

Morningstar Weekly Market Report

U.S. Market Overview: July 23–July 30, 2004

Market Commentary

Despite higher oil prices, the market staged a modest comeback last week with all nine style indexes posting positive returns. The Morningstar US Market Index ended the week with healthy recovery, up 1.47%. Value stocks moderately outperformed growth stocks, ending the week up 1.83% versus the 1.40% advance of growth stocks.

AT&T's announcement that it intends to leave the residential phone service market lifted its Baby Bell competitors, including Verizon Communications, whose 9.12% stock rise helped to drive the Morningstar Large Value Index up 1.92% for the week. Strong steel prices provided additional support to value stocks; higher revenues at International Steel Group, United States Steel Corp., and NuCor put the three companies among the top five performers in the Morningstar Mid Cap Value Index.

The Morningstar Small Cap Growth Index had the best performance of the week, followed closely by the Morningstar Small Cap Core Index. palmOne, the maker of handheld digital assistants, contributed to the core index's strong performance when a short squeeze pushed the price up by 7.37%. The generic drug maker Par Pharmaceutical Cos. also lifted the index when it announced a strong second quarter profit driven by its generic version of GlaxoSmithKline's Paxil antidepressant. High levels of volatility marked the Morningstar Small Cap Growth Index, which shifted by more than 2% during part of the week. Cray, Inc., a supercomputer manufacturer, buffeted the small cap index with a -36.65% weekly return after the company reported a quarterly loss and an 80% shrinkage in government defense contracts.

Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	1.47	-0.12	0.07	14.05	-0.63	-1.54
Large Cap	1.42	-0.29	-0.48	11.90	-2.68	-4.01
Mid Cap	1.41	0.52	1.59	19.32	4.39	4.76
Small Cap	2.17	-0.19	1.35	20.93	6.86	8.15
US Value	1.83	2.44	3.63	21.12	4.00	3.42
US Core	1.19	0.39	1.59	14.97	0.68	1.02
US Growth	1.40	-3.34	-5.11	6.43	-7.69	-9.88
Large Value	1.92	1.70	2.61	18.85	1.78	1.17
Large Core	1.08	0.35	1.38	12.90	-1.93	-1.48
Large Growth	1.28	-3.12	-5.57	4.38	-9.04	-12.58
Mid Value	1.54	4.46	6.90	27.17	9.14	9.00
Mid Core	1.26	0.20	1.57	19.44	8.16	7.03
Mid Growth	1.42	-3.21	-3.75	11.43	-4.95	-2.64
Small Value	1.72	3.82	4.45	26.29	14.15	12.56
Small Core	2.22	1.45	3.83	24.14	9.74	14.17
Small Growth	2.65	-6.00	-4.41	12.48	-2.98	-1.16

Morningstar Market Barometer (% Return)



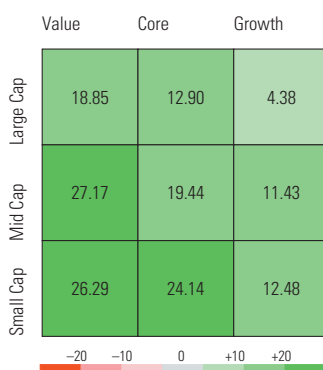
Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Small Growth	2.65	
Trimble Navigation Ltd.	27.97	0.13
Kronos Inc.	28.72	0.12
Cree Inc.	18.10	0.10
InfoSpace Inc.	33.50	0.10
Connetics Corp.	22.74	0.07
Worst Performing Index		
Large Core	1.08	
General Electric Co.	2.25	0.25
American International Group Inc.	3.74	0.19
International Business Machines Corp.	2.62	0.12
Boeing Co.	7.84	0.09
American Express Co.	4.45	0.08

Year-to-Date



1-Year



3-Year

