

Morningstar Weekly Market Report

U.S. Market Overview: January 12–January 19, 2007

Market Commentary

Markets were choppy at the start of corporate earnings reporting season. A late-week rally in crude oil prices and new data on tightening in the labor market took a back seat to mixed fourth-quarter results and dour forecasts from some bellwether stocks. The Morningstar US Market Index finished the week of Jan. 19, 2007 down a scant 0.1%.

Small-cap stocks trailed their large- and mid-cap peers, while growth stocks—which had a strong run in the first two weeks of the year—lagged value and core stocks. The Morningstar Large Value Index was the best performer among the nine Morningstar style indexes with a gain of 0.63%, while the Morningstar Small Growth Index trailed the pack with a loss of 1.74%.

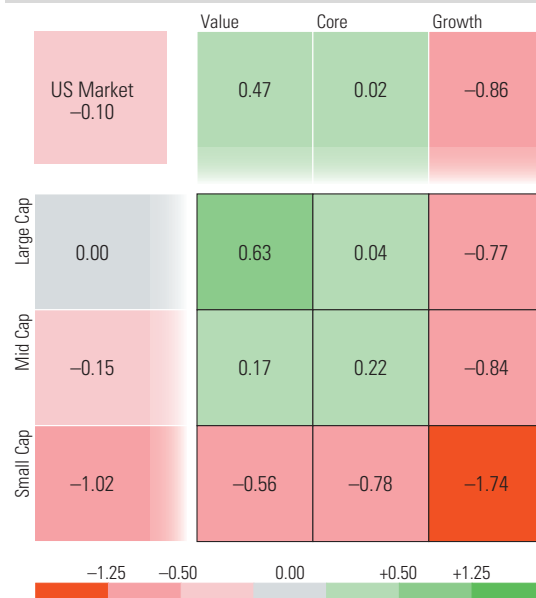
The rebound of large growth stocks was put on hold as several technology stocks pushed the Morningstar Large Growth Index down last week. Cisco Systems Inc., Apple and Dell Inc. each dropped over 6.0%, while energy stocks, JPMorgan Chase & Co., and Pfizer Inc. buoyed the Morningstar Large Value Index. JPMorgan Chase's net income jumped 68% for the fourth quarter, the stock rose 1.6%. Likewise, Pfizer's shares increased 2.2% after its strong earnings report.

Mid-cap semiconductor manufacturer Lam Research Corp. dropped 13% after offering analysts a disappointing forecast. The grim outlook spread to other semiconductor stocks in the Morningstar Small Growth Index. Shares of Varian Semiconductor Equipment Associates fell 10.6% and Cymer Inc.'s shares lost 9.2%.

Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	-0.10	5.27	1.06	13.06	10.79	7.74
Large Cap	0.00	5.32	1.03	13.76	9.50	5.85
Mid Cap	-0.15	6.07	1.57	11.25	14.74	12.85
Small Cap	-1.02	2.60	-0.09	10.65	12.28	12.46
US Value	0.47	5.31	-0.28	19.26	15.23	12.14
US Core	0.02	5.36	1.70	15.30	11.71	8.23
US Growth	-0.86	5.12	1.84	4.21	5.10	2.00
Large Value	0.63	5.10	-0.64	20.36	14.44	10.68
Large Core	0.04	5.40	1.84	16.29	10.84	6.20
Large Growth	-0.77	5.45	2.03	3.89	2.65	-0.29
Mid Value	0.17	6.55	1.06	16.29	17.71	15.75
Mid Core	0.22	6.27	1.77	12.13	13.88	13.86
Mid Growth	-0.84	5.39	1.88	5.69	12.48	8.10
Small Value	-0.56	3.98	-0.15	14.74	15.09	16.59
Small Core	-0.78	2.65	-0.01	14.63	14.95	14.79
Small Growth	-1.74	1.22	-0.11	2.82	6.72	5.86

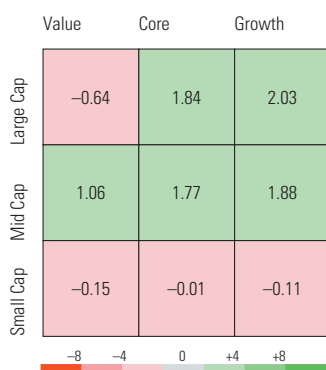
Morningstar Market Barometer (% Return)



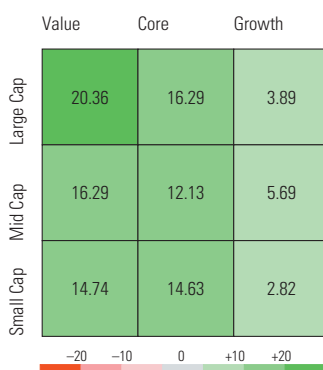
Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Large Value	0.63	
Exxon Mobil Corp.	1.20	0.13
Chevron Corp.	2.80	0.11
Pfizer Inc.	2.18	0.11
JPMorgan Chase & Co.	1.61	0.07
AT&T Inc.	0.98	0.05
Worst Performing Index		
Small Growth	-1.74	
Rackable Systems Inc.	-40.94	-0.10
Varian Semiconductor Equipment	-10.63	-0.08
Cash America International Inc.	-12.82	-0.05
Cymer Inc.	-9.19	-0.04
Medicines Co.	-8.86	-0.04

Year-to-Date



1-Year



3-Year

