

Morningstar Weekly Market Report

U.S. Market Overview: January 26–February 02, 2007

Market Commentary

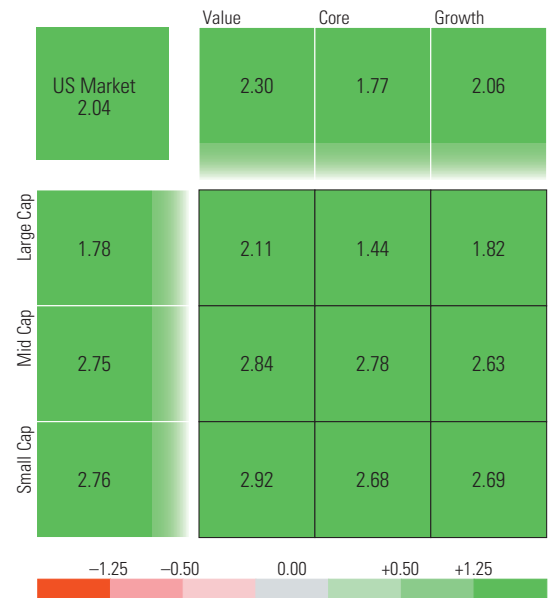
The Federal Reserve left interest rates unchanged last week, endorsing the view of moderating inflationary pressure as the economy moves towards a soft landing. Stocks surged despite a 6.5% spike in oil prices. The Morningstar US Market Index gained 2.0% for the week ending Feb. 2, 2007.

All nine Morningstar style indexes were up strongly for the week. Value stocks extended their winning streak over growth stocks to a total of three weeks, chipping away another 0.24% from the growth index's early-year lead. The Morningstar Small Value Index was last week's top performer with a robust 2.9% gain. The Morningstar Large Core Index finished the week on the bottom, with a respectable 1.4% gain.

Shares of First Republic Bank, a regional banking firm, rose 40% for the week after agreeing to be acquired by Merrill Lynch & Co. for a 44% premium. Another high-profile deal caught the interest of investors as newsprint producers Bowater Inc. and Abitibi-Consolidated Inc. agreed to a merger of equals. Bowater finished the week ahead by 24.6%.

Wireless equipment maker Motorola, Inc.'s shares jumped 8% on the news that activist shareholder Carl Icahn acquired 1.4% of its outstanding shares, in an effort to obtain a seat on the firm's board of directors. Agriculture processor Archer Daniels Midland Co. shares jumped 11.9% last week after announcing impressive second quarter results, citing improved margins in their corn based products.

Morningstar Market Barometer (% Return)



Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	2.04	7.16	2.73	15.82	11.57	8.18
Large Cap	1.78	6.40	2.17	16.50	10.03	6.32
Mid Cap	2.75	9.80	4.68	14.59	16.15	13.14
Small Cap	2.76	7.96	3.12	12.26	13.97	12.95
US Value	2.30	7.82	2.15	22.76	16.06	12.58
US Core	1.77	6.38	2.66	16.80	12.00	8.62
US Growth	2.06	7.35	3.48	7.49	6.29	2.43
Large Value	2.11	7.17	1.57	23.86	15.19	11.21
Large Core	1.44	5.41	2.10	17.49	10.78	6.68
Large Growth	1.82	6.71	3.00	7.40	3.54	0.01
Mid Value	2.84	10.02	4.19	20.38	18.73	15.91
Mid Core	2.78	9.69	4.78	15.07	15.09	13.88
Mid Growth	2.63	9.72	5.09	8.77	14.47	8.81
Small Value	2.92	8.91	2.94	16.59	16.35	16.79
Small Core	2.68	8.31	3.11	15.98	16.60	15.15
Small Growth	2.69	6.64	3.30	4.48	8.82	6.69

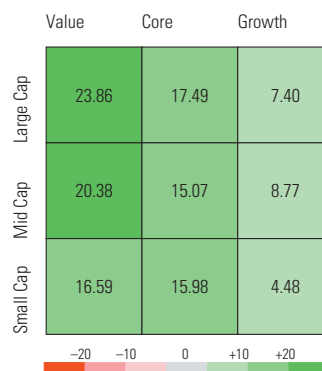
Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Small Value	2.92	
First Republic Bank (California)	40.47	0.14
Bowater Inc.	24.61	0.09
Standard Pacific Corp.	14.53	0.07
AK Steel Holding Corp.	9.09	0.06
Hovnanian Enterprises Inc. CI A	18.37	0.06
Worst Performing Index		
Large Core	1.44	
Intel Corp.	3.41	0.10
Motorola Inc.	8.00	0.09
Caterpillar Inc.	6.81	0.07
International Business Machines Corp.	1.77	0.06
Lehman Brothers Holdings Inc.	5.83	0.06

Year-to-Date



1-Year



3-Year

