



# Barrington Research<sup>TM</sup>

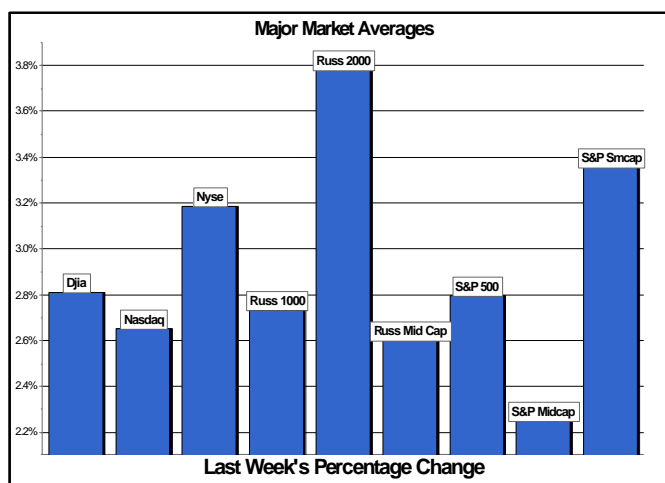
*Economic and Investment Research*

**MARKET WEEK**  
**September 24, 2007**

**Alexander P. Paris, CFA**  
**(312) 634-6359**  
**app@brai.com**

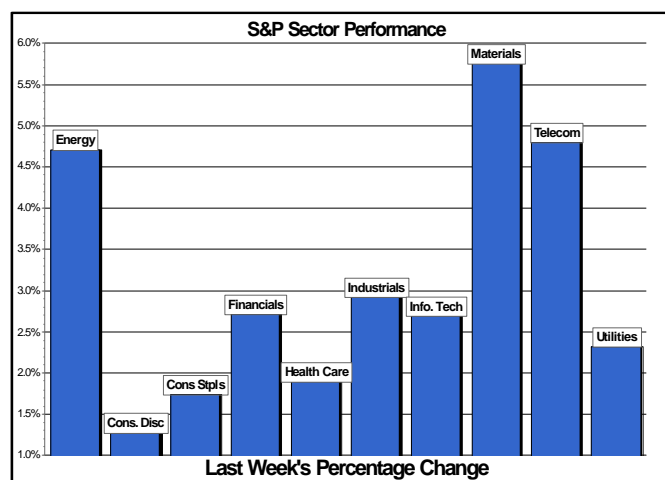
## The Bernanke Bounce

Just about everyone agreed it was a great week highlighted by a 336-point jump in the DJIA on Tuesday, the day of the Fed announcement. In fact, the focus on the Fed was the driver for two great weeks in a row, the first driven by strong buying in anticipation of a rate cut and the second by a celebration of the more-aggressive-than-expected Fed action. Short covering also contributed to the magnitude of the rally as, according to one brokerage study, stocks with the highest short interest beat the market. The major market averages—DJIA (+2.81%) and S&P 500 (+2.80%)—both had their best weeks since last March on the heels of similar gains in the previous week. The Nasdaq (+2.65%) rose for the fourth week in the past five.

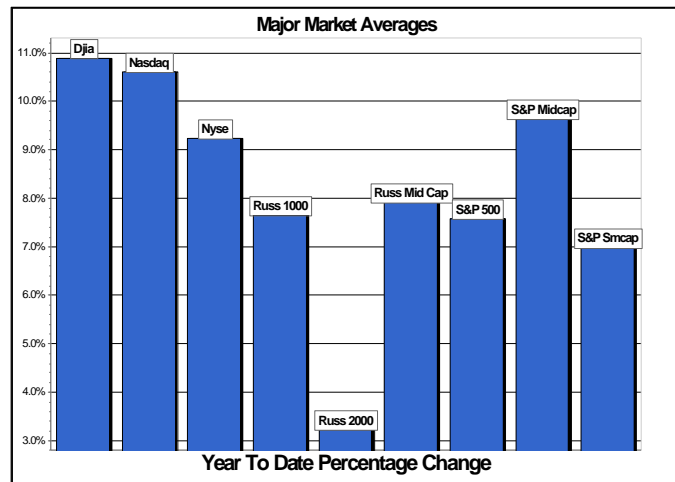


The big difference this past week was much stronger performance by small cap stocks and a return to overall speculation in the market. If the Fed did nothing else it removed any doubts by investors that it stood ready to support the markets and the economy. The S&P Small-Cap (+3.35%), Russell 2000 (+3.78%) and Russell Micro-Cap (+3.3%) all soundly outperformed the large-cap averages, taking the broadest Wilshire 5000 average up 3.19%.

Even though it will take a while for the Fed easing to filter down to the economy, it was clear that with easier policy from the Fed investors were more willing to bet ahead on an economic upturn and focus on cyclical sectors for the second week in a row. The favorite four sectors for playing an eventual U.S. economic upturn along with the current strong global economy and falling dollar—materials (+5.8%), energy (+4.7%), industrials (+2.9%) and technology (+2.7%)—again led the market higher. The only weak cyclical sector, consumer discretionary (+1.3%), was held back primarily by housing-related groups. With investors feeling more confident and speculative, the major defensive sectors—utilities (+2.3%), health care (+1.9%), and consumer staples (+1.7%)—lost relative strength. The number one market performance of the materials sector was understandable since the combination of strong global economic growth along with the weaker dollar and increased inflation concerns triggered by the Fed action, set off a big increase in commodity prices that is likely to continue. Regardless of the sector shifting, it was still a great week across the board with all sectors up.

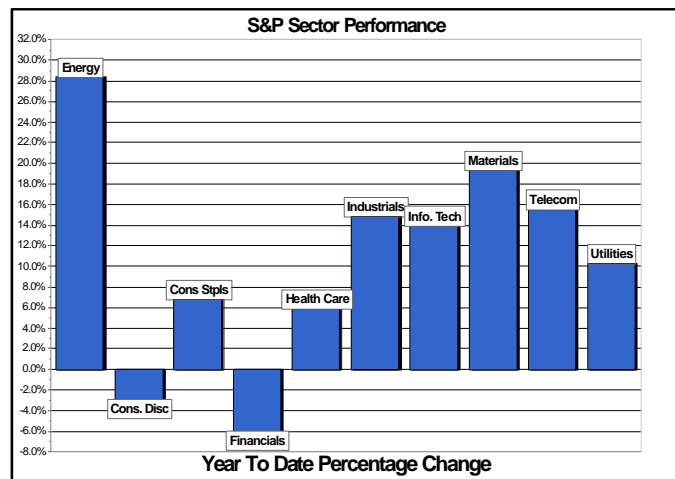


The big stock market rally was not the only effect of the easier Fed policy. The dollar fell sharply making new lows against the euro, a 30-year low against the Canadian dollar and a 15-year low against a basket of six major currencies while falling against most other currencies. Commodity prices rose broadly with gold rising for the fifth consecutive week to a 27-year high and oil rising to another record high. Bond prices fell for the second straight week while inflation expectations rose. All of these trends are inter-related with the weaker bond yields higher. Ironically, a week ago the Fed's key concern was future inflation with the dollar the key problem. But last week it downgraded the inflation threat level at the same time that its action drove the dollar lower and heightened inflation potential.



The Fed's move clearly took a big bite out of the credit crisis and panic in the credit markets and in itself is a good excuse for additional stock market gains particularly when we didn't believe recession was a risk in the first place. But even if the Fed is ultimately successful, it won't be a straight uninterrupted uptrend and, with two weeks of solid rallies pricing in the Fed move, investors will be looking for some kind of encore or new catalyst to keep the rally going.

There will be a sizable lag between easier money and its subsequent impact on the economy and, with the economy struggling along at around a lowly 2% rate, it is vulnerable to shocks—a steeper drop in the dollar, protectionism legislation from Congress, a bigger-than-expected rise in bond yields, a few more high-profile failures in the financial sector, an increase in layoffs, or a continuing rise in oil prices, to name a few. With the credit crisis hopefully on hold for a while, investors will be switching their attention to an *Economy Watch* and, as discussed below, there is a big economic calendar for them to absorb in the coming week. It will include more bad news on housing which still tends to rattle the market.



With some Wall Street economists trimming economic forecast last week, investors were already beginning to worry a little more about earnings growth with many concluding that the First Call estimate of nearly 12% growth in 2008 earnings for the S&P 500 is overly optimistic.

We got some very good news last week, which will likely carry the market higher over the next year if historical evidence is any indication. With a long string of 2% average GDP growth, we've already had a good rolling economic adjustment, including sizable inventory liquidation, and when easier money is superimposed good things will happen. But it won't happen right away and it is no time to let your guard all the way down.

### The Week Ahead: Back to the Economic Realities

As discussed, equity investors have had a great time over the past two weeks as they basked in the glow of easier monetary policy, ignoring new record high oil prices and less-than-stellar economic news. However, in the coming week they will be getting at least a small dose of reality as they discover that no matter how good the new Fed policy change may turn out to be, it won't positively affect the economy immediately. In fact, the higher bond yields and oil prices will depress the economy. With a fairly busy calendar, investors are likely to be back to reading economic tea leaves for encouraging signs to support

their new-found optimism. As discussed below, the economic news looks modestly negative on balance with little cause for celebration.

It also looks like an extremely busy week on the speaking circuit by Fed officials with a combination of explanation and obfuscation of the new Fed policy. With some concerns that the new Fed policy might trigger some inflation problems down the road, investors will also be watching rising oil, gold and commodity prices and the weakened dollar with interest. The U.S. trade-weighted dollar fell 1.28% for the week following a 0.4% decline in the previous week. As a result, spot gold rose 3.4%. While we believe the new Fed policy will have a happy ending for the market, there should still be some investor hesitancy after last week's big move.

## Economic News

A fairly busy week for economic news will feature a heavy dose of more miserable housing news, which pre-easing hoopla, used to depress investors. There are also a number of manufacturing-related reports on deck, which have been fairly encouraging recently though the news may be a little more mixed this week. In between, there will be the last revision of the second quarter GDP and a mixture of consumer sector reports. Starting off with the **GDP revision** on Thursday, we would expect only a very small downward revision from the last reported 3.95% real second quarter GDP growth rate.

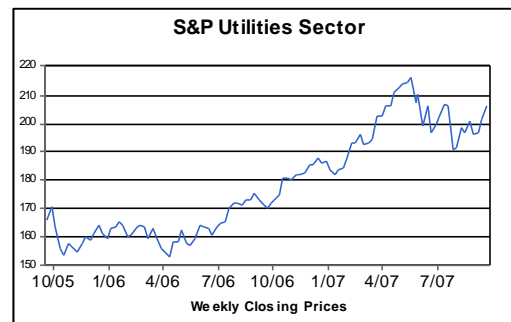
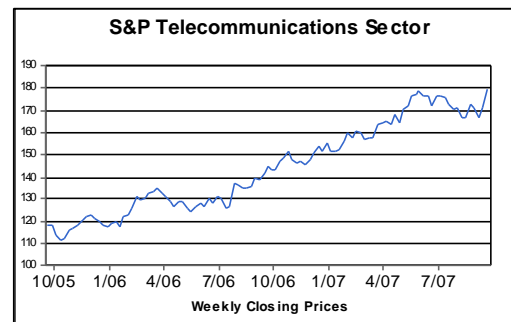
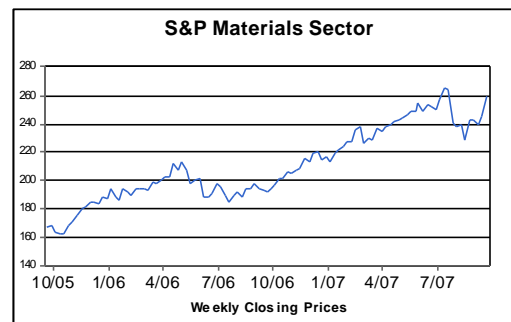
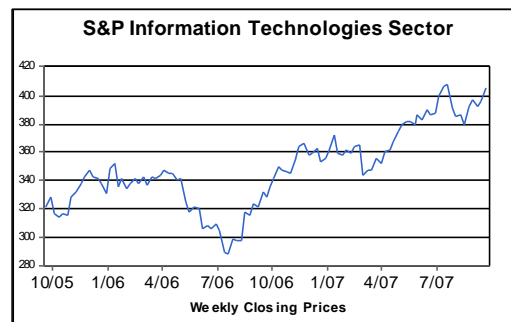
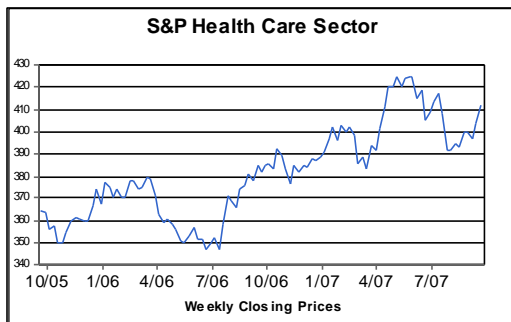
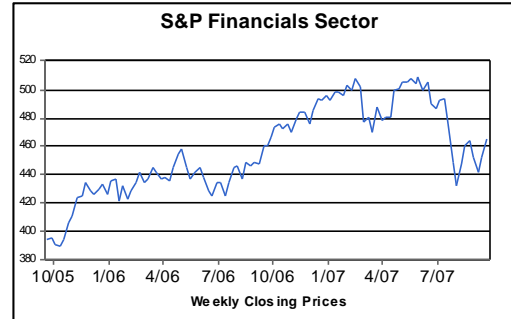
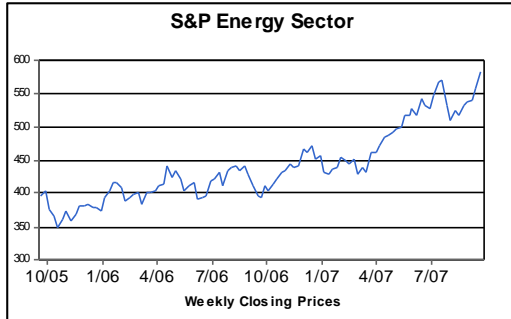
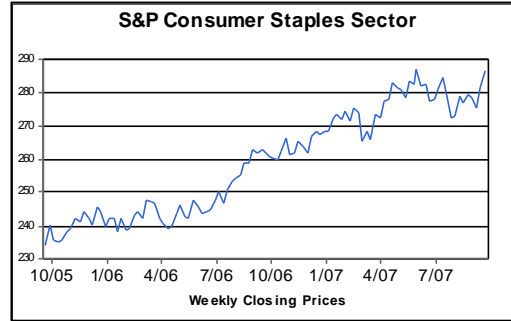
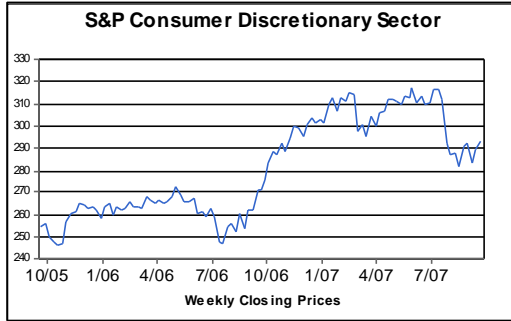
**More Housing Woe:** Following on the heels of a very weak August housing starts and permits report and a new record low in homebuilder confidence, more bad news on home sales is expected this week. **Existing home sales** will be reported on Tuesday and are expected to fall over 5% in August from a 5.75 million rate in July, making it the sixth consecutive monthly decline. **New single-homes sales** on Thursday are also expected to fall by around 5%. It will be the same story on Friday when total **construction spending** for August will be reported. It is expected to fall another 0.3% following a 0.4% July decline. Once again, the drop will be driven by a decline in private residential construction. Finally, the weekly report on **mortgage applications** will round out the housing news. They increased last week but the increase was primarily driven by refinancing with considerable evidence that marginal borrowers are being pressured to refinance ahead of resets. The **S&P/Case Shiller** home price index for July will also be released on Tuesday and should show more bad news.

**Tracking Manufacturing Momentum:** So far, the U.S. manufacturing sector has been resisting any significant negative impact from the credit crisis except in a few industry niches and the first two regional manufacturing reports with a window into early September were encouraging. This week we will see the higher profile **Chicago PMI** report with information a little deeper into September. The consensus is looking for the primary index to be flat in September at 53.8, which won't make investors happy. Before that, there will be two other regional Fed manufacturing surveys. The **Texas Manufacturing Survey** will be released right away on Monday. This is a relatively new and unheralded report that won't get much attention but it can lend some insight into September factory momentum. That will be followed the next day by the **Richmond Fed Survey**. This has been one of the weakest Fed districts for manufacturing, likely due to its vulnerability of its key industries to cheap foreign imports. After six straight months of contracting activity, the region turned positive in June and continued growing in July and August. We would not expect to see a particularly positive report on September. That leaves the highest profile **durable orders report** on Wednesday. Though it will contain August data, it will indicate the national order pipeline going into September. Unfortunately, orders are expected to decline by over 3% following the surprising large 5.9% July jump, affected again by the volatile aircraft segment. Overall, it doesn't look like good news from the manufacturing sector will be enough to offset the housing gloom.

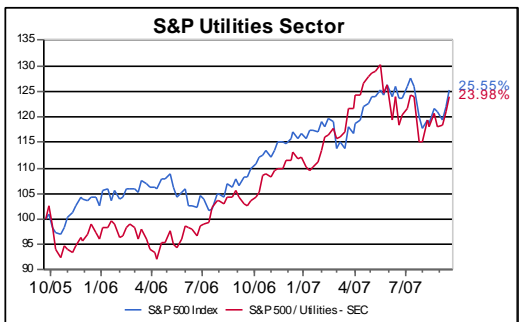
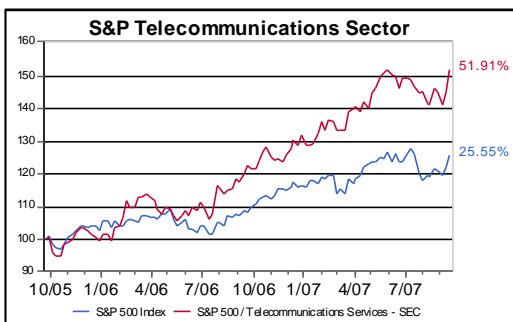
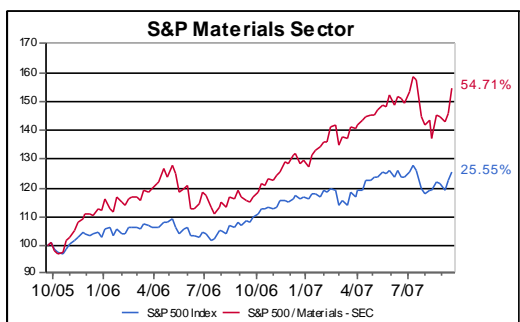
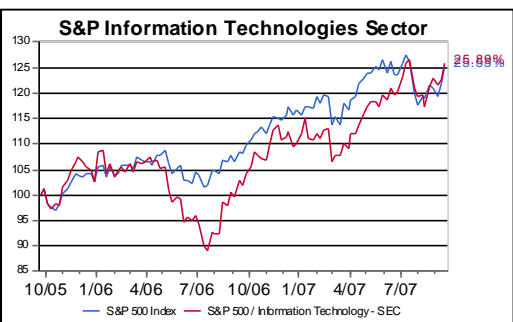
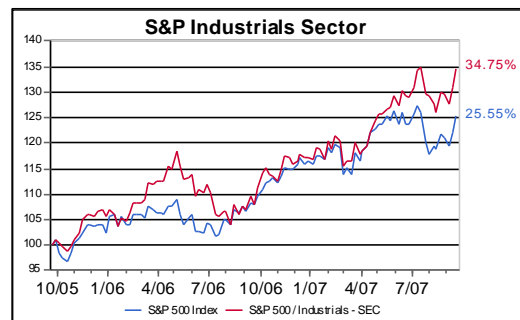
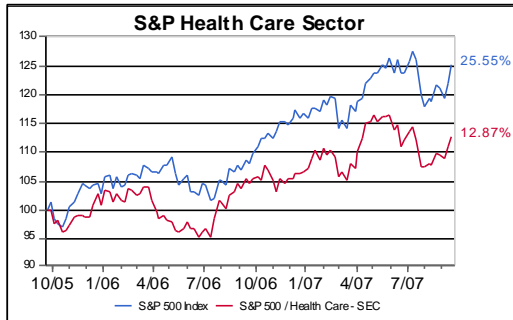
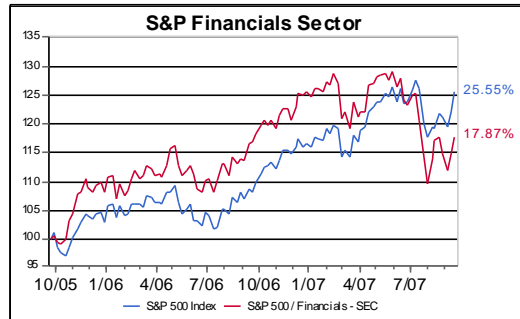
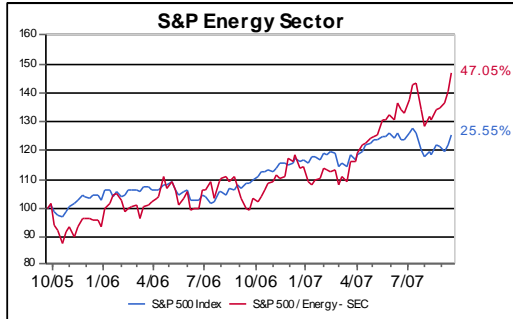
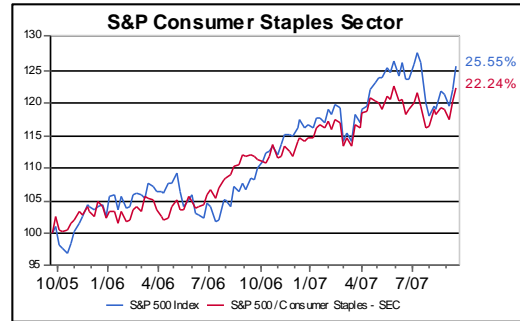
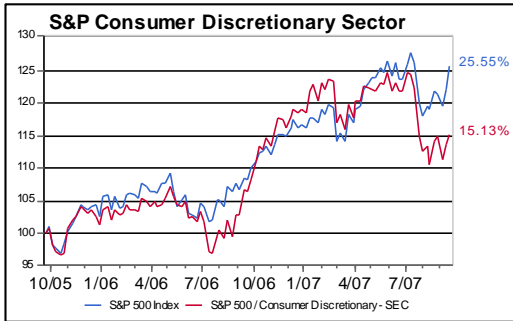
**Consumer News:** The rest of the economic news for the week will be in the consumer sector where investors should be especially anxious to see any spillover from the credit crisis. The depressing housing news should already have investors and analysts projecting weakness on to prospective consumer spending behavior. The rest of the consumer news, however, will only be modestly more inspiring. The biggest consumer news of the week will be Friday's government report on **consumer spending & income** for August. The report should be relatively harmless although the consensus is looking for only a 0.3% increase in personal income, down from a 0.5% July gain. Consumption is also only expected to be roughly comparable with the 0.4% July increase or a little lower. There will also be two survey reports on consumer confidence in the coming week. The Conference Board's **consumer confidence** index had a significant drop in August to 105.0 but the consensus is not expecting any rebound in September and only expects a modest additional decline. The University of Michigan's **consumer sentiment** index also

had a seven-point plunge in August to 83.4 and its initial September reading only edged up to 83.8 with the consensus expecting only a modest additional nudge up in the final index on Friday. The weekly **retail chain store sales** index had a substantial 1.1% sequential decline last week and there should be some interest in whether the weakness continued.

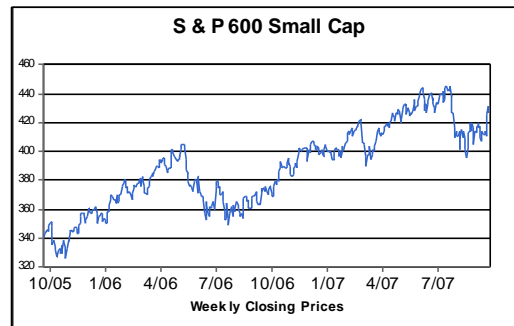
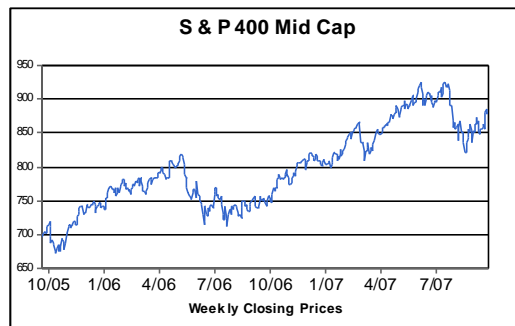
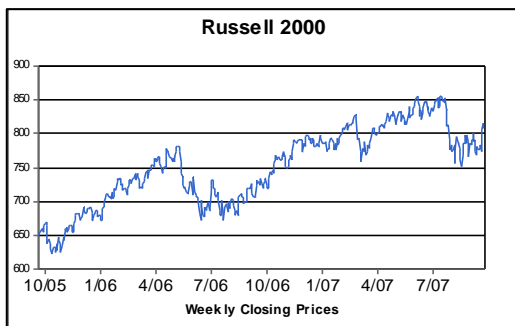
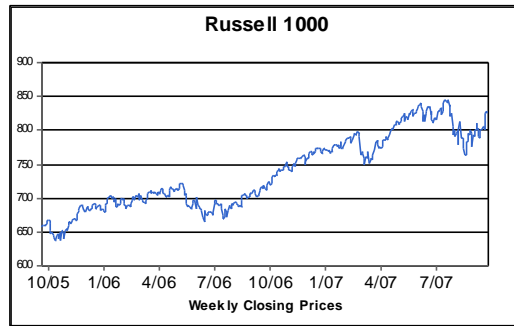
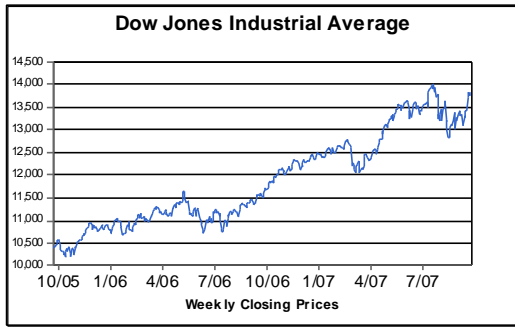
### S&P Sector Performance



### 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
<b>Energy</b>	<b>4.7</b>	<b>9.1</b>	<b>10.4</b>	<b>28.4</b>	<b>22.2</b>	<b>29.1</b>	<b>28.8</b>
<b>Energy</b>	4.7	9.1	10.4	28.4	22.2	29.1	28.8
<b>Energy Equipment &amp; Services</b>	6.0	10.2	16.8	48.8	11.8	49.0	34.2
<b>Oil &amp; Gas Drilling</b>	5.8	6.4	2.2	28.2	3.1	53.1	45.1
<b>Oil &amp; Gas Equipment &amp; Services</b>	6.1	11.3	21.3	55.3	14.8	47.3	30.3
<b>Oil Gas &amp; Consumable Fuels</b>	4.4	8.7	8.9	24.0	24.7	25.3	27.9
<b>Oil &amp; Gas Exploration &amp; Production</b>	5.1	12.5	5.5	26.9	4.0	65.2	33.4
<b>Oil &amp; Gas Storage &amp; Transportation</b>	4.4	9.1	2.1	8.6	16.6	-	-
<b>Integrated Oil &amp; Gas</b>	4.4	8.3	10.7	23.9	31.9	15.1	25.6
<b>Oil &amp; Gas Refining &amp; Marketing</b>	2.6	4.0	-3.7	35.9	-5.7	77.3	61.5
<b>Materials</b>	<b>5.8</b>	<b>6.6</b>	<b>3.3</b>	<b>19.3</b>	<b>15.7</b>	<b>2.2</b>	<b>10.8</b>
<b>Materials</b>	5.8	6.6	3.3	19.3	15.7	2.2	10.8
<b>Chemicals</b>	5.3	5.1	5.5	18.4	13.5	-3.0	16.5
<b>Diversified Chemicals</b>	3.6	2.1	-1.3	6.5	7.1	-12.5	12.6
<b>Fertilizers &amp; Agricultural Chemicals</b>	7.2	13.0	16.7	50.0	35.5	39.6	93.0
<b>Industrial Gases</b>	7.1	5.6	14.1	34.9	14.9	11.4	12.7
<b>Specialty Chemicals</b>	6.1	5.0	5.9	9.4	20.6	2.1	13.4
<b>Construction Materials</b>	2.0	-3.5	-24.2	-3.4	32.6	24.1	14.8
<b>Construction Materials</b>	2.0	-3.5	-24.2	-3.4	32.6	24.1	14.8
<b>Containers &amp; Packaging</b>	2.9	-0.9	-9.8	-2.6	19.4	2.0	14.4
<b>Metal &amp; Glass Containers</b>	4.5	1.2	-3.2	1.8	32.2	-11.0	25.7
<b>Paper Packaging</b>	1.8	-2.4	-13.9	-5.5	11.9	11.7	6.9
<b>Metals &amp; Mining</b>	8.2	12.5	8.7	32.9	23.6	17.2	0.4
<b>Aluminum</b>	5.4	2.4	-7.7	24.6	1.5	-5.9	-17.3
<b>Diversified Metals &amp; Mining</b>	11.2	24.3	31.2	90.3	44.6	48.8	9.7
<b>Gold</b>	4.9	12.5	21.8	5.3	-15.4	20.2	-8.6
<b>Steel</b>	9.3	10.7	0.0	20.0	75.8	20.7	58.1
<b>Paper &amp; Forest Products</b>	2.9	2.8	-9.2	3.7	2.6	-4.7	7.4
<b>Forest Products</b>	3.6	5.4	-8.9	1.7	2.1	-0.7	10.3
<b>Paper Products</b>	2.5	0.9	-9.4	4.4	3.1	-6.6	5.9
<b>Industrials</b>	<b>2.9</b>	<b>3.7</b>	<b>4.5</b>	<b>14.8</b>	<b>11.0</b>	<b>0.4</b>	<b>16.0</b>
<b>Capital Goods</b>	3.3	4.7	6.5	18.2	12.4	0.2	16.7
<b>Aerospace &amp; Defense</b>	3.2	5.2	8.5	20.8	23.1	14.0	14.0
<b>Aerospace &amp; Defense</b>	3.2	5.2	8.5	20.8	23.1	14.0	14.0
<b>Building Products</b>	-0.7	-5.7	-15.2	-7.7	4.7	-12.4	29.4
<b>Building Products</b>	-0.7	-5.7	-15.2	-7.7	4.7	-12.4	29.4
<b>Construction &amp; Engineering</b>	4.9	11.0	26.8	72.9	5.7	41.7	37.5
<b>Construction &amp; Engineering</b>	4.9	11.0	26.8	72.9	5.7	41.7	37.5
<b>Electrical Equipment</b>	2.3	0.8	2.5	13.2	17.3	8.3	11.8
<b>Electrical Components &amp; Equipment</b>	2.3	0.8	2.5	13.2	17.3	8.3	11.8
<b>Industrial Conglomerates</b>	2.5	5.2	6.3	11.8	5.7	-6.1	16.9
<b>Industrial Conglomerates</b>	2.5	5.2	6.3	11.8	5.7	-6.1	16.9
<b>Machinery</b>	5.7	4.3	6.3	33.2	16.4	-0.6	18.6
<b>Construction &amp; Farm Machinery &amp; Heavy Trucks</b>	7.1	5.7	8.5	42.7	20.6	2.6	21.0
<b>Industrial Machinery</b>	4.1	2.8	4.0	23.9	12.7	-3.1	16.8
<b>Trading Companies &amp; Distributors</b>	4.3	-0.6	-2.1	30.3	-1.6	6.7	40.6
<b>Trading Companies &amp; Distributors</b>	4.3	-0.6	-2.1	30.3	-1.6	6.7	40.6
<b>Commercial Services &amp; Supplies</b>	2.3	0.0	-9.0	-5.2	9.0	-3.8	4.9
<b>Commercial Services &amp; Supplies</b>	2.3	0.0	-9.0	-5.2	9.0	-3.8	4.9
<b>Commercial Printing</b>	-0.3	-1.9	-19.3	-1.2	3.9	-3.1	17.0
<b>Diversified Commercial &amp; Professional Services</b>	3.7	1.0	-9.6	-5.7	2.4	-12.7	2.5
<b>Human Resource &amp; Employment Services</b>	1.7	-2.1	-16.3	-22.0	5.1	25.3	36.9
<b>Environmental &amp; Facilities Services</b>	3.1	1.2	-2.6	3.9	23.2	0.1	-5.9
<b>Office Services &amp; Supplies</b>	1.9	-0.2	-6.9	-6.8	14.3	-8.2	11.2
<b>Transportation</b>	1.0	-0.4	-1.4	5.0	5.6	3.5	19.6
<b>Air Freight &amp; Logistics</b>	0.2	-0.8	0.9	-0.3	1.6	-8.1	21.1
<b>Air Freight &amp; Logistics</b>	0.2	-0.8	0.9	-0.3	1.6	-8.1	21.1

S&P Sectors and Industries	P E R F O R M A N C E						
	LAST WK	MTD	QTD	YTD	2006	2005	2004
<b>Airlines</b>	7.6	1.5	2.9	0.1	-6.8	-5.1	-3.0
Airlines	7.6	1.5	2.9	0.1	-6.8	-5.1	-3.0
<b>Road &amp; Rail</b>	1.1	-0.1	-4.6	12.6	13.5	30.9	23.0
Railroads	1.2	0.2	-4.5	13.1	13.5	30.9	23.0
<b>Consumer Discretionary</b>	1.3	0.2	-5.4	-3.2	17.2	-7.4	12.1
<b>Automobiles &amp; Components</b>	4.2	3.8	-9.2	7.6	22.4	-34.9	-4.8
<b>Auto Components</b>	7.0	3.9	-3.0	36.0	10.5	-19.6	5.6
Auto Parts & Equipment	5.3	3.5	1.2	36.3	10.7	-23.8	0.6
Tires & Rubber	14.2	5.4	-16.1	38.9	24.6	1.8	40.6
Automobiles	2.5	3.7	-12.5	-4.1	28.1	-40.6	-8.2
Automobile Manufacturers	2.3	9.7	-10.0	11.7	23.6	-49.2	-16.9
Motorcycle Manufacturers	3.3	-10.7	-19.4	-31.8	36.9	-15.2	27.8
Consumer Durables & Apparel	0.3	0.2	-10.4	-8.6	4.6	0.4	21.9
Household Durables	-1.1	-4.6	-15.4	-20.4	-6.9	8.5	20.3
Consumer Electronics	-24.6	-25.0	-27.2	-14.9	20.7	0.0	0.0
Home Furnishings	0.2	-4.0	-11.2	-18.1	4.1	-19.2	31.4
Homebuilding	-0.9	-7.1	-30.1	-49.9	-20.9	25.8	32.9
Household Appliances	2.5	-2.2	-9.5	8.8	1.4	4.3	20.8
Housewares & Specialties	3.6	2.4	-2.1	-3.6	14.0	4.0	6.0
Leisure Equipment & Products	2.9	4.2	-7.7	1.3	18.3	-18.8	14.8
Leisure Products	5.0	4.7	-10.7	-1.1	22.5	-13.8	9.4
Photographic Products	-1.2	3.3	-1.0	6.7	10.3	-27.4	25.6
Textiles Apparel & Luxury Goods	0.8	4.6	-5.0	4.8	22.9	0.6	28.5
Apparel Accessories & Luxury Goods	1.3	6.4	-6.8	-0.8	28.5	2.5	27.0
Footwear	0.1	1.6	-1.8	15.6	15.6	-0.6	30.1
Consumer Services	2.1	5.0	4.4	6.4	18.5	-0.2	37.7
Hotels Restaurants & Leisure	1.9	5.2	5.1	5.8	22.4	2.0	37.7
Casinos & Gaming	1.3	5.7	4.2	-1.6	31.1	-5.0	8.2
Hotels Resorts & Cruise Lines	4.9	1.8	4.4	3.8	13.1	0.3	44.1
Restaurants	0.3	7.4	5.9	9.4	25.3	5.1	41.0
Diversified Consumer Services	4.8	1.9	-5.3	15.5	-21.3	-	-
Education Services	6.6	0.1	0.5	50.7	-35.5	-	-
Specialized Consumer Services	2.8	4.2	-11.5	-10.2	-6.2	-	-
Media	0.9	-1.0	-7.7	-7.9	29.3	-13.4	-3.4
Media	0.9	-1.0	-7.7	-7.9	29.3	-13.4	-3.4
Advertising	1.4	-3.0	-6.7	-7.4	23.9	-6.8	-6.5
Broadcasting & Cable TV	-1.2	-4.1	-9.2	-8.3	42.8	-16.9	-9.1
Movies & Entertainment	2.1	1.4	-4.3	-5.4	27.2	-12.4	0.6
Publishing	1.8	-1.3	-19.0	-18.5	13.2	-14.2	-4.2
Retailing	1.0	-1.9	-5.6	-2.6	9.4	-1.1	21.6
Distributors	4.1	1.8	1.9	6.6	8.0	-0.3	32.7
Distributors	4.1	1.8	1.9	6.6	8.0	-0.3	32.7
Internet & Catalog Retail	3.4	11.6	19.7	69.5	-11.8	-25.3	80.0
Internet Retail	3.4	11.6	19.7	69.5	-11.8	-25.3	80.0
Multiline Retail	3.0	-0.4	-7.6	-1.2	20.2	7.9	21.2
Department Stores	4.3	-0.1	-14.0	-12.8	33.4	13.3	20.0
General Merchandise Stores	1.5	-0.6	0.8	15.5	4.7	1.8	22.5
Specialty Retail	-0.7	-4.7	-7.6	-9.6	5.5	2.1	11.5
Apparel Retail	0.1	-0.6	0.0	-5.2	20.4	-9.7	6.8
Computer & Electronics Retail	3.0	2.5	-9.4	-7.0	5.2	4.4	15.9
Home Improvement Retail	-2.1	-6.5	-7.3	-8.7	-1.4	1.6	15.1
Specialty Stores	0.4	-7.4	-12.9	-20.1	20.7	17.6	4.9
Automotive Retail	1.4	-6.3	-18.2	-7.0	14.5	-	-
Homefurnishing Retail	0.0	-3.5	-7.1	-12.3	5.4	-	-
Consumer Staples	1.7	2.9	2.9	6.8	11.8	1.3	6.0
Food & Staples Retailing	1.6	1.2	-1.3	3.3	5.7	-5.2	2.6
Food & Staples Retailing	1.6	1.2	-1.3	3.3	5.7	-5.2	2.6
Drug Retail	0.1	0.3	4.0	9.7	8.0	15.9	10.8
Food Distributors	3.9	3.7	4.9	-5.8	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	2.7	3.3	-1.1	8.3	15.7	4.3	-3.4
Hypermarkets & Super Centers	1.9	0.7	-5.9	-0.9	0.1	-9.5	1.7
Food Beverage & Tobacco	1.6	2.5	1.8	8.5	14.4	3.8	5.4
Beverages	1.4	4.6	6.8	13.3	11.9	1.3	-4.8
Brewers	1.2	3.1	-2.1	5.0	14.3	-15.3	-1.9
Distillers & Vintners	3.6	2.0	0.6	-2.0	3.3	25.2	4.2
Soft Drinks	1.4	5.0	8.9	15.8	12.0	4.5	-5.7
Food Products	1.3	2.9	-1.5	5.5	15.8	-8.3	18.6
Agricultural Products	2.3	-1.7	0.1	3.6	29.6	10.5	46.6
Packaged Foods & Meats	1.2	3.5	-1.7	5.2	13.5	-10.5	16.2
Tobacco	2.1	-1.4	-2.6	4.6	17.0	19.8	13.6
Tobacco	2.1	-1.4	-2.6	4.6	17.0	19.8	13.6
Household & Personal Products	2.3	5.3	10.0	6.8	12.6	4.4	12.2
Household Products	2.2	5.5	11.2	6.9	12.3	2.4	10.2
Household Products	2.2	5.5	11.2	6.9	12.3	2.4	10.2
Personal Products	3.8	2.3	-4.9	5.9	15.4	16.3	19.4
Personal Products	3.8	2.3	-4.9	5.9	15.4	16.3	19.4
Health Care	1.9	3.0	0.6	5.9	5.8	4.9	0.2
Health Care Equipment & Services	1.1	2.2	1.4	9.1	-0.2	17.4	17.3
Health Care Equipment & Supplies	2.0	5.3	3.3	8.9	3.2	-0.1	12.3
Health Care Equipment	2.0	5.3	3.4	8.7	3.4	-0.5	12.1
Health Care Supplies	0.6	0.9	-8.2	22.5	-2.9	16.9	20.9
Health Care Providers & Services	0.4	0.0	0.1	9.0	-2.3	34.2	22.6
Health Care Distributors	0.0	-4.7	-7.4	3.2	-1.8	28.8	-2.9
Health Care Services	0.9	1.6	8.9	37.8	4.9	32.2	17.4
Health Care Facilities	2.3	2.2	-18.3	-8.8	1.2	10.4	-10.9
Managed Health Care	0.3	0.8	0.8	3.8	-6.6	42.7	52.7
Pharmaceuticals & Biotechnology	2.3	3.3	0.2	4.2	9.9	-2.0	-7.1
Biotechnology	1.2	8.6	6.4	5.4	-2.7	18.3	7.6
Biotechnology	1.2	8.6	6.4	5.4	-2.7	18.3	7.6
Pharmaceuticals	2.5	2.2	-1.4	3.3	12.6	-5.9	-9.5
Pharmaceuticals	2.5	2.2	-1.4	3.3	12.6	-5.9	-9.5
Financials	2.7	2.7	-4.3	-6.2	16.2	3.7	8.2
Banks	2.2	0.3	-4.9	-9.6	12.3	-4.8	10.9
Commercial Banks	1.8	1.0	-2.7	-7.8	11.5	-2.2	11.1
Diversified Banks	2.2	1.6	1.1	-4.9	12.0	-1.2	13.5
Regional Banks	1.3	0.2	-7.6	-11.7	10.9	-4.2	6.4
Thriffs & Mortgage Finance	3.2	-1.9	-10.8	-14.7	13.4	-13.0	10.4
Thriffs & Mortgage Finance	3.2	-1.9	-10.8	-14.7	13.4	-13.0	10.4
Diversified Financials	2.7	3.8	-4.8	-6.6	20.7	7.2	5.9
Diversified Financial Services	2.5	2.3	-2.7	-8.4	15.9	2.9	0.2
Other Diversified Financial Services	2.5	2.4	-2.0	-8.0	16.3	1.5	-1.0
Specialized Finance	2.1	0.9	-11.0	-12.8	4.5	29.0	42.6
Consumer Finance	1.9	1.1	-9.2	-5.6	4.9	2.3	22.2
Consumer Finance	1.9	1.1	-9.2	-5.6	4.9	2.3	22.2
Capital Markets	3.1	6.9	-6.3	-4.1	32.4	15.4	6.9
Asset Management & Custody Banks	3.4	4.6	-2.2	6.9	16.7	11.7	6.2
Investment Banking & Brokerage	3.0	8.3	-8.5	-9.0	39.6	17.0	3.2
Insurance	3.2	2.7	-4.3	-1.4	9.3	12.5	5.9
Insurance	3.2	2.7	-4.3	-1.4	9.3	12.5	5.9
Insurance Brokers	-2.3	-3.1	-10.1	-2.5	-2.7	12.9	-24.2
Life & Health Insurance	4.1	5.8	1.2	11.2	15.0	20.9	20.4
Multi-line Insurance	3.7	2.2	-5.1	-4.4	6.4	7.8	2.7
Property & Casualty Insurance	2.5	1.2	-7.2	-7.8	10.7	13.0	8.4
Real Estate	3.5	3.4	1.3	-7.0	36.8	7.4	21.9
Real Estate						7.4	21.9
Real Estate Investment Trusts	3.2	3.6	2.3	-6.8	36.9	7.4	21.9
Information Technology	2.7	2.2	4.6	13.9	7.7	0.4	2.1
Software & Services	2.4	4.0	1.2	6.9	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
<b>Internet Software &amp; Services</b>	5.0	10.1	5.9	18.3	-20.7	4.0	66.8
Internet Software & Services	5.0	10.1	5.9	18.3	-20.7	4.0	66.8
<b>IT Services</b>	2.1	1.1	-5.3	2.7	9.5	3.4	3.3
IT Consulting & Other Services	5.7	2.0	-4.2	-3.1	19.1	-42.7	-31.4
Data Processing & Outsourced Services	1.7	1.0	-5.4	3.4	9.4	4.7	4.7
<b>Software</b>	1.2	2.2	1.2	3.5	14.5	-4.2	9.0
Application Software	0.3	2.5	2.0	8.3	5.3	10.6	11.6
Systems Software	1.3	2.0	0.4	2.5	16.9	-5.3	7.9
Home Entertainment Software	2.2	5.7	18.2	11.1	-3.7	-15.2	29.1
<b>Technology Hardware &amp; Equipment</b>	2.6	1.3	7.5	18.9	14.9	-1.7	8.7
Communications Equipment	2.5	2.2	7.5	14.3	15.1	1.8	2.8
Communications Equipment	2.5	2.2	7.5	14.3	15.1	1.8	2.8
Computers & Peripherals	2.8	1.0	9.5	24.8	16.0	-3.9	14.8
Computer Hardware	3.1	1.6	10.7	27.3	17.8	-1.7	13.9
Computer Storage & Peripherals	0.3	-3.2	0.7	8.5	6.7	-17.1	20.9
Electronic Equipment & Instruments	1.4	-0.2	-7.0	-2.6	-0.6	1.2	-8.5
Electronic Equipment Manufacturers	0.8	0.1	-5.1	5.9	10.8	15.8	-2.4
Electronic Manufacturing Services	1.8	-0.3	-8.1	-11.1	-13.9	-11.9	-17.0
Office Electronics	0.2	-0.6	-7.9	0.4	15.7	-13.9	23.3
Office Electronics	0.2	-0.6	-7.9	0.4	15.7	-13.9	23.3
Semiconductors	3.7	1.7	4.6	18.2	-9.9	11.2	-21.3
<b>Semiconductors &amp; Semiconductor Equipment</b>	3.7	1.2	4.1	16.7	-8.1	10.0	-21.8
Semiconductors & Semiconductor Equipment	3.7	1.2	4.1	16.7	-8.1	10.0	-21.8
Semiconductor Equipment	3.4	-1.3	2.0	8.6	5.3	2.0	-25.0
<b>Telecommunication Services</b>	<b>4.8</b>	<b>4.8</b>	<b>1.7</b>	<b>15.5</b>	<b>32.1</b>	<b>-9.0</b>	<b>16.0</b>
Telecommunication Services	4.8	4.8	1.7	15.5	32.1	-9.0	16.0
Diversified Telecommunication Services	4.8	5.8	3.3	18.0	43.9	-8.9	9.3
Integrated Telecommunication Services	4.8	5.8	3.3	18.0	43.9	-8.9	9.3
Wireless Telecommunication Services	5.0	-0.3	-6.2	3.3	-3.4	1.6	57.3
Wireless Telecommunication Services	5.0	-0.3	-6.2	3.3	-3.4	1.6	57.3
<b>Utilities</b>	<b>2.3</b>	<b>5.0</b>	<b>2.9</b>	<b>10.3</b>	<b>16.9</b>	<b>12.8</b>	<b>19.6</b>
Utilities	2.3	5.0	2.9	10.3	16.9	12.8	19.6
Electric Utilities	2.1	5.7	4.9	12.8	19.0	13.5	21.8
Electric Utilities	2.1	5.7	4.9	12.8	19.0	13.5	21.8
Gas Utilities	0.6	1.5	-3.6	16.5	21.1	-6.6	9.9
Gas Utilities	0.6	1.5	-3.6	16.5	21.1	-6.6	9.9
Multi-Utilities	2.6	4.4	2.1	4.0	12.3	13.1	15.1
Multi-Utilities	2.6	4.4	2.1	4.0	12.3	13.1	15.1
Independent Power Producers & Energy Traders	2.7	4.2	-1.8	16.2	24.4	-	-
Independent Power Producers & Energy Traders	2.7	4.2	-1.8	16.2	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)	2.8	3.5	1.5	7.6	13.6	3.0	9.0
Dow Jones 30 Industrials	2.8	3.5	3.1	10.9	16.3	-0.6	3.1
Dow Jones 65 Composite	2.0	2.4	0.2	9.4	13.3	7.1	13.2
Dow Jones Wilshire 5000 (Full cap)	2.8	3.3	0.8	7.6	13.9	4.6	10.8
Russell 1000	2.7	3.5	1.3	7.6	13.3	4.4	9.5
Russell 3000	2.8	3.4	1.0	7.3	13.7	4.3	10.1
NASDAQ Composite Index	2.7	2.9	2.6	10.6	9.5	1.4	8.6
S&P Mid Cap	2.2	2.2	-1.5	9.6	9.0	11.3	15.2
Russell Mid Cap	2.6	2.7	-1.2	7.9	13.5	11.0	18.4
Russell 2000	3.8	2.6	-2.5	3.2	17.0	3.3	17.0
S&P Small Cap	3.4	2.5	-1.0	7.0	14.1	6.7	21.6
Russell Micro Cap (TR)	3.3	2.3	-4.1	0.0	16.5	-	-

**Barrington Research Associates, Inc.**

161 N. Clark Street, Suite 2950

Chicago, IL 60601

Main: (312) 634-6000

Trading: (800) 233-6205

Fax: (312) 634-6350

**INVESTMENT RESEARCH**

Alek Gasiel	agasiel@brai.com	(312) 634-6380
James C. Goss, CFA	jcg@brai.com	(312) 634-6355
Jack Hain	jhain@brai.com	(312) 634-6379
Michael Hutchison	mh@brai.com	(312) 634-6354
Derek W. Leckow	dleckow@brai.com	(312) 634-6367
Walter S. Liptak, CPA	wliptak@brai.com	(312) 634-6371
Alexander P. Paris, CFA	app@brai.com	(312) 634-6359
Alexander Paris, Jr., CFA	aparis@brai.com	(312) 634-6352
Gary Prestopino, CFA	gprestopino@brai.com	(312) 634-6369
Jennifer Price (Editorial)	jprice@brai.com	(312) 634-6341

**INSTITUTIONAL SALES**

Lori Boo	lboo@brai.com	(312) 634-6353
Lia Carlos	liacarlos@brai.com	(312) 634-6372
Craig E. Christensen	cec@brai.com	(312) 634-6356
Frank P. Clarke	fclarke@brai.com	(212) 350-4754
David C. Hayward	dhayward@brai.com	(312) 634-6362
Jerry Keaton	jkeaton@brai.com	(312) 634-6386
Daniel F. Mangin III	dmangin@brai.com	(312) 634-6385
Jonathan Raclin	jsr@brai.com	(312) 634-6358
John K. Smith	jsmith@brai.com	(312) 634-6340
Lisa Vliek	lvliek@brai.com	(312) 634-6373

**TRADING (800) 233-6205**

Michael Hutchison	mh@brai.com	(312) 634-6374
Alice M. Somodji	ams@brai.com	(312) 634-6375

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- 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).
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