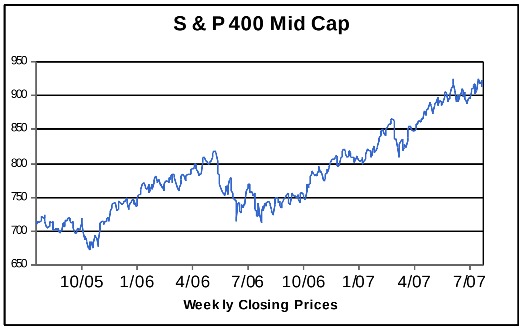


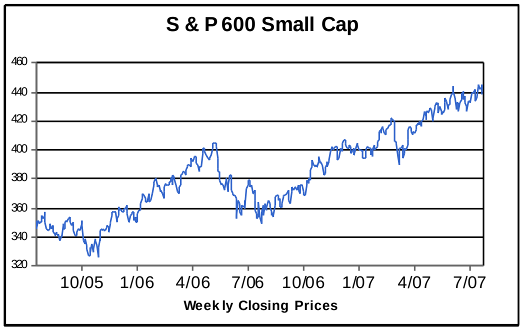












S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
Energy	**0.4**	**7.7**	**7.7**	**25.3**	**22.2**	**29.1**	**28.8**
Energy	0.4	7.7	7.7	25.3	22.2	29.1	28.8
Energy Equipment & Services	4.0	7.6	7.6	37.1	11.8	49.0	34.2
Oil & Gas Drilling	0.9	3.3	3.3	29.6	3.1	53.1	45.1
Oil & Gas Equipment & Services	4.9	9.0	9.0	39.5	14.8	47.3	30.3
Oil Gas & Consumable Fuels	-0.4	7.8	7.8	22.7	24.7	25.3	27.9
Oil & Gas Exploration & Production	1.2	4.0	4.0	25.0	4.0	65.2	33.4
Oil & Gas Storage & Transportation	2.1	7.1	7.1	14.0	16.6	-	-
Integrated Oil & Gas	-0.4	9.1	9.1	22.1	31.9	15.1	25.6
Oil & Gas Refining & Marketing	-6.1	-1.6	-1.6	38.8	-5.7	77.3	61.5
Materials	**-0.7**	**5.4**	**5.4**	**21.7**	**15.7**	**2.2**	**10.8**
Materials	-0.7	5.4	5.4	21.7	15.7	2.2	10.8
Chemicals	1.3	5.3	5.3	18.2	13.5	-3.0	16.5
Diversified Chemicals	1.9	5.2	5.2	13.5	7.1	-12.5	12.6
Fertilizers & Agricultural Chemicals	-1.5	2.2	2.2	31.4	35.5	39.6	93.0
Industrial Gases	2.0	8.9	8.9	28.8	14.9	11.4	12.7
Specialty Chemicals	1.7	4.6	4.6	8.1	20.6	2.1	13.4
Construction Materials	-9.8	-9.9	-9.9	14.8	32.6	24.1	14.8
Construction Materials	-9.8	-9.9	-9.9	14.8	32.6	24.1	14.8
Containers & Packaging	-3.1	0.0	0.0	7.9	19.4	2.0	14.4
Metal & Glass Containers	-3.1	-0.6	-0.6	4.6	32.2	-11.0	25.7
Paper Packaging	-3.1	0.4	0.4	10.1	11.9	11.7	6.9
Metals & Mining	-2.6	8.9	8.9	33.1	23.6	17.2	0.4
Aluminum	-9.0	6.3	6.3	43.6	1.5	-5.9	-17.3
Diversified Metals & Mining	5.1	19.6	19.6	73.4	44.6	48.8	9.7
Gold	3.8	10.1	10.1	-4.8	-15.4	20.2	-8.6
Steel	-5.5	2.4	2.4	22.9	75.8	20.7	58.1
Paper & Forest Products	-1.2	2.6	2.6	17.2	2.6	-4.7	7.4
Forest Products	-0.3	3.1	3.1	15.2	2.1	-0.7	10.3
Paper Products	-1.9	2.1	2.1	17.8	3.1	-6.6	5.9
Industrials	**0.6**	**4.9**	**4.9**	**15.2**	**11.0**	**0.4**	**16.0**
Capital Goods	0.5	4.9	4.9	16.4	12.4	0.2	16.7
Aerospace & Defense	1.2	5.6	5.6	17.7	23.1	14.0	14.0
Aerospace & Defense	1.2	5.6	5.6	17.7	23.1	14.0	14.0
Building Products	-3.0	-1.5	-1.5	7.2	4.7	-12.4	29.4
Building Products	-3.0	-1.5	-1.5	7.2	4.7	-12.4	29.4
Construction & Engineering	0.0	8.2	8.2	47.6	5.7	41.7	37.5
Construction & Engineering	0.0	8.2	8.2	47.6	5.7	41.7	37.5
Electrical Equipment	-0.3	5.2	5.2	16.1	17.3	8.3	11.8
Electrical Components & Equipment	-0.3	5.2	5.2	16.1	17.3	8.3	11.8
Industrial Conglomerates	1.3	4.2	4.2	9.5	5.7	-6.1	16.9
Industrial Conglomerates	1.3	4.2	4.2	9.5	5.7	-6.1	16.9
Machinery	-1.3	5.8	5.8	32.6	16.4	-0.6	18.6
Construction & Farm Machinery & Heavy Trucks	-1.4	8.1	8.1	42.2	20.6	2.6	21.0
Industrial Machinery	-1.2	3.4	3.4	23.3	12.7	-3.1	16.8
Trading Companies & Distributors	-5.3	0.2	0.2	33.3	-1.6	6.7	40.6
Trading Companies & Distributors	-5.3	0.2	0.2	33.3	-1.6	6.7	40.6
Commercial Services & Supplies	-0.9	1.5	1.5	5.8	9.0	-3.8	4.9
Commercial Services & Supplies	-0.9	1.5	1.5	5.8	9.0	-3.8	4.9
Commercial Printing	0.1	2.8	2.8	25.8	3.9	-3.1	17.0
Diversified Commercial & Professional Services	-3.8	-0.4	-0.4	3.9	2.4	-12.7	2.5
Human Resource & Employment Services	-1.6	2.1	2.1	-4.8	5.1	25.3	36.9
Environmental & Facilities Services	-0.6	1.3	1.3	8.0	23.2	0.1	-5.9
Office Services & Supplies	1.0	2.0	2.0	2.0	14.3	-8.2	11.2
Transportation	1.5	5.9	5.9	12.7	5.6	3.5	19.6
Air Freight & Logistics	-0.3	3.2	3.2	2.0	1.6	-8.1	21.1
Air Freight & Logistics	-0.3	3.2	3.2	2.0	1.6	-8.1	21.1

S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
Airlines	5.5	9.7	9.7	6.7	-6.8	-5.1	-3.0
Airlines	5.5	9.7	9.7	6.7	-6.8	-5.1	-3.0
Road & Rail	3.0	8.5	8.5	28.0	13.5	30.9	23.0
Railroads	3.2	8.8	8.8	28.8	13.5	30.9	23.0
Consumer Discretionary	**-1.5**	**0.4**	**0.4**	**2.9**	**17.2**	**-7.4**	**12.1**
Automobiles & Components	-5.2	-3.9	-3.9	14.0	22.4	-34.9	-4.8
Auto Components	-3.5	2.2	2.2	43.2	10.5	-19.6	5.6
Auto Parts & Equipment	-3.6	2.7	2.7	38.3	10.7	-23.8	0.6
Tires & Rubber	-3.0	0.5	0.5	66.5	24.6	1.8	40.6
Automobiles	-6.2	-7.2	-7.2	1.8	28.1	-40.6	-8.2
Automobile Manufacturers	-6.0	-9.1	-9.1	12.9	23.6	-49.2	-16.9
Motorcycle Manufacturers	-6.8	-2.3	-2.3	-17.4	36.9	-15.2	27.8
Consumer Durables & Apparel	-2.8	-0.5	-0.5	1.4	4.6	0.4	21.9
Household Durables	-3.0	-1.1	-1.1	-6.9	-6.9	8.5	20.3
Consumer Electronics	0.0	0.6	0.6	17.6	20.7	0.0	0.0
Home Furnishings	-2.5	-0.5	-0.5	-8.2	4.1	-19.2	31.4
Homebuilding	-6.1	-3.8	-3.8	-31.0	-20.9	25.8	32.9
Household Appliances	-1.0	1.9	1.9	22.6	1.4	4.3	20.8
Housewares & Specialties	-2.9	-2.2	-2.2	-3.7	14.0	4.0	6.0
Leisure Equipment & Products	-4.5	-1.2	-1.2	8.5	18.3	-18.8	14.8
Leisure Products	-5.1	-1.5	-1.5	9.1	22.5	-13.8	9.4
Photographic Products	-3.1	-0.5	-0.5	7.3	10.3	-27.4	25.6
Textiles Apparel & Luxury Goods	-1.9	0.6	0.6	10.9	22.9	0.6	28.5
Apparel Accessories & Luxury Goods	-2.4	0.7	0.7	7.2	28.5	2.5	27.0
Footwear	-0.8	0.4	0.4	18.2	15.6	-0.6	30.1
Consumer Services	-0.2	3.6	3.6	5.6	18.5	-0.2	37.7
Hotels Restaurants & Leisure	-0.2	3.8	3.8	4.5	22.4	2.0	37.7
Casinos & Gaming	-1.2	-3.2	-3.2	-8.6	31.1	-5.0	8.2
Hotels Resorts & Cruise Lines	-1.4	7.6	7.6	7.1	13.1	0.3	44.1
Restaurants	0.9	3.1	3.1	6.6	25.3	5.1	41.0
Diversified Consumer Services	-0.3	1.5	1.5	23.8	-21.3	-	-
Education Services	1.3	8.8	8.8	63.2	-35.5	-	-
Specialized Consumer Services	-2.3	-6.5	-6.5	-5.1	-6.2	-	-
Media	-0.2	0.3	0.3	0.1	29.3	-13.4	-3.4
Media	-0.2	0.3	0.3	0.1	29.3	-13.4	-3.4
Advertising	-0.6	0.1	0.1	-0.7	23.9	-6.8	-6.5
Broadcasting & Cable TV	0.8	2.1	2.1	3.2	42.8	-16.9	-9.1
Movies & Entertainment	-0.3	0.5	0.5	-0.7	27.2	-12.4	0.6
Publishing	-3.0	-6.0	-6.0	-5.5	13.2	-14.2	-4.2
Retailing	-2.4	0.1	0.1	3.3	9.4	-1.1	21.6
Distributors	-2.7	-1.1	-1.1	3.5	8.0	-0.3	32.7
Distributors	-2.7	-1.1	-1.1	3.5	8.0	-0.3	32.7
Internet & Catalog Retail	-3.8	2.4	2.4	45.0	-11.8	-25.3	80.0
Internet Retail	-3.8	2.4	2.4	45.0	-11.8	-25.3	80.0
Multiline Retail	-2.4	0.4	0.4	7.4	20.2	7.9	21.2
Department Stores	-1.3	-2.8	-2.8	-1.4	33.4	13.3	20.0
General Merchandise Stores	-3.8	4.5	4.5	19.8	4.7	1.8	22.5
Specialty Retail	-2.2	-0.3	-0.3	-2.5	5.5	2.1	11.5
Apparel Retail	-1.1	1.0	1.0	-4.3	20.4	-9.7	6.8
Computer & Electronics Retail	-2.4	-2.8	-2.8	-0.2	5.2	4.4	15.9
Home Improvement Retail	-3.1	-0.7	-0.7	-2.2	-1.4	1.6	15.1
Specialty Stores	-1.3	1.7	1.7	-6.7	20.7	17.6	4.9
Automotive Retail	-1.8	-3.0	-3.0	10.2	14.5	-	-
Homefurnishing Retail	1.6	2.3	2.3	-3.3	5.4	-	-
Consumer Staples	**-1.6**	**0.6**	**0.6**	**4.4**	**11.8**	**1.3**	**6.0**
Food & Staples Retailing	-1.8	0.6	0.6	5.3	5.7	-5.2	2.6
Food & Staples Retailing	-1.8	0.6	0.6	5.3	5.7	-5.2	2.6
Drug Retail	-0.8	0.7	0.7	6.2	8.0	15.9	10.8
Food Distributors	-2.8	-3.1	-3.1	-13.1	18.4	-18.7	2.5

	PERFORMANCE						
S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
Food Retail	-2.2	1.2	1.2	10.8	15.7	4.3	-3.4
Hypermarkets & Super Centers	-2.3	0.8	0.8	6.1	0.1	-9.5	1.7
Food Beverage & Tobacco	-1.8	0.0	0.0	6.6	14.4	3.8	5.4
Beverages	-1.8	-0.3	-0.3	5.8	11.9	1.3	-4.8
Brewers	-2.3	-4.5	-4.5	2.4	14.3	-15.3	-1.9
Distillers & Vintners	-2.4	-4.3	-4.3	-6.7	3.3	25.2	4.2
Soft Drinks	-1.6	0.7	0.7	7.1	12.0	4.5	-5.7
Food Products	-1.5	0.7	0.7	7.9	15.8	-8.3	18.6
Agricultural Products	-1.5	9.0	9.0	12.8	29.6	10.5	46.6
Packaged Foods & Meats	-1.5	-0.3	-0.3	6.7	13.5	-10.5	16.2
Tobacco	-2.3	-0.4	-0.4	7.0	17.0	19.8	13.6
Tobacco	-2.3	-0.4	-0.4	7.0	17.0	19.8	13.6
Household & Personal Products	-0.7	2.1	2.1	-0.8	12.6	4.4	12.2
Household Products	-0.8	1.7	1.7	-2.2	12.3	2.4	10.2
Household Products	-0.8	1.7	1.7	-2.2	12.3	2.4	10.2
Personal Products	0.6	6.3	6.3	18.4	15.4	16.3	19.4
Personal Products	0.6	6.3	6.3	18.4	15.4	16.3	19.4
Health Care	**-2.2**	**-0.1**	**-0.1**	**5.1**	**5.8**	**4.9**	**0.2**
Health Care Equipment & Services	-1.7	0.8	0.8	8.4	-0.2	17.4	17.3
Health Care Equipment & Supplies	-1.5	0.6	0.6	6.2	3.2	-0.1	12.3
Health Care Equipment	-1.6	0.7	0.7	5.8	3.4	-0.5	12.1
Health Care Supplies	-0.9	-2.8	-2.8	29.7	-2.9	16.9	20.9
Health Care Providers & Services	-1.6	1.0	1.0	9.9	-2.3	34.2	22.6
Health Care Distributors	-3.1	-2.7	-2.7	8.5	-1.8	28.8	-2.9
Health Care Services	-0.1	4.6	4.6	32.4	4.9	32.2	17.4
Health Care Facilities	-2.7	-3.0	-3.0	8.3	1.2	10.4	-10.9
Managed Health Care	-1.6	1.3	1.3	4.3	-6.6	42.7	52.7
Pharmaceuticals & Biotechnology	-2.4	-0.6	-0.6	3.3	9.9	-2.0	-7.1
Biotechnology	-1.5	0.6	0.6	-0.3	-2.7	18.3	7.6
Biotechnology	-1.5	0.6	0.6	-0.3	-2.7	18.3	7.6
Pharmaceuticals	-2.7	-1.0	-1.0	3.7	12.6	-5.9	-9.5
Pharmaceuticals	-2.7	-1.0	-1.0	3.7	12.6	-5.9	-9.5
Financials	**-3.5**	**-1.9**	**-1.9**	**-3.8**	**16.2**	**3.7**	**8.2**
Banks	-3.6	-2.2	-2.2	-7.1	12.3	-4.8	10.9
Commercial Banks	-3.7	-2.1	-2.1	-7.2	11.5	-2.2	11.1
Diversified Banks	-3.7	-2.2	-2.2	-8.0	12.0	-1.2	13.5
Regional Banks	-3.7	-1.9	-1.9	-6.2	10.9	-4.2	6.4
Thrifts & Mortgage Finance	-3.2	-2.6	-2.6	-6.8	13.4	-13.0	10.4
Thrifts & Mortgage Finance	-3.2	-2.6	-2.6	-6.8	13.4	-13.0	10.4
Diversified Financials	-3.9	-1.5	-1.5	-3.5	20.7	7.2	5.9
Diversified Financial Services	-3.7	-1.5	-1.5	-7.2	15.9	2.9	0.2
Other Diversified Financial Services	-3.5	-1.3	-1.3	-7.3	16.3	1.5	-1.0
Specialized Finance	-6.4	-2.4	-2.4	-4.4	4.5	29.0	42.6
Consumer Finance	1.0	-0.2	-0.2	3.8	4.9	2.3	22.2
Consumer Finance	1.0	-0.2	-0.2	3.8	4.9	2.3	22.2
Capital Markets	-5.4	-2.0	-2.0	0.3	32.4	15.4	6.9
Asset Management & Custody Banks	-2.1	1.8	1.8	11.2	16.7	11.7	6.2
Investment Banking & Brokerage	-7.1	-4.1	-4.1	-4.6	39.6	17.0	3.2
Insurance	-2.7	-2.9	-2.9	0.1	9.3	12.5	5.9
Insurance	-2.7	-2.9	-2.9	0.1	9.3	12.5	5.9
Insurance Brokers	-3.1	-3.4	-3.4	4.8	-2.7	12.9	-24.2
Life & Health Insurance	-2.8	-1.7	-1.7	8.1	15.0	20.9	20.4
Multi-line Insurance	-1.5	-1.8	-1.8	-1.1	6.4	7.8	2.7
Property & Casualty Insurance	-4.1	-5.3	-5.3	-5.9	10.7	13.0	8.4
Real Estate	-2.9	0.5	0.5	-7.7	36.8	7.4	21.9
Real Estate						7.4	21.9
Real Estate Investment Trusts	-2.9	0.2	0.2	-8.7	36.9	7.4	21.9
Information Technology	**0.4**	**5.0**	**5.0**	**14.4**	**7.7**	**0.4**	**2.1**
Software & Services	0.4	2.7	2.7	8.5	7.7	-2.1	10.5

S&P Sectors and Industies	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
Internet Software & Services	-4.6	-0.6	-0.6	11.1	-20.7	4.0	66.8
Internet Software & Services	-4.6	-0.6	-0.6	11.1	-20.7	4.0	66.8
IT Services	-0.8	2.0	2.0	10.6	9.5	3.4	3.3
IT Consulting & Other Services	-0.6	11.0	11.0	12.3	19.1	-42.7	-31.4
Data Processing & Outsourced Services	-0.9	1.1	1.1	10.5	9.4	4.7	4.7
Software	3.1	4.5	4.5	6.9	14.5	-4.2	9.0
Application Software	0.6	1.1	1.1	7.3	5.3	10.6	11.6
Systems Software	3.3	4.8	4.8	7.0	16.9	-5.3	7.9
Home Entertainment Software	7.5	9.6	9.6	3.0	-3.7	-15.2	29.1
Technology Hardware & Equipment	1.3	7.1	7.1	18.5	14.9	-1.7	8.7
Communications Equipment	-1.3	4.6	4.6	11.3	15.1	1.8	2.8
Communications Equipment	-1.3	4.6	4.6	11.3	15.1	1.8	2.8
Computers & Peripherals	3.6	9.4	9.4	24.8	16.0	-3.9	14.8
Computer Hardware	3.7	9.6	9.6	26.1	17.8	-1.7	13.9
Computer Storage & Peripherals	2.5	8.1	8.1	16.4	6.7	-17.1	20.9
Electronic Equipment & Instruments	-2.1	0.9	0.9	5.8	-0.6	1.2	-8.5
Electronic Equipment Manufacturers	-1.1	2.6	2.6	14.5	10.8	15.8	-2.4
Electronic Manufacturing Services	-2.7	0.0	0.0	-3.3	-13.9	-11.9	-17.0
Office Electronics	-1.7	5.9	5.9	15.5	15.7	-13.9	23.3
Office Electronics	-1.7	5.9	5.9	15.5	15.7	-13.9	23.3
Semiconductors	-3.1	4.1	4.1	17.6	-9.9	11.2	-21.3
Semiconductors & Semiconductor Equipment	-2.2	4.3	4.3	16.9	-8.1	10.0	-21.8
Semiconductors & Semiconductor Equipment	-2.2	4.3	4.3	16.9	-8.1	10.0	-21.8
Semiconductor Equipment	2.6	5.4	5.4	12.2	5.3	2.0	-25.0
Telecommunication Services	**-1.3**	**-1.8**	**-1.8**	**11.6**	**32.1**	**-9.0**	**16.0**
Telecommunication Services	-1.3	-1.8	-1.8	11.6	32.1	-9.0	16.0
Diversified Telecommunication Services	-1.8	-3.0	-3.0	10.8	43.9	-8.9	9.3
Integrated Telecommunication Services	-1.8	-3.0	-3.0	10.8	43.9	-8.9	9.3
Wireless Telecommunication Services	1.0	4.4	4.4	15.0	-3.4	1.6	57.3
Wireless Telecommunication Services	1.0	4.4	4.4	15.0	-3.4	1.6	57.3
Utilities	**-0.5**	**2.8**	**2.8**	**10.3**	**16.9**	**12.8**	**19.6**
Utilities	-0.5	2.8	2.8	10.3	16.9	12.8	19.6
Electric Utilities	-0.8	3.0	3.0	10.8	19.0	13.5	21.8
Electric Utilities	-0.8	3.0	3.0	10.8	19.0	13.5	21.8
Gas Utilities	2.6	7.6	7.6	30.2	21.1	-6.6	9.9
Gas Utilities	2.6	7.6	7.6	30.2	21.1	-6.6	9.9
Multi-Utilities	-0.9	1.6	1.6	3.5	12.3	13.1	15.1
Multi-Utilities	-0.9	1.6	1.6	3.5	12.3	13.1	15.1
Independent Power Producers & Energy Traders	0.9	4.3	4.3	23.4	24.4	-	-
Independent Power Producers & Energy Traders	0.9	4.3	4.3	23.4	24.4	-	-

Broad Based Indexes	LAST WK	MTD	QTD	YTD	2006	2005	2004
	PERFORMANCE						
S&P 500 Index (Operating Basis)	-1.2	2.0	2.0	8.2	13.6	3.0	9.0
Dow Jones 30 Industrials	-0.4	3.3	3.3	11.1	16.3	-0.6	3.1
Dow Jones 65 Composite	-0.4	3.7	3.7	13.2	13.3	7.1	13.2
Dow Jones Wilshire 5000 (Full cap)	-1.2	1.9	1.9	8.8	13.9	4.6	10.8
Russell 1000	-1.2	2.1	2.1	8.5	13.3	4.4	9.5
Russell 3000	-1.3	2.0	2.0	8.3	13.7	4.3	10.1
NASDAQ Composite Index	-0.7	3.2	3.2	11.3	9.5	1.4	8.6
S&P Mid Cap	-1.3	2.1	2.1	13.6	9.0	11.3	15.2
Russell Mid Cap	-1.2	2.4	2.4	11.8	13.5	11.0	18.4
Russell 2000	-2.3	0.3	0.3	6.2	17.0	3.3	17.0
S&P Small Cap	-1.6	1.3	1.3	9.4	14.1	6.7	21.6
Russell Micro Cap (TR)	-0.5	1.3	1.3	5.6	16.5	-	-

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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.
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