

Morningstar Weekly Market Report

U.S. Market Overview: August 11–August 18, 2006

Market Commentary

The dog days of August came to life as new market data showed inflation remains in check, diminishing the prospects of any further interest rate hikes. The Morningstar US Market Index posted gains every day last week, closing 3% ahead for the week ending August 18, 2006.

The Morningstar Market Barometer was a sea of green, as the Morningstar Small Cap and Mid Cap Indexes made it back into positive territory for the year to date. The Morningstar Large Growth Index was the only exception among the nine Morningstar style indexes to be in red for the year. The Morningstar Small Growth Index claimed the distinction of the week's best performer with a 5.7% gain, while the Morningstar Large Value Index brought up the rear with a still respectable 1.6% gain.

Smaller semiconductor stocks bounced back from their early summer swoon. SiRF Technology Holdings Inc. led the charge with a 27% gain. Optical equipment manufacturer Redback Networks' stock jumped 24% after a benign resolution to their review of stock option grants.

Morningstar Large Cap Value Index heavyweight Pfizer Inc. rose nearly 5% after a favorable patent ruling on the blockbuster drug Norvasc. Consumer goods giant Altria Group Inc. also got a boost from the courts in a ruling that clears the way for the long anticipated spin-off of Kraft Foods, closing 4% higher for the week.

Morningstar Market Barometer (% Return)



Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	3.05	2.91	5.38	9.26	12.37	5.06
Large Cap	2.74	4.21	5.76	9.05	10.56	3.14
Mid Cap	3.70	-0.39	3.63	9.33	17.22	10.00
Small Cap	4.68	-1.31	6.04	10.42	16.54	10.73
US Value	1.82	7.59	13.02	16.55	17.98	9.43
US Core	3.19	1.44	4.65	8.88	12.45	5.43
US Growth	4.37	-0.59	-1.80	2.01	6.51	-0.47
Large Value	1.55	9.44	14.97	18.67	17.09	8.11
Large Core	2.94	2.03	4.64	8.52	10.86	3.35
Large Growth	4.01	0.75	-2.92	-0.62	3.38	-2.92
Mid Value	2.28	2.43	7.07	10.10	20.19	12.41
Mid Core	3.75	0.04	3.04	8.27	16.15	11.04
Mid Growth	5.13	-3.52	0.94	9.51	15.08	5.75
Small Value	3.86	1.29	7.70	10.90	18.90	14.35
Small Core	4.50	-0.65	9.17	14.04	18.81	12.88
Small Growth	5.73	-4.45	1.26	6.35	11.88	4.75

Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Small Growth	5.73	
SiRF Technology Holdings Inc.	26.84	0.08
Bucyrus International Inc. CI A	16.52	0.08
Redback Networks Inc.	24.26	0.08
Digital River Inc.	12.95	0.08
WebEx Communications Inc.	14.47	0.07
Worst Performing Index		
Large Value	1.55	
Pfizer Inc.	4.76	0.24
Altria Group Inc.	3.87	0.17
JPMorgan Chase & Co.	4.05	0.16
Bank of America Corp.	2.12	0.13
Citigroup Inc.	2.02	0.13

Year-to-Date



1-Year



3-Year

