



Barrington ResearchTM

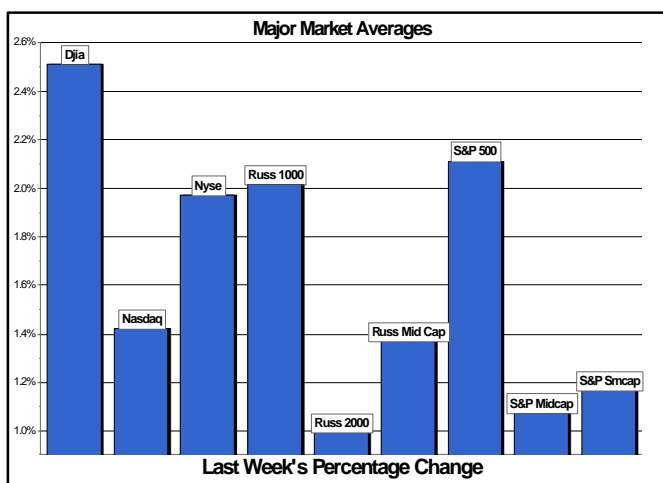
Economic and Investment Research

MARKET WEEK
September 17, 2007

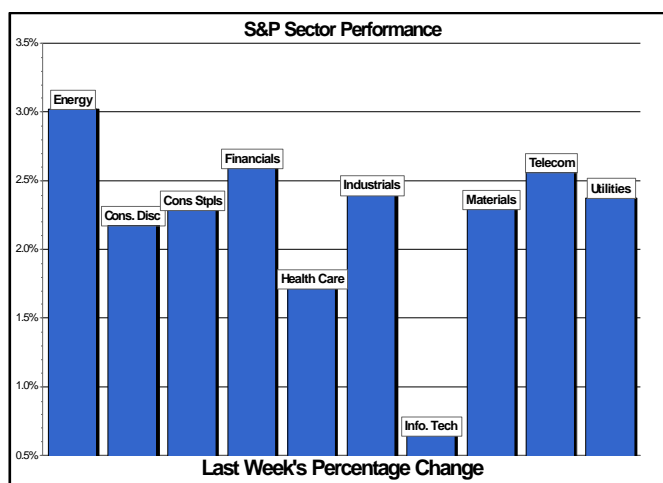
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Betting on the Fed

Consistent with most other past periods leading up to the initial Fed easing following a period of restraint, the stock market rallied strongly last week with the DJIA (+2.51%) having its best week since last April and at 13,343, was only a little more than 3% below its record peak. The S&P 500 was also up 2.11% for the week and, though the Nasdaq lagged (+1.42%), the Nasdaq 100 was up 2.17% reflecting the relative strength in the largest companies. Also as usual lately when institutional investors are working to put money to work quickly in large liquid stocks, smaller stocks did not keep pace with the average small-cap and mid-cap averages only up closer to 1%. More importantly, with the U.S. economy still slowing relative to the rest of the world and the dollar falling, investors have continued to favor investment in large U.S. companies with significant international exposure.



Investors were playing very good odds as well since most initial Fed rate cuts following long restrictive periods have been followed by stock market strength. The average market gain following initial past post-war Fed rate cuts has been significant over the succeeding 12 months with good consistency. Since 1970, the S&P 500 has averaged close to a 6% gain in the first three months following the initial cut with only two exceptions in the past nine times. Looking at last week in more detail, if the key driving factor in the market was indeed the prospect of a Fed rate cut, aside from the rising stocks market one would also expect the dollar to fall, gold prices to rise, and commodity prices to rise. As a matter of fact, the trade-weighted dollar did decline by 0.43% while the dollar also fell to a new all-time low against the euro. Predictably, gold futures and shares were also up last week continuing a strong sustained rally in recent weeks. Highlighted by a rise in crude oil prices to a new record above \$80 (closed at \$79.10), commodity prices also worked higher with the CRB Commodity Index finishing near its 2007 high.

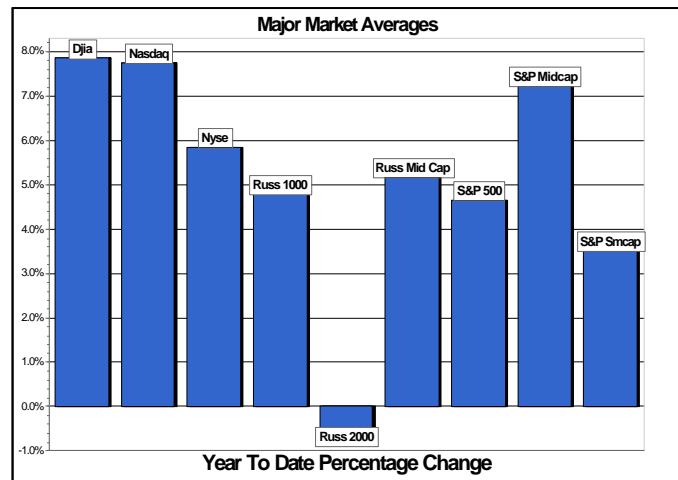


So, in focusing on the upcoming FOMC Fed meeting, investors were ignoring the rise in crude oil prices along with natural gas prices (+14.1%), higher commodity prices and the falling dollar, all of which are suggesting higher import prices and overall domestic inflation (limiting how far the Fed can go with its

easing) while also ignoring the 0.4% decline in August non-auto retail sales, the slowest industrial production report (especially in manufacturing) in three months and continuing bad housing news. Investors are presumably betting that the Fed will cut rates enough to turn the slowing economy around in quick fashion. But it has to temper any easing tendencies by their potential negative impact on an already very weak dollar with the resulting inflationary implications.

The Week Ahead: Eyes on the Fed

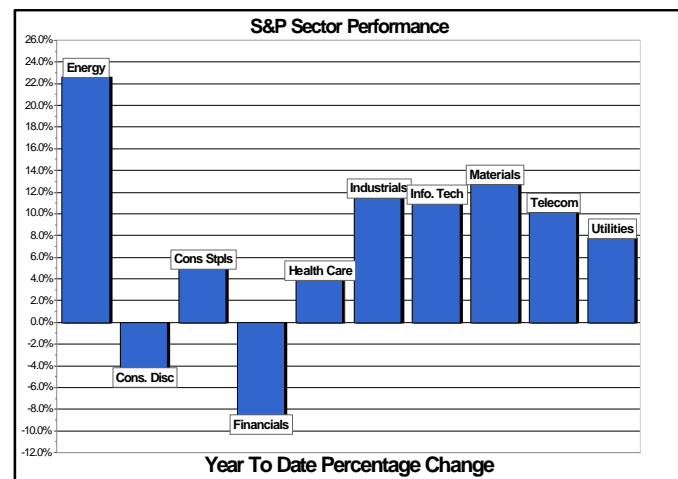
Like last week, the coming week for the stock will likely be dominated by the Fed, both leading up to Tuesday's interest rate announcement and following it. While there is a good historical pattern for a positive stock market for the three and twelve-month periods following an initial Fed easing, the very short-term reaction is not as clear. Since the market has usually rallied in anticipation of such cuts, there is frequently a correction immediately after the news (*buy-on-the-rumor-sell-on-the-news syndrome*). But that depends on the difference between expectations and the reality. Following the surprisingly weak government employment report, there were high expectations of a half-point reduction in the fed funds rate coming even before the September 18 meeting. Since then, influenced by some signs of easing in the credit crisis and economic data releases that have been indicating that any slowdown in economic activity has been much more modest than implied by the job report, the consensus has slipped to only a quarter-point rate reduction. We've maintained that the Fed would rather not make any cut at all in the fed funds rate since it is still more concerned about inflation and the impact of any cuts on the dollar. But the pressure on Bernanke to do something is great enough that he would take a real statesman to avoid a cut. If there were to be a half-point rate cut and clear promise of more help ahead, there would be a sizable additional short-term rally.



But we don't believe it is a foregone conclusion that the Fed will cut by a half point or even at all. Most likely, because of pressures it will make a token quarter-point cut with only a vague a promise of further action depending on new economic information. We would guess that would be a disappointment for investors, many of whom have convinced themselves that much easier monetary policy is mandatory to avoid a recession. It will be an interesting week and, as described below, the economic news will not provide sufficient evidence on the need for any more aggressive easing policy from the Fed. Bernanke will testify before Congress on the mortgage market which may further roil the market and the leading brokerage firms will be reporting earnings that, with one exception, will not look particularly encouraging.

As we've advised in past comments, it is a good time to be cautiously optimistic but keep balanced portfolios between cyclical and defensive exposure due to continuing risks on the economy. Looking at relative sector performance last week, it looked like investors were following that advice even while placing big bets on the Fed. All sectors were up last week led by energy stocks (+3.0%) in turn helped by record crude oil prices on lower U.S. crude oil inventories and blowing hurricanes. Despite the market strength, however, we had to look all the way down to fifth place performance to find another cyclical group with industrials (+2.4%). In the meantime, half of the top six sectors were defensive in nature: telecom services (+2.6%), utilities (+2.4%), and consumer staples (+2.3%) all of which outperformed the S&P 500. The financial

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sector (+2.6%) was also among the leaders in anticipation of the Fed bailout of the ailing credit industries. The worst performer, technology (+0.6%), was another cyclical group. On the positive side, investors are being realistic and, while correctly assuming the Fed will likely tame the credit market panic and avoid a recession, economic growth earnings will remain fairly labored for some time.

Economic News

Though not a very busy week for economic news, there will be a number of key high-profile reports including the two primary monthly inflation reports, the leading indicators, the first look at September manufacturing activity, a major housing report and news on the inflow of foreign investment flows. While slightly negative on balance, we doubt the reports will be sufficient to change any minds on the economy. They will show a continued slowing of third quarter activity but not of the magnitude signaled by the last government job report.

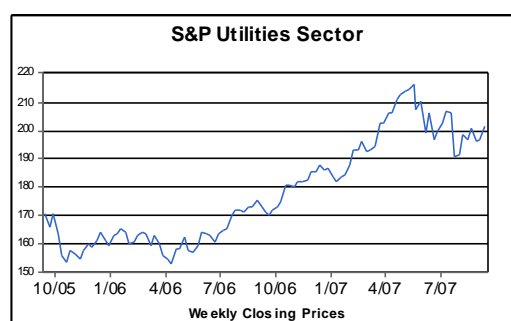
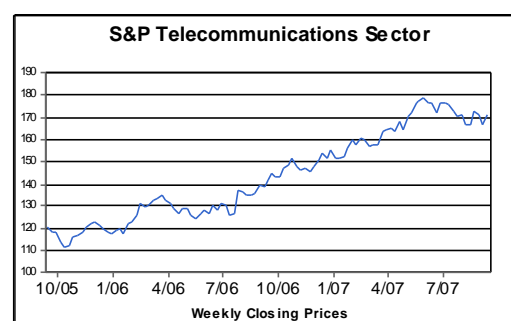
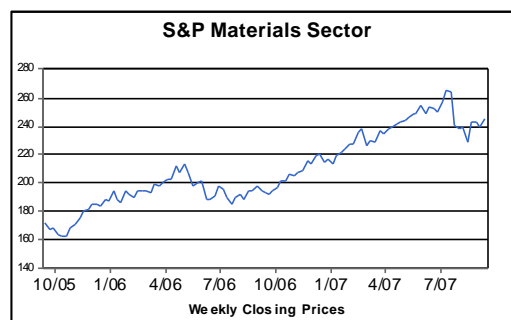
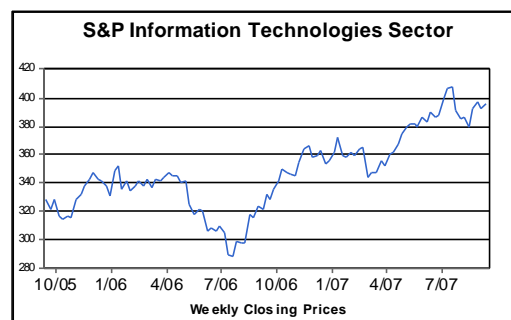
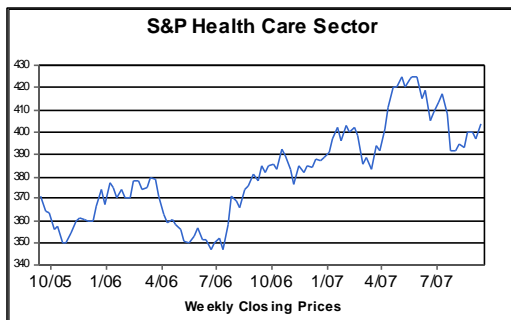
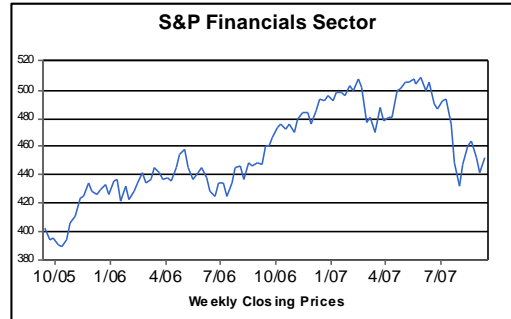
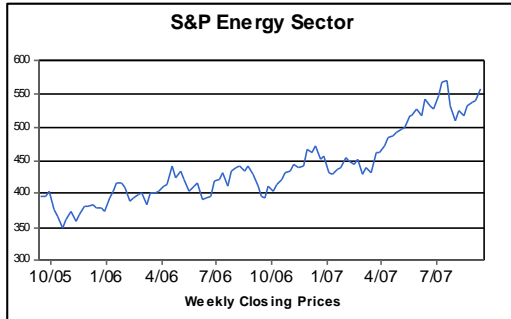
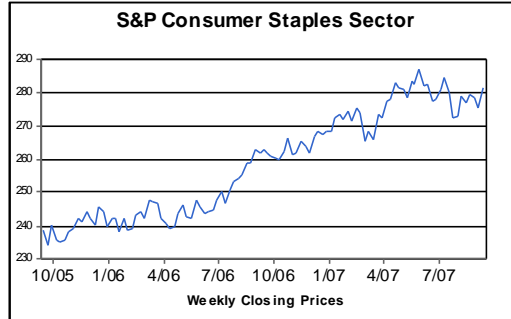
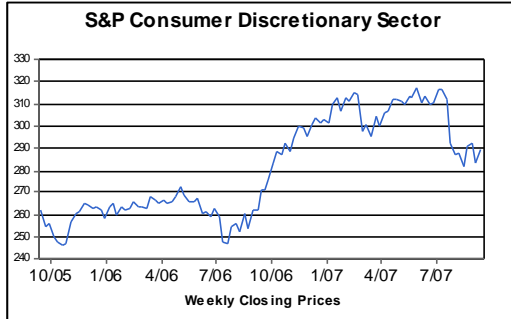
Inflation: PPI and CPI will be reported on Tuesday and Wednesday respectively, and neither will show any significant change in core inflation growth, certainly nothing to dissuade the Fed if it is of a mind to reduce rates. The reported **producer price index**, in fact, should show a decline of around 0.3% in August following a sizable 0.6% July advance, primarily due to energy prices. The core PPI, however, should be up 0.2%, slightly above the 0.1% July increase but in line with prior months. The **consumer price index** should look very similar with a reported decline of 0.1% compared to a 0.1% July increase with the core CPI up 0.2% for the third month in a row.

Manufacturing: Two key regional Fed manufacturing surveys during the week will give investors their first look at whether the credit crisis further impacted factory activity in September. The **NY Empire Fed** survey of manufacturing activity in New York State will start off the week on Monday before the Fed announcement. The survey has demonstrated some very strong numbers for the past three months and is due for a rest which is likely why the consensus is looking for the key general business conditions index to decline to 20 from 25 in August. The equally closely-watched **Philadelphia Fed Survey** on Thursday is just the opposite story. After falling the past two months, it should show at least a modest rebound from August. So, after the first two reports on September factory activity investors are likely to call it a draw and wait for more information. The August report on North American **semiconductor equipment** activity may give some encouragement to the technology side of manufacturing. In July, the book-to-bill ratio dropped sharply to 0.84 and shipments (-3.5%) and new orders (-10.4%) were both down. Semiconductor sales have been growing recently, however, and there has been some news of new chip plant construction plans. So we could see a welcome rebound in the August report.

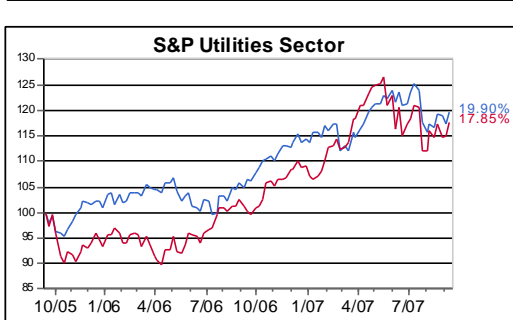
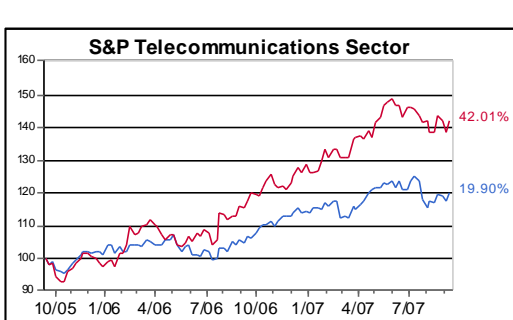
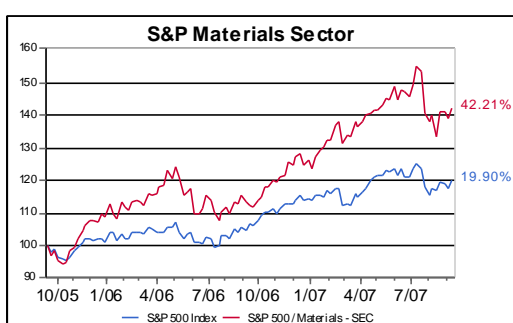
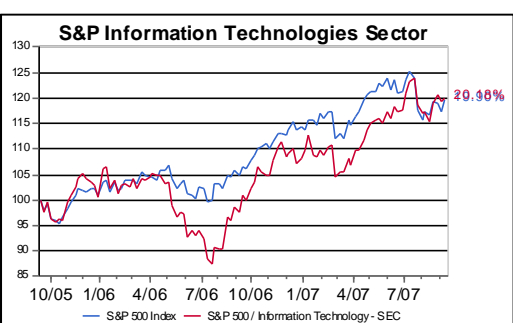
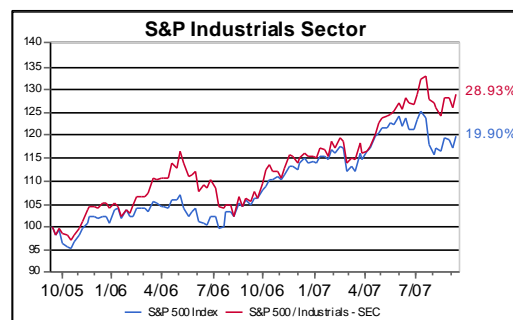
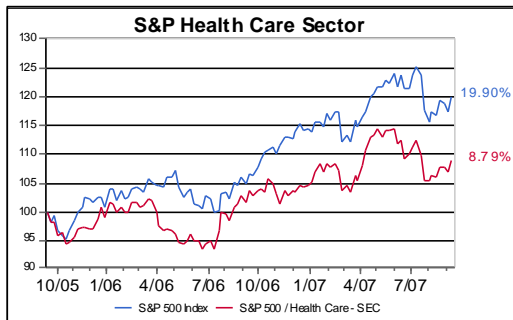
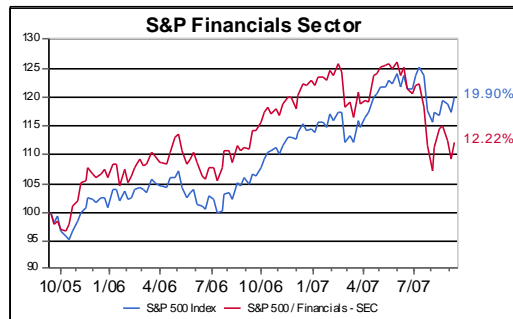
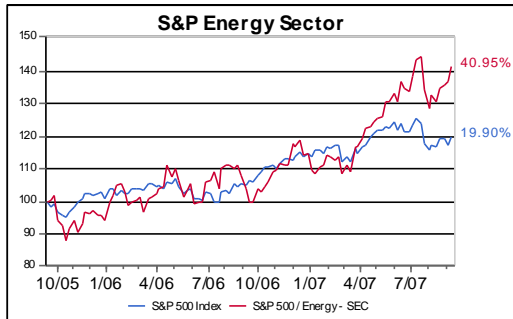
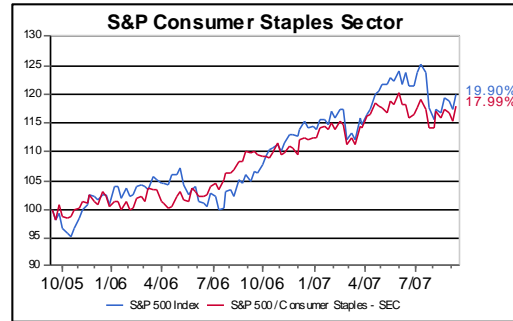
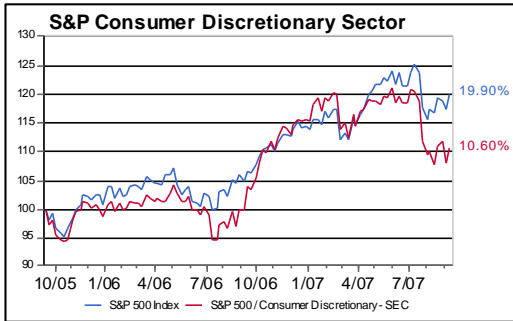
Housing Activity: Investors should be tired of seeing housing news by now since each bit of bad news seems to trigger renewed credit fears. But the key August **housing starts** report will be released on Wednesday and it is expected to show another 3% sequential decline from July to a 1.339 million annual rate. If so, it would be the 15th consecutive month of double-digit year-over-year declines. On the day earlier, the September **NAHB Homebuilder Index** will be reported. This measure of homebuilder optimism has been plunging to new lows just about every month this year ending at 22 in August, down from the previous cyclical peak of 72 in early 2005. We see little reason for optimism to improve except for a temporary rebound from such a deeply depressed level. But when we said that last month, it plunged to another new low. The consensus is expecting another decline to 20. Weekly **mortgage applications** rebounded modestly last week helped by a significant decline in mortgage rates, which triggers a rush to refinance or take advantage of deep discounting on new homes. There would be some follow-through strength for the same reason but nothing to generate much enthusiasm for an extended recovery.

Other Reports: The Conference Board's **index of leading indicators** is expected to decline by 0.5% in August for the second decline in the past three months and continuing to signal slow economic growth over the next six months. The Treasury's **TIC** report on monthly flows of foreign investment funds into the U.S. during July will be reported on Tuesday. Net inflows of well over \$120 billion in each of the previous two months erased earlier fears that foreign inflows might turn out to be insufficient to finance the continuing trade deficits. Given the recent concerns about international liquidity, we would expect this report to continue generating investor interest. Aside from the weekly **retail chain store sales** report, there are no other significant reports on the consumer sector that investors can use to assess the spillover of the credit crisis on the consumer. So far it is inconclusive.

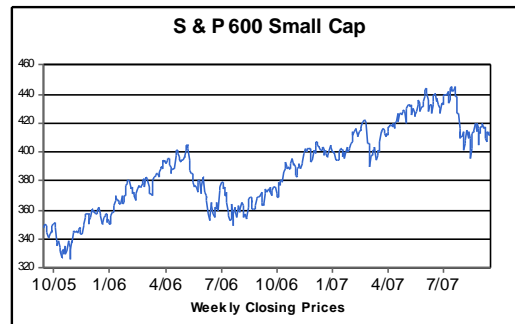
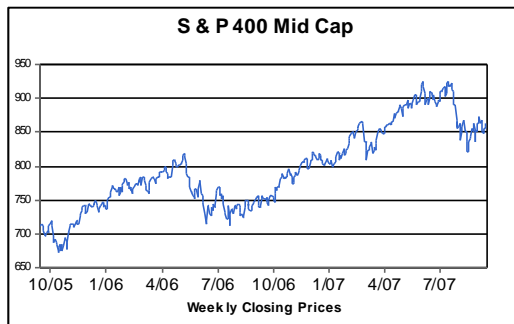
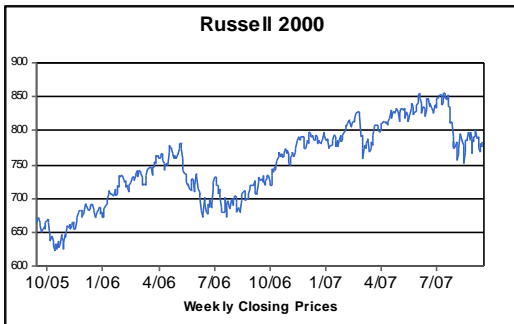
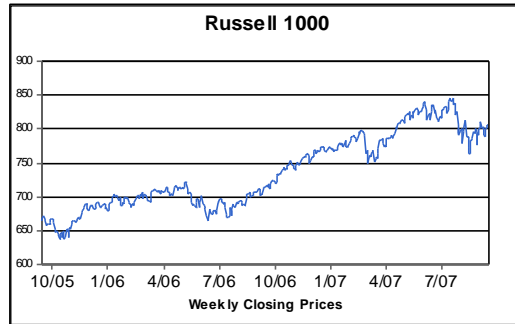
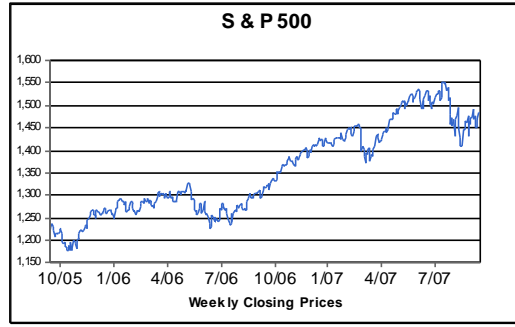
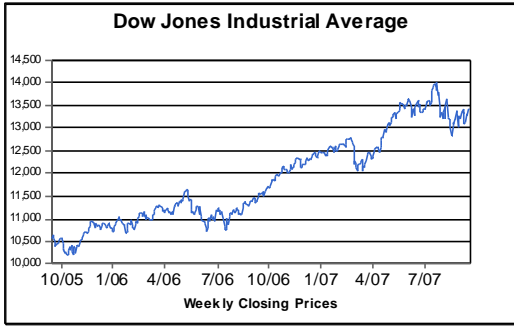
S&P Sector Performance



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



Major Market Averages



S&P Sectors and Industries	P E R F O R M A N C E						
	LAST WK	MTD	QTD	YTD	2006	2005	2004
Energy	3.0	4.1	5.5	22.6	22.2	29.1	28.8
Energy	3.0	4.1	5.5	22.6	22.2	29.1	28.8
Energy Equipment & Services	2.0	4.0	10.2	40.4	11.8	49.0	34.2
Oil & Gas Drilling	-1.9	0.6	-3.4	21.2	3.1	53.1	45.1
Oil & Gas Equipment & Services	3.1	4.9	14.4	46.4	14.8	47.3	30.3
Oil Gas & Consumable Fuels	3.3	4.2	4.3	18.8	24.7	25.3	27.9
Oil & Gas Exploration & Production	4.0	7.0	0.4	20.8	4.0	65.2	33.4
Oil & Gas Storage & Transportation	2.5	4.4	-2.3	4.0	16.6	-	-
Integrated Oil & Gas	3.3	3.8	6.0	18.6	31.9	15.1	25.6
Oil & Gas Refining & Marketing	0.1	1.4	-6.1	32.5	-5.7	77.3	61.5
Materials	2.3	0.8	-2.3	12.8	15.7	2.2	10.8
Materials	2.3	0.8	-2.3	12.8	15.7	2.2	10.8
Chemicals	2.0	-0.2	0.2	12.5	13.5	-3.0	16.5
Diversified Chemicals	1.4	-1.4	-4.7	2.8	7.1	-12.5	12.6
Fertilizers & Agricultural Chemicals	5.2	5.4	8.8	39.9	35.5	39.6	93.0
Industrial Gases	1.1	-1.5	6.5	25.9	14.9	11.4	12.7
Specialty Chemicals	1.6	-1.1	-0.2	3.1	20.6	2.1	13.4
Construction Materials	0.6	-5.4	-25.7	-5.3	32.6	24.1	14.8
Construction Materials	0.6	-5.4	-25.7	-5.3	32.6	24.1	14.8
Containers & Packaging	-0.9	-3.7	-12.3	-5.3	19.4	2.0	14.4
Metal & Glass Containers	-1.9	-3.1	-7.4	-2.5	32.2	-11.0	25.7
Paper Packaging	-0.2	-4.1	-15.4	-7.2	11.9	11.7	6.9
Metals & Mining	3.8	4.0	0.4	22.8	23.6	17.2	0.4
Aluminum	1.7	-2.9	-12.5	18.2	1.5	-5.9	-17.3
Diversified Metals & Mining	8.3	11.8	18.0	71.1	44.6	48.8	9.7
Gold	2.6	7.3	16.1	0.4	-15.4	20.2	-8.6
Steel	2.0	1.3	-8.5	9.8	75.8	20.7	58.1
Paper & Forest Products	1.0	-0.2	-11.8	0.7	2.6	-4.7	7.4
Forest Products	3.1	1.8	-12.1	-1.8	2.1	-0.7	10.3
Paper Products	-0.5	-1.6	-11.6	1.9	3.1	-6.6	5.9
Industrials	2.4	0.7	1.5	11.6	11.0	0.4	16.0
Capital Goods	2.9	1.3	3.1	14.4	12.4	0.2	16.7
Aerospace & Defense	3.7	1.9	5.1	17.0	23.1	14.0	14.0
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Building Products	-1.0	-5.1	-14.6	-7.1	4.7	-12.4	29.4
Building Products	-1.0	-5.1	-14.6	-7.1	4.7	-12.4	29.4
Construction & Engineering	2.9	5.8	20.8	64.8	5.7	41.7	37.5
Construction & Engineering	2.9	5.8	20.8	64.8	5.7	41.7	37.5
Electrical Equipment	1.4	-1.5	0.2	10.6	17.3	8.3	11.8
Electrical Components & Equipment	1.4	-1.5	0.2	10.6	17.3	8.3	11.8
Industrial Conglomerates	3.4	2.6	3.7	9.0	5.7	-6.1	16.9
Industrial Conglomerates	3.4	2.6	3.7	9.0	5.7	-6.1	16.9
Machinery	1.3	-1.3	0.6	26.0	16.4	-0.6	18.6
Construction & Farm Machinery & Heavy Trucks	1.3	-1.3	1.3	33.2	20.6	2.6	21.0
Industrial Machinery	1.3	-1.3	-0.2	19.0	12.7	-3.1	16.8
Trading Companies & Distributors	-0.9	-4.7	-6.1	24.9	-1.6	6.7	40.6
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Commercial Services & Supplies	-0.7	-2.3	-11.1	-7.4	9.0	-3.8	4.9
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Commercial Printing	-1.1	-1.7	-19.1	-0.9	3.9	-3.1	17.0
Diversified Commercial & Professional Services	0.3	-2.6	-12.8	-9.0	2.4	-12.7	2.5
Human Resource & Employment Services	0.5	-3.7	-17.7	-23.3	5.1	25.3	36.9
Environmental & Facilities Services	-0.2	-1.8	-5.5	0.7	23.2	0.1	-5.9
Office Services & Supplies	-2.4	-2.1	-8.6	-8.6	14.3	-8.2	11.2
Transportation	0.7	-1.4	-2.4	4.0	5.6	3.5	19.6
Air Freight & Logistics	1.0	-1.0	0.6	-0.5	1.6	-8.1	21.1
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S&P Sectors and Industries	P E R F O R M A N C E						
	LAST WK	MTD	QTD	YTD	2006	2005	2004
Airlines	-3.8	-5.6	-4.4	-6.9	-6.8	-5.1	-3.0
Airlines	-3.8	-5.6	-4.4	-6.9	-6.8	-5.1	-3.0
Road & Rail	0.9	-1.2	-5.6	11.3	13.5	30.9	23.0
Railroads	1.1	-1.0	-5.6	11.8	13.5	30.9	23.0
Consumer Discretionary	2.2	-1.1	-6.6	-4.4	17.2	-7.4	12.1
Automobiles & Components	4.5	-0.4	-12.8	3.3	22.4	-34.9	-4.8
Auto Components	0.8	-2.9	-9.3	27.0	10.5	-19.6	5.6
Auto Parts & Equipment	1.4	-1.7	-3.9	29.4	10.7	-23.8	0.6
Tires & Rubber	-1.5	-7.7	-26.6	21.6	24.6	1.8	40.6
Automobiles	6.7	1.2	-14.7	-6.5	28.1	-40.6	-8.2
Automobile Manufacturers	11.4	7.2	-12.0	9.2	23.6	-49.2	-16.9
Motorcycle Manufacturers	-5.3	-13.6	-22.0	-34.0	36.9	-15.2	27.8
Consumer Durables & Apparel	2.6	-0.1	-10.6	-8.9	4.6	0.4	21.9
Household Durables	0.5	-3.6	-14.5	-19.5	-6.9	8.5	20.3
Consumer Electronics	-0.1	-0.6	-3.5	12.8	20.7	0.0	0.0
Home Furnishings	1.5	-4.2	-11.3	-18.2	4.1	-19.2	31.4
Homebuilding	0.6	-6.3	-29.5	-49.4	-20.9	25.8	32.9
Household Appliances	-0.2	-4.6	-11.7	6.2	1.4	4.3	20.8
Housewares & Specialties	1.3	-1.2	-5.5	-6.9	14.0	4.0	6.0
Leisure Equipment & Products	3.2	1.3	-10.3	-1.5	18.3	-18.8	14.8
Leisure Products	3.9	-0.3	-14.9	-5.8	22.5	-13.8	9.4
Photographic Products	1.8	4.5	0.1	8.0	10.3	-27.4	25.6
Textiles Apparel & Luxury Goods	4.9	3.7	-5.7	3.9	22.9	0.6	28.5
Apparel Accessories & Luxury Goods	5.1	5.1	-7.9	-2.0	28.5	2.5	27.0
Footwear	4.6	1.6	-1.8	15.6	15.6	-0.6	30.1
Consumer Services	4.3	2.8	2.2	4.2	18.5	-0.2	37.7
Hotels Restaurants & Leisure	4.9	3.2	3.1	3.8	22.4	2.0	37.7
Casinos & Gaming	4.0	4.3	2.8	-2.9	31.1	-5.0	8.2
Hotels Resorts & Cruise Lines	0.4	-2.9	-0.5	-1.0	13.1	0.3	44.1
Restaurants	8.1	7.1	5.6	9.1	25.3	5.1	41.0
Diversified Consumer Services	-2.9	-2.8	-9.6	10.2	-21.3	-	-
Education Services	-6.4	-6.1	-5.7	41.4	-35.5	-	-
Specialized Consumer Services	1.6	1.4	-13.9	-12.7	-6.2	-	-
Media	-0.6	-1.9	-8.5	-8.8	29.3	-13.4	-3.4
Media	-0.6	-1.9	-8.5	-8.8	29.3	-13.4	-3.4
Advertising	-3.8	-4.3	-8.0	-8.7	23.9	-6.8	-6.5
Broadcasting & Cable TV	-0.3	-2.9	-8.1	-7.2	42.8	-16.9	-9.1
Movies & Entertainment	-0.4	-0.8	-6.3	-7.4	27.2	-12.4	0.6
Publishing	-1.6	-3.0	-20.4	-19.9	13.2	-14.2	-4.2
Retailing	3.4	-2.8	-6.5	-3.5	9.4	-1.1	21.6
Distributors	0.5	-2.3	-2.1	2.4	8.0	-0.3	32.7
Distributors	0.5	-2.3	-2.1	2.4	8.0	-0.3	32.7
Internet & Catalog Retail	3.3	8.0	15.8	64.0	-11.8	-25.3	80.0
Internet Retail	3.3	8.0	15.8	64.0	-11.8	-25.3	80.0
Multiline Retail	3.8	-3.3	-10.3	-4.1	20.2	7.9	21.2
Department Stores	2.3	-4.3	-17.6	-16.4	33.4	13.3	20.0
General Merchandise Stores	5.5	-2.1	-0.7	13.9	4.7	1.8	22.5
Specialty Retail	3.2	-4.0	-7.0	-9.0	5.5	2.1	11.5
Apparel Retail	3.7	-0.7	-0.1	-5.3	20.4	-9.7	6.8
Computer & Electronics Retail	3.4	-0.5	-12.0	-9.7	5.2	4.4	15.9
Home Improvement Retail	4.2	-4.4	-5.3	-6.7	-1.4	1.6	15.1
Specialty Stores	0.4	-7.7	-13.2	-20.4	20.7	17.6	4.9
Automotive Retail	-0.6	-7.6	-19.3	-8.3	14.5	-	-
Homefurnishing Retail	2.0	-3.5	-7.1	-12.3	5.4	-	-
Consumer Staples	2.3	1.1	1.2	4.9	11.8	1.3	6.0
Food & Staples Retailing	2.7	-0.4	-2.8	1.7	5.7	-5.2	2.6
Food & Staples Retailing	2.7	-0.4	-2.8	1.7	5.7	-5.2	2.6
Drug Retail	2.1	0.2	3.9	9.5	8.0	15.9	10.8
Food Distributors	1.0	-0.2	1.0	-9.4	18.4	-18.7	2.5

S&P Sectors and Industries	P E R F O R M A N C E						
	LAST WK	MTD	QTD	YTD	2006	2005	2004
Food Retail	4.5	0.6	-3.7	5.4	15.7	4.3	-3.4
Hypermarkets & Super Centers	2.8	-1.2	-7.7	-2.8	0.1	-9.5	1.7
Food Beverage & Tobacco	1.5	1.0	0.2	6.8	14.4	3.8	5.4
Beverages	2.5	3.1	5.3	11.7	11.9	1.3	-4.8
Brewers	1.1	1.9	-3.3	3.8	14.3	-15.3	-1.9
Distillers & Vintners	1.0	-1.6	-2.9	-5.4	3.3	25.2	4.2
Soft Drinks	2.8	3.6	7.4	14.2	12.0	4.5	-5.7
Food Products	1.9	1.5	-2.8	4.2	15.8	-8.3	18.6
Agricultural Products	-1.1	-4.0	-2.2	1.3	29.6	10.5	46.6
Packaged Foods & Meats	2.3	2.3	-2.9	3.9	13.5	-10.5	16.2
Tobacco	-0.6	-3.4	-4.6	2.5	17.0	19.8	13.6
Tobacco	-0.6	-3.4	-4.6	2.5	17.0	19.8	13.6
Household & Personal Products	3.5	3.0	7.5	4.5	12.6	4.4	12.2
Household Products	3.5	3.3	8.8	4.6	12.3	2.4	10.2
Household Products	3.5	3.3	8.8	4.6	12.3	2.4	10.2
Personal Products	3.6	-1.5	-8.4	2.0	15.4	16.3	19.4
Personal Products	3.6	-1.5	-8.4	2.0	15.4	16.3	19.4
Health Care	1.7	1.0	-1.2	3.9	5.8	4.9	0.2
Health Care Equipment & Services	1.7	1.1	0.3	7.9	-0.2	17.4	17.3
Health Care Equipment & Supplies	2.9	3.2	1.2	6.8	3.2	-0.1	12.3
Health Care Equipment	3.0	3.3	1.4	6.6	3.4	-0.5	12.1
Health Care Supplies	0.7	0.3	-8.7	21.8	-2.9	16.9	20.9
Health Care Providers & Services	0.8	-0.5	-0.3	8.5	-2.3	34.2	22.6
Health Care Distributors	-2.6	-4.7	-7.4	3.2	-1.8	28.8	-2.9
Health Care Services	1.0	0.8	7.9	36.6	4.9	32.2	17.4
Health Care Facilities	-1.3	-0.1	-20.2	-10.9	1.2	10.4	-10.9
Managed Health Care	1.9	0.5	0.5	3.4	-6.6	42.7	52.7
Pharmaceuticals & Biotechnology	1.7	1.0	-2.0	1.8	9.9	-2.0	-7.1
Biotechnology	5.1	7.3	5.1	4.1	-2.7	18.3	7.6
Biotechnology	5.1	7.3	5.1	4.1	-2.7	18.3	7.6
Pharmaceuticals	1.0	-0.3	-3.7	0.8	12.6	-5.9	-9.5
Pharmaceuticals	1.0	-0.3	-3.7	0.8	12.6	-5.9	-9.5
Financials	2.6	-0.1	-6.8	-8.7	16.2	3.7	8.2
Banks	1.3	-1.8	-6.9	-11.6	12.3	-4.8	10.9
Commercial Banks	1.9	-0.8	-4.5	-9.5	11.5	-2.2	11.1
Diversified Banks	2.4	-0.6	-1.1	-6.9	12.0	-1.2	13.5
Regional Banks	1.3	-1.1	-8.8	-12.8	10.9	-4.2	6.4
Thrifts & Mortgage Finance	-0.4	-4.9	-13.6	-17.3	13.4	-13.0	10.4
Thrifts & Mortgage Finance	-0.4	-4.9	-13.6	-17.3	13.4	-13.0	10.4
Diversified Financials	3.5	1.1	-7.2	-9.0	20.7	7.2	5.9
Diversified Financial Services	2.8	-0.2	-5.1	-10.6	15.9	2.9	0.2
Other Diversified Financial Services	2.8	-0.2	-4.4	-10.2	16.3	1.5	-1.0
Specialized Finance	1.6	-1.1	-12.8	-14.6	4.5	29.0	42.6
Consumer Finance	2.2	-0.8	-10.8	-7.3	4.9	2.3	22.2
Consumer Finance	2.2	-0.8	-10.8	-7.3	4.9	2.3	22.2
Capital Markets	5.2	3.7	-9.2	-7.0	32.4	15.4	6.9
Asset Management & Custody Banks	4.1	1.1	-5.5	3.3	16.7	11.7	6.2
Investment Banking & Brokerage	5.8	5.1	-11.2	-11.7	39.6	17.0	3.2
Insurance	2.0	-0.5	-7.2	-4.4	9.3	12.5	5.9
Insurance	2.0	-0.5	-7.2	-4.4	9.3	12.5	5.9
Insurance Brokers	0.8	-0.8	-8.0	-0.2	-2.7	12.9	-24.2
Life & Health Insurance	3.4	1.6	-2.8	6.8	15.0	20.9	20.4
Multi-line Insurance	1.8	-1.4	-8.5	-7.8	6.4	7.8	2.7
Property & Casualty Insurance	1.0	-1.2	-9.5	-10.1	10.7	13.0	8.4
Real Estate	2.7	-0.1	-2.1	-10.2	36.8	7.4	21.9
Real Estate						7.4	21.9
Real Estate Investment Trusts	2.8	0.4	-0.9	-9.6	36.9	7.4	21.9
Information Technology	0.6	-0.4	1.8	11.0	7.7	0.4	2.1
Software & Services	2.0	1.6	-1.2	4.4	7.7	-2.1	10.5

S&P Sectors and Industries	P E R F O R M A N C E						
	LAST WK	MTD	QTD	YTD	2006	2005	2004
Internet Software & Services	3.1	4.8	0.9	12.7	-20.7	4.0	66.8
Internet Software & Services	3.1	4.8	0.9	12.7	-20.7	4.0	66.8
IT Services	0.6	-0.9	-7.2	0.6	9.5	3.4	3.3
IT Consulting & Other Services	0.3	-3.5	-9.3	-8.3	19.1	-42.7	-31.4
Data Processing & Outsourced Services	0.6	-0.7	-7.0	1.7	9.4	4.7	4.7
Software	1.9	0.9	0.0	2.3	14.5	-4.2	9.0
Application Software	3.5	2.2	1.7	8.0	5.3	10.6	11.6
Systems Software	1.5	0.6	-0.9	1.2	16.9	-5.3	7.9
Home Entertainment Software	6.6	3.4	15.7	8.7	-3.7	-15.2	29.1
Technology Hardware & Equipment	0.5	-1.2	4.8	15.9	14.9	-1.7	8.7
Communications Equipment	0.3	-0.4	4.8	11.5	15.1	1.8	2.8
Communications Equipment	0.3	-0.4	4.8	11.5	15.1	1.8	2.8
Computers & Peripherals	0.7	-1.7	6.5	21.4	16.0	-3.9	14.8
Computer Hardware	0.8	-1.5	7.4	23.5	17.8	-1.7	13.9
Computer Storage & Peripherals	0.1	-3.4	0.5	8.2	6.7	-17.1	20.9
Electronic Equipment & Instruments	0.0	-1.5	-8.3	-3.9	-0.6	1.2	-8.5
Electronic Equipment Manufacturers	-0.2	-0.7	-5.8	5.1	10.8	15.8	-2.4
Electronic Manufacturing Services	0.1	-2.0	-9.7	-12.7	-13.9	-11.9	-17.0
Office Electronics	-0.2	-0.8	-8.1	0.2	15.7	-13.9	23.3
Office Electronics	-0.2	-0.8	-8.1	0.2	15.7	-13.9	23.3
Semiconductors	-1.7	-2.0	0.8	14.0	-9.9	11.2	-21.3
Semiconductors & Semiconductor Equipment	-1.6	-2.4	0.5	12.6	-8.1	10.0	-21.8
Semiconductors & Semiconductor Equipment	-1.6	-2.4	0.5	12.6	-8.1	10.0	-21.8
Semiconductor Equipment	-1.3	-4.6	-1.4	5.0	5.3	2.0	-25.0
Telecommunication Services	2.6	0.0	-2.9	10.2	32.1	-9.0	16.0
Telecommunication Services	2.6	0.0	-2.9	10.2	32.1	-9.0	16.0
Diversified Telecommunication Services	3.4	1.0	-1.4	12.7	43.9	-8.9	9.3
Integrated Telecommunication Services	3.4	1.0	-1.4	12.7	43.9	-8.9	9.3
Wireless Telecommunication Services	-1.8	-5.1	-10.7	-1.6	-3.4	1.6	57.3
Wireless Telecommunication Services	-1.8	-5.1	-10.7	-1.6	-3.4	1.6	57.3
Utilities	2.4	2.6	0.5	7.8	16.9	12.8	19.6
Utilities	2.4	2.6	0.5	7.8	16.9	12.8	19.6
Electric Utilities	2.6	3.5	2.7	10.5	19.0	13.5	21.8
Electric Utilities	2.6	3.5	2.7	10.5	19.0	13.5	21.8
Gas Utilities	2.2	0.9	-4.2	15.9	21.1	-6.6	9.9
Gas Utilities	2.2	0.9	-4.2	15.9	21.1	-6.6	9.9
Multi-Utilities	2.7	1.7	-0.5	1.4	12.3	13.1	15.1
Multi-Utilities	2.7	1.7	-0.5	1.4	12.3	13.1	15.1
Independent Power Producers & Energy Traders	1.0	1.5	-4.4	13.1	24.4	-	-
Independent Power Producers & Energy Traders	1.0	1.5	-4.4	13.1	24.4	-	-

Broad Based Indexes	P E R F O R M A N C E						
	LAST WK	MTD	QTD	YTD	2006	2005	2004
S&P 500 Index (Operating Basis)	2.1	0.7	-1.3	4.6	13.6	3.0	9.0
Dow Jones 30 Industrials	2.5	0.6	0.3	7.9	16.3	-0.6	3.1
Dow Jones 65 Composite	2.2	0.3	-1.7	7.2	13.3	7.1	13.2
Dow Jones Wilshire 5000 (Full cap)	1.9	0.5	-1.9	4.7	13.9	4.6	10.8
Russell 1000	2.0	0.7	-1.4	4.8	13.3	4.4	9.5
Russell 3000	1.9	0.6	-1.8	4.3	13.7	4.3	10.1
NASDAQ Composite Index	1.4	0.2	0.0	7.7	9.5	1.4	8.6
S&P Mid Cap	1.1	-0.1	-3.7	7.2	9.0	11.3	15.2
Russell Mid Cap	1.4	0.1	-3.7	5.2	13.5	11.0	18.4
Russell 2000	1.0	-1.2	-6.0	-0.5	17.0	3.3	17.0
S&P Small Cap	1.2	-0.9	-4.2	3.5	14.1	6.7	21.6
Russell Micro Cap (TR)	0.4	-1.2	-7.4	-3.4	16.5	-	-

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