

Morningstar Weekly Market Report

U.S. Market Overview: August 27–September 03, 2004

Market Commentary

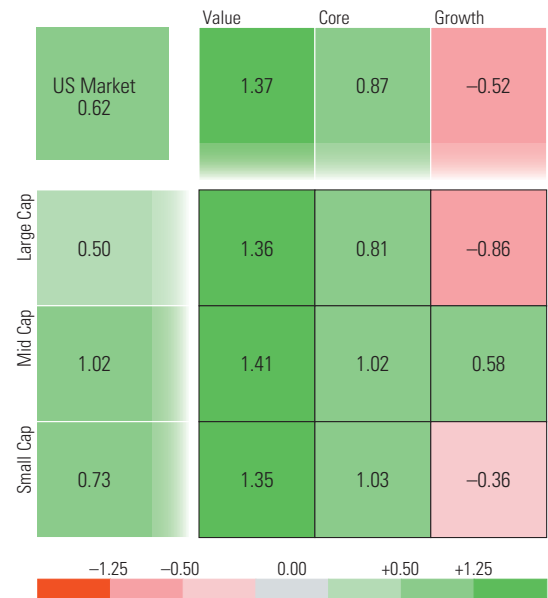
The Morningstar US Market Index rose a modest 0.6% last week amidst tepid trading volumes and low volatility. The Republican Convention in New York and the last official week of summer gave most traders enough reason to stay away from work last week.

Value stocks, which have so far led growth stocks by more than 13% this year, continued the trend last week, as the Morningstar US Value Index outperformed its growth counterpart by more than 2%.

Despite falling crude oil prices, investors bid up oil stocks. Exxon Corp., ChevronTexaco, and ConocoPhillips boosted the Morningstar Large Cap Value Index. The Morningstar Mid Cap Growth Index also received a push from its constituent oil companies, including Transocean Inc., an oil shipping company, Murphy Oil Corp., a refinery operator, and the two oil services companies Noble Corp. and BJ Services. Oil company profits traditionally correlate positively to the price of crude, but investors' belief that oil prices will stay higher than anticipated in the future helped spark a modest rally in oil related stocks.

The Morningstar Large Growth Index performed the worst for the week, losing 0.9%. Pushing the index down were the three tech bellwethers Intel, Cisco, and Texas Instruments, which all fell after Intel issued a profit warning. Forest Laboratories, a drug researcher and constituent of the index, lost more than 9% for the week after a six-month medical trial showed its new Alzheimer's drug neramexane to be ineffective.

Morningstar Market Barometer (% Return)



Trailing Returns %

	1-Week	3-Month	YTD	1-Yr	3-Yr	5-Yr
Morningstar Indexes						
US Market	0.62	0.14	1.39	10.67	1.71	-1.64
Large Cap	0.50	0.17	0.91	9.62	-0.14	-4.26
Mid Cap	1.02	0.22	2.86	13.57	6.16	5.13
Small Cap	0.73	-0.41	2.06	12.77	8.42	8.81
US Value	1.37	5.20	6.78	19.95	6.10	4.45
US Core	0.87	0.90	3.48	12.92	2.54	1.16
US Growth	-0.52	-5.92	-6.25	-0.52	-4.46	-11.14
Large Value	1.36	5.23	5.89	18.85	4.24	2.26
Large Core	0.81	0.96	3.44	11.86	0.13	-1.55
Large Growth	-0.86	-5.98	-6.84	-1.44	-5.63	-14.04
Mid Value	1.41	4.89	9.77	23.05	10.21	9.76
Mid Core	1.02	0.31	2.99	15.35	9.30	7.99
Mid Growth	0.58	-4.66	-4.18	2.20	-2.04	-3.17
Small Value	1.35	5.76	7.14	21.75	14.67	13.84
Small Core	1.03	1.89	5.17	16.59	10.88	14.96
Small Growth	-0.36	-9.08	-6.39	0.54	-0.48	-1.26

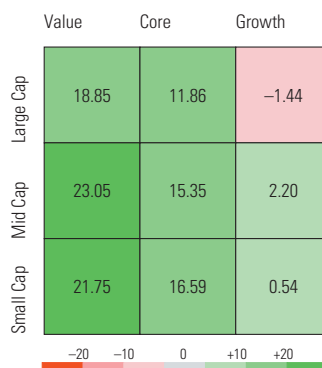
Biggest Influence on Index Performance

	Weekly Return %	Index Contribution %
Best Performing Index		
Mid Value	1.41	
Norfolk Southern Corp.	4.84	0.06
Unocal Corp.	4.87	0.06
CIGNA Corp.	3.86	0.04
May Department Stores Co.	4.65	0.04
Consolidated Edison Inc.	3.37	0.04
Worst Performing Index		
Large Growth	-0.86	
Intel Corp.	-8.95	-0.49
Cisco Systems Inc.	-3.70	-0.19
Microsoft Corp.	-1.28	-0.14
Time Warner Inc.	-4.01	-0.11
Texas Instruments Inc.	-5.75	-0.08

Year-to-Date



1-Year



3-Year

