

Equity Research  
Macroeconomics

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## Economics Weekly

Another Possible Government Shutdown,  
Rising ACA Premiums, and Fiscal Cliffs  
Entering 2026



The two questions most frequently asked by clients over the last month have been: will there be another government shutdown, and what will happen with the enhanced Affordable Care Act (ACA) extended tax credits that expired at the end of December? **In this *Economics Weekly*, we present our responses to both of these questions.**

## Shutdown Largely Depends on Progress in Extending ACA Tax Credits

The reality is that the answer to the first question is almost entirely dependent on the answer to the second. The main sticking point during the last government shutdown was the Democrats' demand for the enhanced premium tax credits for the ACA to be extended versus the Republicans' steadfast refusal to continue to support anything to do with the ACA.

Back in 2021, in the midst of the pandemic, the Biden administration sought to use the crisis as an opportunity to help low- and middle-income households who were faced with dramatically rising healthcare costs and to increase the number of ACA enrollees in the system, which at the time was only about 11 million.

Enhanced premium tax credits were introduced as part of the March 2021 American Rescue Plan as a temporary measure. These credits were extended in August 2022 as part of the Inflation Reduction Act, with an expiration date of December 31, 2025—which has now happened.

The original subsidies were included as part of President Obama's 2010 ACA healthcare reform (but only actually enacted in 2014) and remain in place.

As discussed below, with around 22 million Americans now likely to see their health insurance premiums more than double, this has understandably become a major sticking point in budget negotiations.

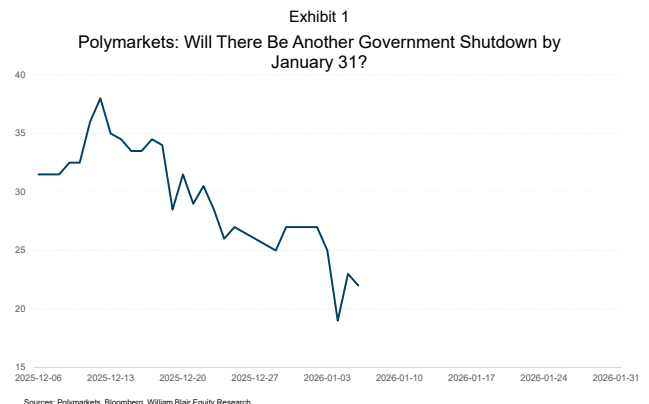
In November, members of Congress agreed to reopen the government (and only until January 31, 2026) following the longest government shutdown in history, after both sides agreed to exclude the question of the enhanced premium tax credit extension in exchange for a guarantee of a vote on the topic in the Senate before the end of December. No such guarantee was made by House Republicans.

## Betting Markets Put Low Odds on Another Shutdown by January 31

Since the government reopened, the Senate has held two votes on the credits. In mid-December the Democrats introduced a bill to extend the credits for another 3 years. While this bill failed by 51 (in favor) to 48 (against)—still short of the required 60-vote threshold—four GOP senators defied the party line and voted in favor of the bill, including strong Trump supporter Josh Hawley from Missouri.

The Senate Republicans introduced a second bill that aimed to replace the enhanced credits with health savings account contributions. This motion also failed by a 51-48 vote. Lawmakers agreed to hold another vote in the coming days, but if there is still no agreement by the end of January, it seems likely that another shutdown will ensue.

Encouragingly, punters using Polymarkets are optimistic about a solution and currently put the odds of another shutdown at just 23%, down from a peak of 38% in mid-December (exhibit 1).



## What's at Stake?

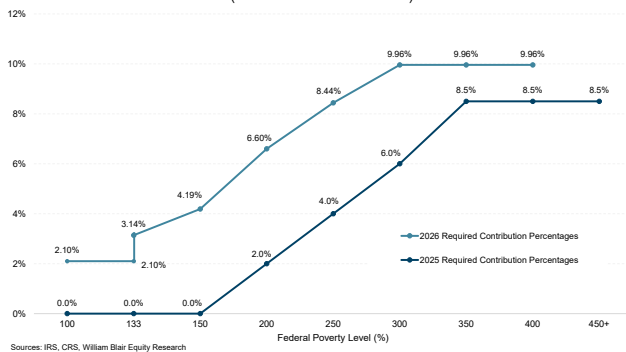
Since the start of this year, the millions of Americans who purchased health insurance through the ACA marketplaces are no longer receiving the enhanced premium tax credits that had been in place since 2021. Meanwhile, pre-subsidy premiums for users have also increased since the start of the year.

Since 2014, the ACA has limited the share of income that enrollees pay for private health insurance if their household income is at least 100% but not more than 400% of the federal poverty level (FPL) for their family size that year. The required premium contribution is determined

by a sliding scale (shown in exhibit 2), and the federal government subsidizes the remainder through a tax credit. Consumers can choose to either apply the credit as an advance premium tax credit (APTC) paid directly to their insurer each month, which is the option most enrollees select, or they can claim the full amount as a refund when filing taxes the following year.

The 2021 enhanced premium tax credits expanded eligibility to include those above 400% of FPL and increased subsidy amounts, such that households below 150% of FPL paid zero or near-zero premiums.

**Exhibit 2**  
Required Premium Contribution by Federal Poverty Level  
(Share of Household Income)



For example, with the enhanced tax credits in place for 2025, a family of four making \$75,000 paid no more than 3.62% (\$2,712) of their annual income toward a benchmark plan. Once enhanced tax credits expire, that same family will pay 7.82% (\$5,869) toward a benchmark plan in 2026. In other words, the family will experience an increase of 116% (\$3,157) in their annual premium payments net of the standard tax credit (exhibit 3).

These examples assume the family purchases the benchmark plan through the ACA marketplace. If they choose a more expensive plan, the credit will remain the same, and they would pay the full difference in premiums.

**Exhibit 3**  
Annual Premium Payments With and Without Enhanced Tax Credits for a Family of Four  
2026 Premium

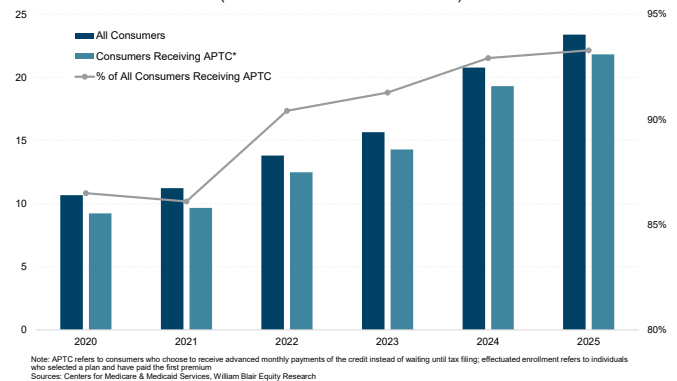
Household Income (% of 2025 FPL)	2025 Premium		Without Enhanced Credit		Delta	
	% of Income	Dollars	% of Income	Dollars	% of Income	Dollars
\$40,000 (124% FPL)	0%	\$0	2.10%	\$840		\$840
\$45,000 (140% FPL)	0%	\$0	3.57%	\$1,607		\$1,607
\$55,000 (171% FPL)	1.05%	\$578	5.21%	\$2,863	395%	\$2,285
\$75,000 (233% FPL)	3.62%	\$2,712	7.82%	\$5,869	116%	\$3,157
\$90,000 (280% FPL)	5.54%	\$4,985	9.35%	\$8,415	69%	\$3,430
\$110,000 (342% FPL)	7.31%	\$8,046	9.96%	\$10,956	36%	\$2,910
\$130,000 (404% FPL)	8.50%	\$11,050	No Premium Tax Credit	Varies	Varies	Varies

Note: FPL stands for Federal Poverty Level; premiums refer to the maximum share of income consumers are required to pay for a benchmark plan  
Sources: Centers for Medicare & Medicaid Services, IRS, William Blair Equity Research

## Impact of Tax Credit Expiration

Since the introduction of enhanced premium tax credits, enrollment in ACA health insurance plans has more than doubled—from 10.7 million in 2020 to 23.4 million in 2025. About 93% of enrollees, or 21.8 million people, received subsidies in the form of APTCs in 2025 (exhibit 4).

**Exhibit 4**  
Annual Enrollment Through ACA Marketplace  
(Effectuated enrollment in millions)



If enhanced tax credits are not extended, many ACA marketplace consumers will still qualify for a reduced tax credit. However, those with incomes between 100% and 150% of the FPL will be hit hardest.

**Exhibit 5**  
Consumers Selecting Plans Through ACA Exchanges in 2025 Open Enrollment

Household Income (% of 2024 FPL)	# of Consumers	% of Consumers
< 100%	548,650	2%
≥ 100% and ≤ 138%	7,056,155	29%
≥ 100% and ≤ 150%	10,902,026	45%
> 150% and ≤ 200%	4,324,050	18%
> 200% and ≤ 250%	2,509,696	10%
> 250% and ≤ 300%	1,709,420	7%
> 300% and ≤ 400%	1,776,223	7%
> 400% and ≤ 500%	724,961	3%
> 500%	911,808	4%
Other Household Income*	912,879	4%

\* Plan selections for which consumers were not requesting financial assistance or unknown household income  
Sources: Centers for Medicare & Medicaid Services, IRS, William Blair Equity Research

During the 2025 open enrollment period, roughly 10.9 million enrollees fell into this category, and 10.3 million of them would have paid monthly premiums less than \$10 after APTC for the plans they selected. The roughly 1.6 million people with incomes above 400% of the FPL will lose eligibility for any tax credits and also have to contend with rising pre-subsidy premiums. Still, these middle-income enrollees may fare better than

their low-income counterparts, some of whom may forgo health insurance altogether for lack of affordable options.

In September 2025, the Congressional Budget Office projected that a permanent extension of the enhanced premium tax credit (PTC) would increase the federal deficit by \$349.8 billion from 2026 to 2035 and increase the number of insured by 2 million in 2026 and 3.8 million by 2035. Put another way and holding all else equal, loss of the subsidy would act as a major tax increase by raising the ACA enrollees' healthcare costs by roughly \$35 billion a year and steadily increasing the number of uninsured households.

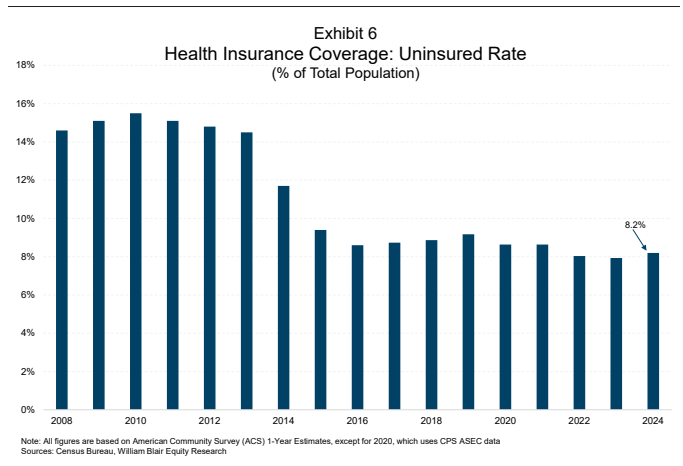
Meanwhile, provisions in the One Big Beautiful Bill Act and new federal rules introduced in 2025 will reduce the number of households eligible for and receiving the PTCs mostly starting in late 2026/early 2027.

Key changes include removing eligibility for many lawfully present immigrants (for example, those not holding green cards), tightening verification for passive reenrollment, and ending special enrollment periods for families earning below 150% of the federal poverty level. Under these restrictions and no enhanced PTCs, an additional 2.9 million people would be uninsured by 2026, rising to 7 million by 2035 compared to the alternative scenario. It will take some time to get a full picture of how these changes affect the ACA marketplace, but as of now demand from existing ACA enrollees appears strong, while interest from new consumers is weaker.

The Centers for Medicare & Medicaid Services (CMS) released data from the first month of open enrollment that show 4.8 million returning ACA customers by early December, up from 4.4 million during the same period in 2024. Down slightly, however, were new sign-ups. CMS reported 949,450 new enrollees as compared to 987,869 at the same time in 2024. It is important to note that these figures represent consumers selecting a plan through the marketplace, not whether they will ultimately be able to afford the premiums. Data on the number of enrollees who make their first premium payment is expected to be available in February.

## Why Is Congress Divided on the Subsidy?

Healthcare costs will rise substantially for ACA enrollees and potentially drive up the uninsured rate, but congressional Republicans continue to oppose extending the enhanced premium tax credits. Recent polling may shed light on what they are hearing from their constituents ahead of the November midterm elections.



According to a December national poll by Marist, 65% of Democrats and a majority of independents (55%) express some degree of concern about affording healthcare services in the coming year. Only 37% of Republicans share that concern.

The splinter along party lines suggests Republican lawmakers have not faced nearly as much pressure from their voters to extend the credit as Democrats. GOP leaders view this as an issue of fiscal reform, claiming that the ACA is riddled with fraud, and they prefer to offer alternative measures such as health savings accounts. They also argue that many households will be able to fall back on employer-provided schemes, which are less comprehensive but will also be less expensive than ACA premiums.

Republicans also view the ACA as very much a Democrat issue, which they have consistently opposed. They did not vote for nor voted to extend the APTCs, and therefore, this is not something they feel any obligation to support now that they have the power not to.

Ultimately, with the midterms approaching, it will be the voters who get to decide whether they agree with this view. With some of the steepest increases in premiums occurring in red states (e.g., Wyoming 195%, West Virginia 133%, and Alaska 125%), and with Florida and Texas being the two biggest enrollment states, this may help to concentrate minds on formulating a solution to this mini-fiscal cliff in the weeks to come.

## Conclusion

The debate over extending the ACA's enhanced premium tax credits remains the central deciding issue in fiscal negotiations, and the likelihood of another government shutdown by the end of January depends on its outcome.

If no new legislation is passed to extend the enhanced premium tax credits or to offer some alternative form of subsidy, approximately 22 million individuals will see their insurance premiums rise by an average of just over 100%. Roughly 5 million enrollees would likely drop coverage altogether and only hope they do not fall ill. This would effectively equate to a mini-fiscal cliff of a \$35 billion tax increase in 2026 and, therefore, a significant headwind to discretionary spending.

Despite two failed votes in the Senate, deep ideological divisions persist and little progress has yet been made—though the House yesterday voted 230-196 for a clean 3-year extension, bypassing House Speaker Johnson, with some Republicans joining Democrats in the vote to extend. Open enrollment closes on January 15, and consumers will have to start paying those new higher premiums by the end of the month. With midterms looming in November and healthcare consistently a top ranked issue on voters' minds, this means that the pressure on Congress to get something done very soon is high.

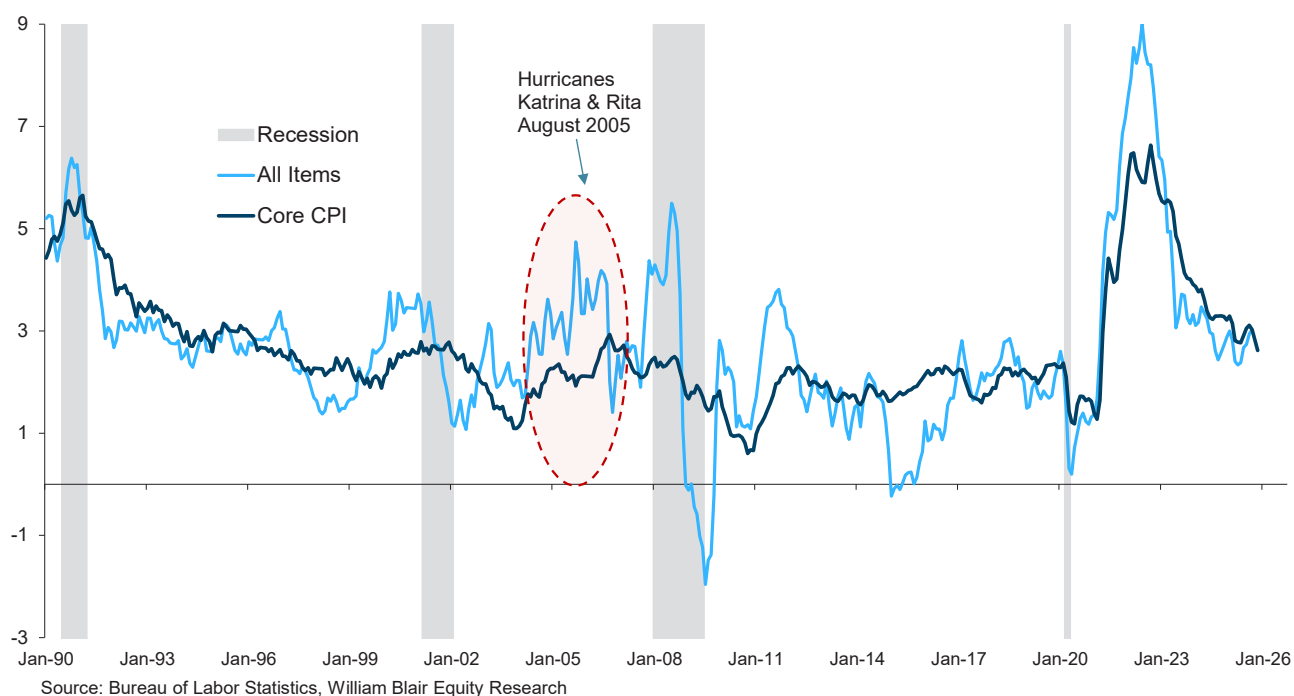
## Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
13 Jan	7:00 a.m.	NFIB Small Business Optimism (Dec)	99.0	NA	NA	
13 Jan	8:30 a.m.	Consumer Price Index (Dec)	NA	0.3%	0.3%	
		CPI Less-food & energy	NA	0.3%	0.3%	
13 Jan	10:00 a.m.	New Home Sales (Oct)	20.5%	-12.5%	-9.5%	
14 Jan	8:30 a.m.	Producer Price Index (Nov)	NA	0.2%	0.2%	
		PPI Less-food & energy	NA	0.2%	0.3%	
14 Jan	8:30 a.m.	Advance Retail Sales (Nov)	0.0%	0.4%	0.2%	
		Sales Less-autos	0.4%	0.4%	0.3%	
16 Jan	9:15 a.m.	Industrial Production (Dec)	0.2%	0.2%	0.2%	
		Capacity Utilization	76.0%	76.0%	76.1%	

Sources: Bloomberg, William Blair Equity Research

## Indicator of the Week: Consumer Price Index

### CPI All Items & Core CPI - % Change on Year Ago



## Economic Scorecard

Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

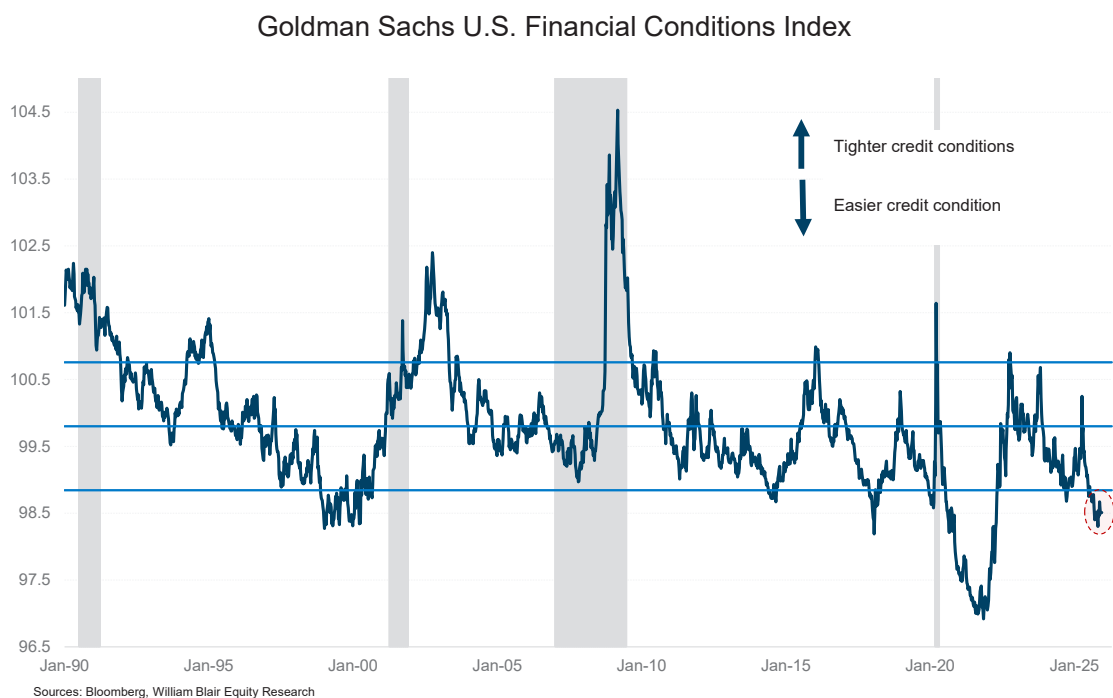
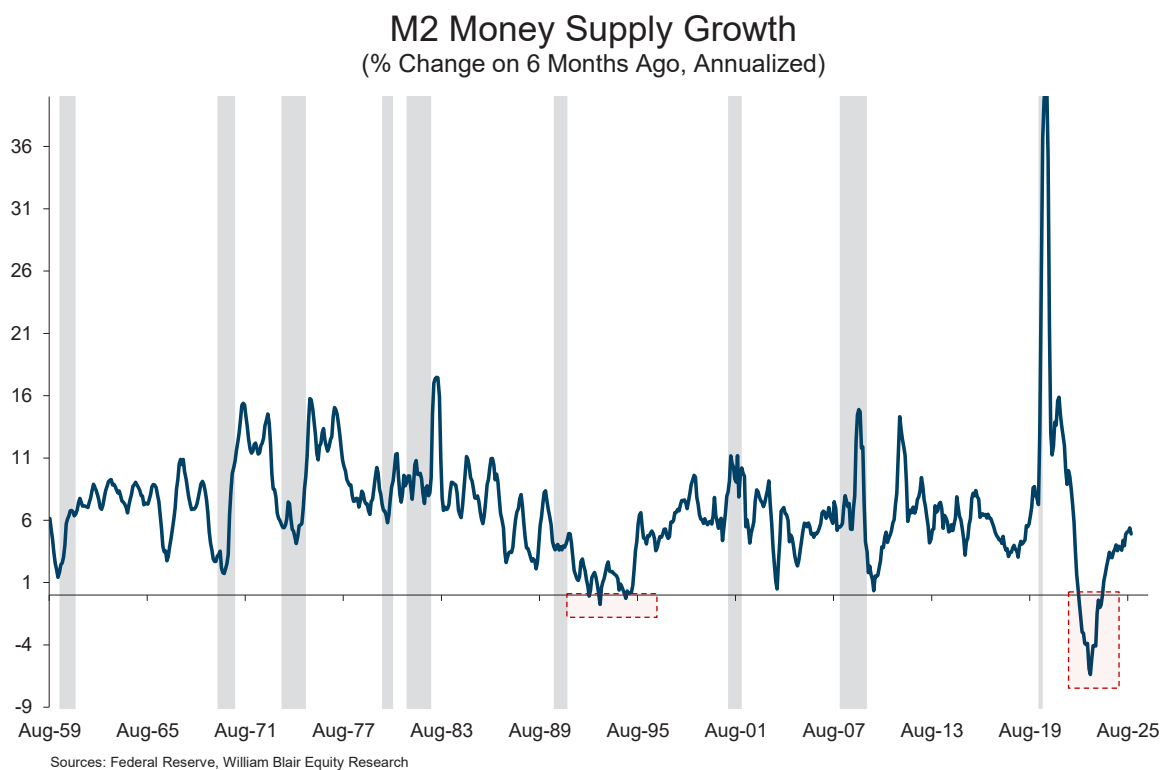
	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
<b>Growth</b>																			
US Leading Indicators	-4.7	-4.6	-4.3	-3.7	-3.0	-3.0	-2.7	-3.0	-3.6	-4.3	-3.9	-3.9	-3.4	-3.4	-3.3				
US Coincident Indicators	1.7	1.7	1.6	1.6	1.3	1.7	1.5	1.5	1.8	2.0	1.4	1.4	1.6	1.5	1.4				
US Lagging Indicators	1.0	0.8	0.3	0.1	0.0	0.1	-0.1	0.1	-0.1	-0.2	0.7	0.4	0.4	0.5	1.1				
<b>Consumer</b>																			
Total Retail Sales	3	1.8	2	3.2	3.9	4.6	4.6	3.9	5.1	5	3.4	4.4	4.1	5	4.2	3.5	3.5		
Personal Income	5.6	5.4	5.3	5.5	5.3	5.3	5	5	5.2	5.6	4.5	4.3	4.6	4.8	4.8	4.8			
Real Disposable Personal Income	2.9	2.8	2.8	2.7	2.4	2.2	1.8	1.8	2.3	2.8	1.5	1.2	1.5	1.6	1.5	1.5			
Real Personal Consumption	3	3	3.4	3.3	3.2	3.6	3.3	2.7	3.2	3.1	2.5	2.5	2.6	2.8	2.4	2.4			
Personal Saving Rate (%)	5.3	5.2	4.8	5	4.9	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.3	4.1	4	4			
Consumer Confidence (Conference Board)**	101.9	105.6	99.2	109.6	112.8	109.5	105.3	100.1	93.9	85.7	98.4	95.2	98.7	97.8	95.6	95.5	92.9	89.1	
<b>Employment</b>																			
Employment Growth	1.3	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1	1.1	1.0	1.0	1.0	0.9	0.8	0.7	0.6		
ASA Temporary Staffing Index	-12.5	-12.2	-12.0	-9.5	-6.6	-21.0	-8.2	-7.5	-8.7	-6.4	-5.8	-5.3	-0.8	-0.9	0.8	1.5	4.5	24.5	
ISM Employment Index Manufacturing*	43.6	45.8	44.6	44.8	48.1	45.4	50.3	47.6	44.7	46.5	46.8	45	43.4	43.8	45.3	46	44	44.9	
ISM Employment Index Services*	51	49.6	48.2	52.2	50.9	51.3	52.3	53.9	46.2	49	50.7	47.2	46.4	46.5	47.2	48.2	48.9	52	
Unemployment Rate, %	4.2	4.2	4.1	4.1	4.2	4.1	4	4.1	4.2	4.2	4.2	4.1	4.2	4.3	4.4	4.4			
Average Hourly Earnings	3.6	4	3.9	4.1	4.2	4	3.9	3.9	3.9	3.8	3.8	3.7	3.9	3.8	3.7	3.7			
Initial Jobless Claims (avg. wkly. chg. '000s)	237	230	225	236	219	222	218	227	223	226	235	241	221	231	235	225	215	219	
Jop Openings	-12.8	-17.6	-23.5	-10.9	-7.3	-12.5	-8.3	-11.4	-11.0	-2.9	-2.4	-0.7	-3.9	-5.5	7.8	-2.2	-11.0		
Layoff Announcements	9.2	1	53.4	50.9	26.8	11.4	-39.5	103.2	204.8	62.7	47	-1.6	139.8	13.3	-25.8	175.3	23.5		
<b>Housing Market</b>																			
Housing Starts	-13.4	5.6	-1	-1.2	-14.5	-0.5	-1.7	-4	3.3	0.9	-2.6	4.1	13	-6	-6				
New Home Sales	1.1	7.4	5.3	-8.8	10.7	11.7	-2.8	-2.4	-4.6	-1.8	-5.7	0.7	-6.5	15.4	15.4				
Existing Home Sales	-2.5	-3.7	-3.0	3.1	6.7	9.7	2.3	-0.9	-2.4	-2.0	-0.5	0.0	0.8	1.8	3.9	2.0			
Median House Price (Existing Homes)	-1.6	-8	-1.2	2.1	-7.4	1.1	-0.2	-1.4	-5.4	-0.4	2.5	-2.5	-7.9	1.9	1.9				
Existing Homes Inventory (Mths' supply)	3.7	3.9	3.9	3.9	3.8	3.7	3.9	3.8	4.2	4.3	4.3	4.4	4.3	4.3	4.4				
New Homes Inventory (Mths' supply)	7.9	8.2	7.9	9.3	8.7	8.2	9	9.3	9.2	8.5	9.6	8.9	9	7.4	7.4				
NAHB Homebuilder Sentiment*	41	39	41	43	46	46	47	42	39	40	34	32	33	32	32	37	38	39	
<b>Inflation</b>																			
Consumer Price Index	2.9	2.5	2.4	2.6	2.7	2.9	3	2.8	2.4	2.3	2.4	2.7	2.7	2.9	3	3	2.7		
CPI Less-food & energy	3.2	3.2	3.3	3.3	3.3	3.2	3.3	3.1	2.8	2.8	2.8	2.9	3.1	3.1	3	3	2.6		
Producer Price Index	2.4	2.1	2.1	2.8	2.9	3.5	3.8	3.4	3.2	2.4	2.7	2.4	3.2	2.7	2.7	2.7	2.7		
PPI Less-food & energy	2.6	2.8	3.3	3.6	3.4	3.7	3.9	3.7	3.8	3.1	3.2	2.7	3.5	2.9	2.6	2.6	2.6		
PCE Price Index	2.6	2.4	2.3	2.5	2.6	2.7	2.6	2.7	2.4	2.3	2.5	2.6	2.6	2.7	2.8	2.8			
PCE Prices Less-food & energy	2.8	2.9	2.8	3.0	3.0	3.0	2.8	3.0	2.7	2.6	2.8	2.8	2.9	2.9	2.8	2.8			
<b>Business Activity - US</b>																			
Industrial Production	-0.9	-0.4	-1.2	-1.0	-1.6	-0.3	0.9	0.8	0.6	0.9	0.1	0.6	1.9	1.2	1.9	2.2	2.5		
New Cap Gds Orders less-aircraft & parts	-0.6	-1.8	0.5	0.2	-1.1	1.9	3.3	-0.9	2.2	0.5	2.2	4.5	4.4	2.5	5.3	6.4	6.4		
Business Inventories	1.6	2.1	2.1	1.9	2.2	2.6	1.9	2.5	2.3	2.5	2.2	1.7	1.6	1.4	1	1.2	0		
ISM Manufacturing PMI*	47	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49	48.7	48.5	49	48	48.7	49.1	48.7	48.2	47.9	
Markit US Manufacturing PMI*	49.6	47.9	47.3	48.5	49.7	49.4	51.2	52.7	50.2	50.2	52	52.9	49.8	53	52	52.5	52.2	51.8	
ISM Services Index*	51.4	51.6	54.5	55.8	52.5	54	52.8	53.5	50.8	51.6	49.9	50.8	50.1	52	50	52.4	52.6	54.4	
Markit US Services PMI*	55	55.7	55.2	55	56.1	56.8	52.9	51	54.4	50.8	53.7	52.9	55.7	54.5	54.2	54.8	54.1	52.5	
<b>Business Activity - International</b>																			
Germany Manufacturing PMI Markit/BME*	43.2	42.4	40.6	43	43	42.5	45	46.5	48.3	48.4	48.3	49	49.1	49.8	49.5	49.6	48.2	47	
Japan Manufacturing PMI Jibun Bank*	49.1	49.9	49.7	49.2	49	49.6	48.7	49	48.4	48.7	49.4	50.1	49	49.7	48.6	48.2	48.7	50	
Caixin China Manufacturing PMI*	49.8	50.4	49.3	50.3	51.5	50.5	50.1	50.8	51.2	50.4	48.3	50.4	49.5	50.5	51.2	50.6	49.9	50.1	
China Manufacturing PMI*	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49	49.5	49.7	49.3	49.4	49.8	49	49.2	50.1	
UK Manufacturing PMI Markit/CIPS*	52.1	52.5	51.5	49.9	48	47	48.3	46.9	44.9	45.4	46.4	47.7	48	47	46.2	49.7	50.2	50.6	
France Manufacturing PMI Markit*	44	43.9	44.6	44.5	43.1	41.9	45	45.8	48.5	48.7	49.8	48.1	48.2	50.4	48.2	48.8	47.8	50.7	
<b>Currencies***</b>																			
Euro (EUR/USD)	-1.6	1.9	5.3	2.9	-2.9	-6.2	-4.2	-4.0	0.2	6.2	4.6	10.0	5.4	5.8	5.4	6.0	9.7	13.4	
Renmimbi (USD/CNY)	1.2	-2.3	-3.8	-2.7	1.6	2.8	1.1	1.2	0.5	0.4	-0.6	-1.4	-0.4	0.6	1.5	0.0	-2.4	-4.3	
Yen (USD/Yen)	5.4	0.4	-3.8	0.2	1.1	11.5	5.6	0.4	-0.9	-9.3	-8.4	-10.5	0.5	0.6	3.0	1.3	4.3	-0.3	
Sterling (GBP/USD)	0.2	3.6	9.6	6.1	0.9	-1.7	-2.3	-0.4	2.3	6.7	5.6	8.6	2.7	2.9	0.5	2.0	3.9	7.7	
Canadian \$ (USD/CAD)	4.7	-0.1	-0.4	0.4	3.3	8.6	8.2	6.5	6.3	0.2	0.8	-0.5	0.3	1.8	2.9	0.5	-0.2	-4.6	
Mexican Peso (USD/MXN)	11.2	15.8	13.0	11.0	17.2	22.7	20.1	20.5	23.6	14.4	14.3	2.3	1.4	-5.4	-7.0	-7.4	-10.2	-13.5	
<b>US Equities</b>																			
S&P 500	20.3	25.3	34.4	36.0	32.1	23.3	24.7	16.8	6.8	10.6	12.0	13.6	14.8	14.4	16.1	19.9	13.5	16.4	
S&P 400 Midcap	13.5	16.9	24.8	30.9	31.3	12.2	18.6	7.1	-4.2	-0.3	0.6	5.9	1.7	5.3	4.5	4.8	-1.7	5.9	
S&P 600 Smallcap	12.0	15.1	23.5	27.6	30.9	6.8	14.5	4.5	-5.0	-3.6	-3.4	2.8	-6.3	1.8	1.9	3.8	-4.0	4.2	
Russell 2000	12.5	16.7	24.9	32.1	34.6	10.0	17.5	5.3	-5.3	-0.5	-0.2	6.2	-1.9	6.7	9.3	12.9	2.7	11.3	

\* Diffusion Index, \*\*1985=100, \*\*\*Currencies - green/red = strengthening/weakening foreign currency vs dollar

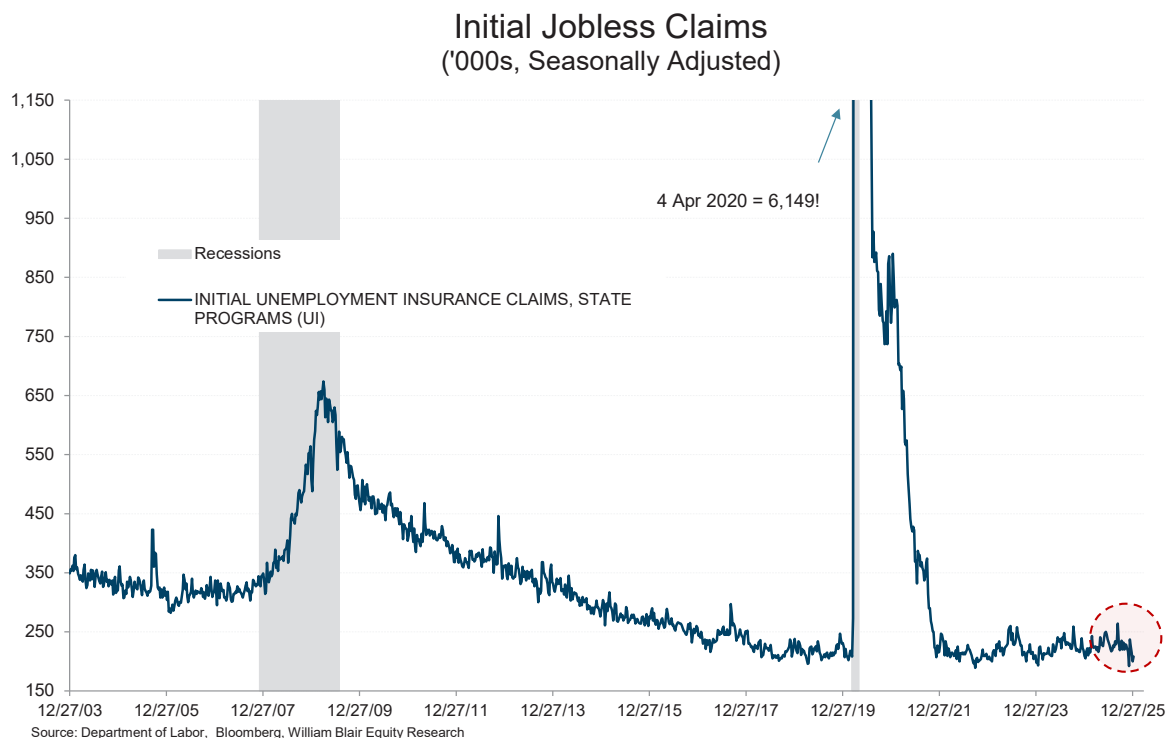
Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair



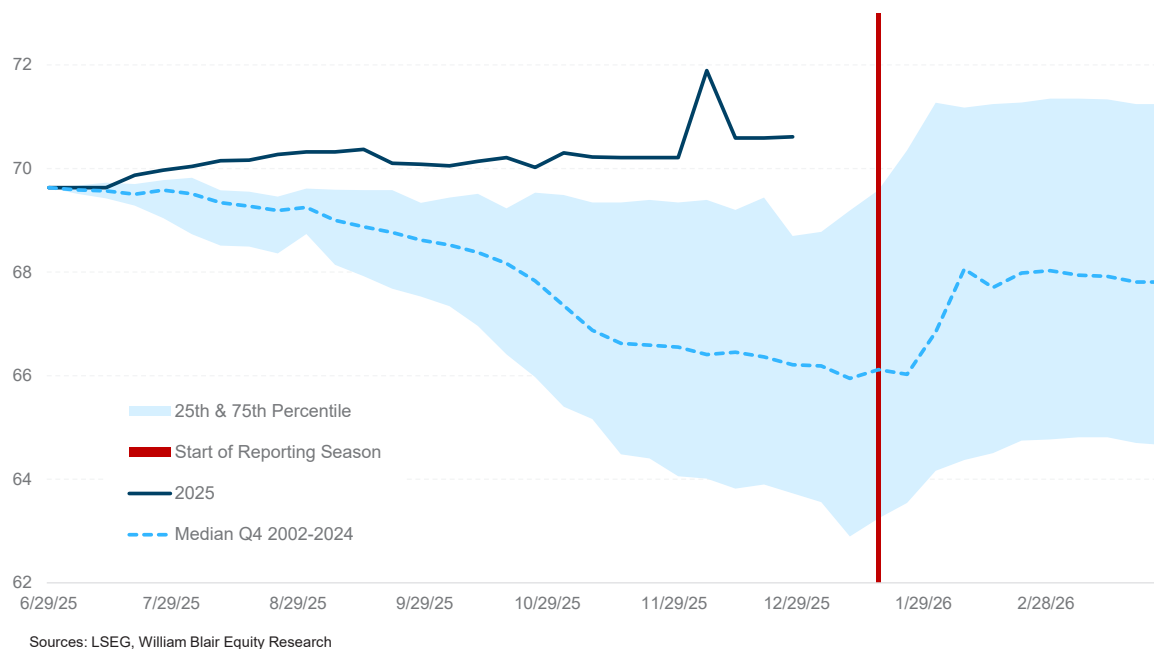
## Other Economic Indicators



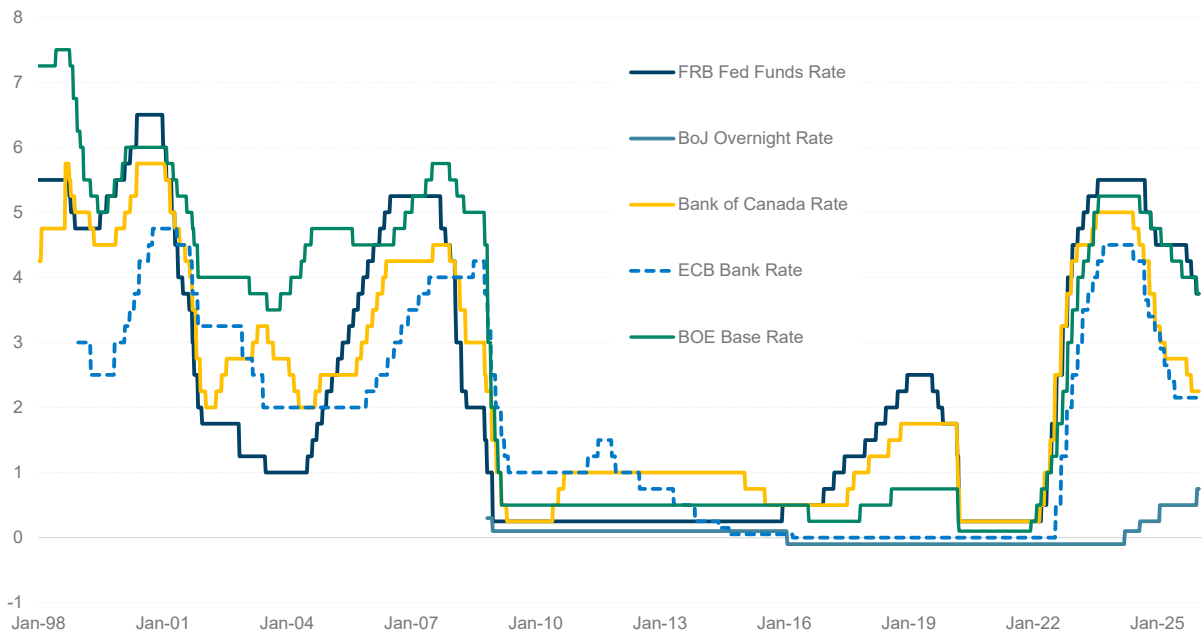




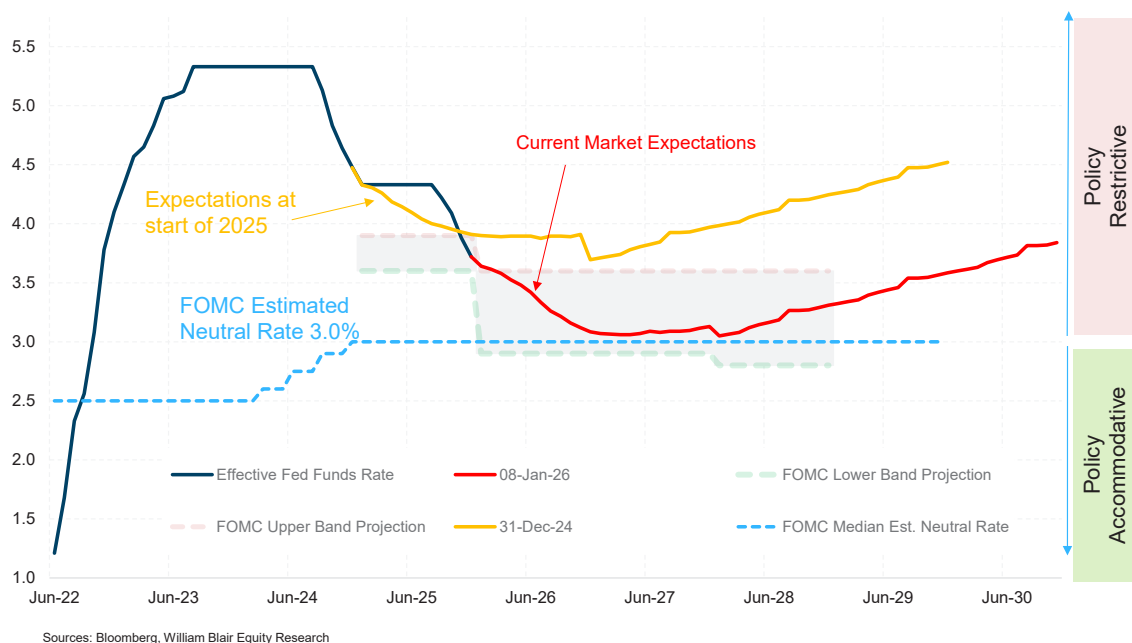
Progression of S&P 500 Q4 EPS Estimates, Q4 2025 vs Median Q4 2002-2024  
(Rebased to Q4 2025 Estimate at End of Q2 2025 of \$69.5 per share)



## Central Bank Target Short-Term Interest Rates, %



## Fed Funds Rate Futures Market Expectations & FOMC Projections, %



## S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 08-Jan-26	Week Ago 31-Dec-25	Month Ago 08-Dec-25	Qtr-to-Date 31-Dec-25	Year-to-Date 31-Dec-25
<b>S&amp;P 500 Index</b>	<b>100.00</b>	<b>1.11</b>	<b>1.09</b>	<b>1.11</b>	<b>1.11</b>
<b>S&amp;P 400 MidCap Index</b>		<b>3.80</b>	<b>3.88</b>	<b>3.80</b>	<b>3.80</b>
<b>S&amp;P 600 SmallCap Index</b>		<b>4.35</b>	<b>3.95</b>	<b>4.35</b>	<b>4.35</b>
<b>Dow Jones Industrials</b>		<b>2.50</b>	<b>3.20</b>	<b>2.50</b>	<b>2.50</b>
<b>Nasdaq Composite</b>		<b>1.02</b>	<b>-0.28</b>	<b>1.02</b>	<b>1.02</b>
<b>Communication Services</b>	<b>10.49</b>	<b>1.23</b>	<b>1.14</b>	<b>1.23</b>	<b>1.23</b>
Advertising	0.06	-2.16	2.17	-2.16	-2.16
Broadcasting	0.07	2.01	5.62	2.01	2.01
Cable & Satellite	0.04	-0.45	10.01	-0.45	-0.45
Integrated Telecommunication Services	0.70	-1.34	-2.02	-1.34	-1.34
Interactive Home Entertainment	0.15	-0.73	1.17	-0.73	-0.73
Interactive Media & Services	7.94	2.09	1.61	2.09	2.09
Movies & Entertainment	1.16	-1.97	-1.53	-1.97	-1.97
Publishing & Printing	0.02	1.50	2.91	1.50	1.50
Wireless Telecommunication Svcs	0.35	-2.53	-3.19	-2.53	-2.53
<b>Consumer Discretionary</b>	<b>10.68</b>	<b>3.39</b>	<b>4.88</b>	<b>3.39</b>	<b>3.39</b>
Apparel Retail	0.37	3.54	3.78	3.54	3.54
Apparel & Accessories & Luxury Goods	0.10	3.36	11.84	3.36	3.36
Auto Parts & Equipment	0.03	13.62	12.16	13.62	13.62
Automobile Manufacturers	2.48	-2.19	0.22	-2.19	-2.19
Automobile Retail	0.31	1.02	-9.27	1.02	1.02
Broadline Retail	4.19	6.66	8.55	6.66	6.66
Casinos & Gaming	0.10	-3.79	-6.16	-3.79	-3.79
Computer & Electronics Retail	0.02	7.29	-1.03	7.29	7.29
Consumer Electronics	0.06	5.23	6.06	5.23	5.23
Distributors	0.04	4.00	1.06	4.00	4.00
Footwear	0.15	2.62	3.27	2.62	2.62
Home Furnishings	0.01	4.54	5.11	4.54	4.54
Home Improvement Retail	0.79	4.99	3.29	4.99	4.99
Homebuilding	0.18	3.22	-4.14	3.22	3.22
Hotels, Resorts & Cruise Lines	0.87	4.03	11.85	4.03	4.03
Leisure Products	0.02	8.71	9.87	8.71	8.71
Restaurants	0.85	2.15	3.28	2.15	2.15
Other Specialty Retail	0.09	5.76	3.72	5.76	5.76
<b>Consumer Staples</b>	<b>5.11</b>	<b>0.85</b>	<b>1.21</b>	<b>0.85</b>	<b>0.85</b>
Agricultural Products	0.08	7.36	5.75	7.36	7.36
Brewers	0.01	1.22	1.35	1.22	1.22
Consumer Staples Merchandise Retail	2.33	3.59	2.01	3.59	3.59
Distillers & Vintners	0.05	5.59	0.22	5.59	5.59
Food Distributors	0.06	0.79	2.15	0.79	0.79
Food Retail	0.06	-4.30	-5.66	-4.30	-4.30
Household Products	0.72	-0.53	2.60	-0.53	-0.53
Packaged Foods & Meats	0.35	-1.42	-2.40	-1.42	-1.42
Personal Care Products	0.09	1.47	3.97	1.47	1.47
Soft Drinks	0.94	-1.49	-2.12	-1.49	-1.49
Tobacco	0.53	-1.57	3.86	-1.57	-1.57
<b>Energy</b>	<b>2.76</b>	<b>3.88</b>	<b>3.63</b>	<b>3.88</b>	<b>3.88</b>
Integrated Oil & Gas	1.38	3.07	6.31	3.07	3.07
Oil & Gas Equipment & Services	0.22	13.43	12.13	13.43	13.43
Oil & Gas Exploration & Production	0.55	1.22	-2.02	1.22	1.22
Oil & Gas Refining & Marketing & Transportation	0.27	12.73	2.24	12.73	12.73
Oil & Gas Storage & Transportation	0.34	-0.73	-1.47	-0.73	-0.73

<b>Financials</b>	<b>12.70</b>	<b>1.95</b>	<b>4.70</b>	<b>1.95</b>	<b>1.95</b>
Asset Management & Custody Banks	1.07	3.19	3.81	3.19	3.19
Consumer Finance	0.72	4.44	8.09	4.44	4.44
Diversified Banks	3.21	2.71	5.94	2.71	2.71
Diversified Financial Services	7.52	2.08	4.36	2.08	2.08
Financial Exchanges & Data	1.01	2.31	4.38	2.31	2.31
Insurance Brokers	0.46	0.92	4.82	0.92	0.92
Investment Banking & Brokerage	1.42	4.24	3.55	4.24	4.24
Life & Health Insurance	0.29	2.08	3.90	2.08	2.08
Multi-Sector Holdings	1.08	-0.57	0.51	-0.57	-0.57
Property & Casualty Insurance	0.91	-2.20	2.21	-2.20	-2.20
Regional Banks	0.28	5.05	8.38	5.05	5.05
Reinsurance	0.02	-0.37	9.63	-0.37	-0.37
Transaction & Payment Processing	2.08	1.37	6.88	1.37	1.37
<b>Health Care</b>	<b>9.35</b>	<b>2.18</b>	<b>4.79</b>	<b>2.18</b>	<b>2.18</b>
Biotechnology	1.55	0.25	2.86	0.25	0.25
Health Care Distributors	0.35	-0.65	1.44	-0.65	-0.65
Health Care Equipment	1.88	3.06	2.74	3.06	3.06
Health Care Facilities	0.19	1.80	-2.01	1.80	1.80
Health Care Services	0.36	2.13	4.47	2.13	2.13
Health Care Supplies	0.07	5.62	6.13	5.62	5.62
Life Sciences Tools & Services	0.91	4.54	5.61	4.54	4.54
Managed Health Care	0.73	6.04	9.24	6.04	6.04
Pharmaceuticals	3.33	1.37	6.57	1.37	1.37
<b>Industrials</b>	<b>7.91</b>	<b>3.28</b>	<b>4.04</b>	<b>3.28</b>	<b>3.28</b>
Aerospace & Defense	2.13	3.89	9.07	3.89	3.89
Agricultural & Farm Machinery	0.21	7.57	7.39	7.57	7.57
Air Freight & Logistics	0.30	6.84	10.85	6.84	6.84
Building Products	0.41	-1.23	-1.13	-1.23	-1.23
Cargo Ground Transportation	0.09	7.96	11.22	7.96	7.96
Construction & Engineering	0.19	0.61	-6.54	0.61	0.61
Construction Machinery & Heavy Trucks	0.72	6.31	3.77	6.31	6.31
Data Processing & Outsourced Services	0.04	-0.12	-2.03	-0.12	-0.12
Diversified Support Svcs	0.18	0.66	3.15	0.66	0.66
Electrical Components & Equipment	0.52	3.55	-0.49	3.55	3.55
Environmental & Facilities Services	0.33	-0.10	2.05	-0.10	-0.10
Heavy Electrical Equipment	0.27	-3.85	1.05	-3.85	-3.85
Human Resource & Employment Services	0.26	2.54	1.98	2.54	2.54
Industrial Conglomerates	0.34	4.39	4.35	4.39	4.39
Industrial Machinery	0.65	3.51	3.74	3.51	3.51
Passenger Airlines	0.17	3.15	9.03	3.15	3.15
Passenger Ground Transportation	0.28	7.19	-5.38	7.19	7.19
Railroads	0.42	-0.88	-2.19	-0.88	-0.88
Research & Consulting Svcs	0.16	2.70	2.61	2.70	2.70
Trading Companies & Distributors	0.24	6.98	9.26	6.98	6.98
<b>Information Technology</b>	<b>31.74</b>	<b>-0.90</b>	<b>-3.42</b>	<b>-0.90</b>	<b>-0.90</b>
Application Software	2.56	-1.79	-2.86	-1.79	-1.79
Communications Equipment	0.83	-3.69	-4.21	-3.69	-3.69
Electronic Components	0.38	-0.16	-2.89	-0.16	-0.16
Electronic Equipment & Instruments	0.12	4.20	1.25	4.20	4.20
Electronic Manufacturing Services	0.14	-0.56	-2.30	-0.56	-0.56
Internet Software & Services	0.08	-2.05	-3.67	-2.05	-2.05
IT Consulting & Services	0.83	3.17	1.60	3.17	3.17
Semiconductor Equipment	1.10	12.23	11.94	12.23	12.23
Semiconductors	12.05	0.04	-3.04	0.04	0.04
Systems Software	7.16	-1.25	-4.25	-1.25	-1.25
Technology Distributors	0.03	-2.70	-9.19	-2.70	-2.70
Technology Hardware, Storage & Peripherals	6.47	-4.06	-6.26	-4.06	-4.06
<b>Materials</b>	<b>1.78</b>	<b>4.54</b>	<b>10.12</b>	<b>4.54</b>	<b>4.54</b>
Commodity Chemicals	0.05	10.54	13.10	10.54	10.54
Construction Materials	0.25	1.68	1.10	1.68	1.68
Copper	0.12	6.75	20.49	6.75	6.75

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Fertilizers & Agricultural Chemicals	0.11	5.36	7.79	5.36	5.36
Gold	0.18	7.05	20.10	7.05	7.05
Industrial Gases	0.41	3.69	12.42	3.69	3.69
Metal & Glass Containers	0.02	3.51	14.92	3.51	3.51
Paper Packaging	0.15	5.48	9.48	5.48	5.48
Specialty Chemicals	0.38	4.89	6.67	4.89	4.89
Steel	0.10	2.41	4.71	2.41	2.41
<b>Real Estate</b>	<b>1.71</b>	<b>0.23</b>	<b>-0.42</b>	<b>0.23</b>	<b>0.23</b>
Data Center REITs	0.20	0.77	0.51	0.77	0.77
Health Care REITs	0.29	0.41	-5.79	0.41	0.41
Hotel & Resort REITs	0.02	2.71	6.49	2.71	2.71
Industrial REITs	0.19	0.57	1.36	0.57	0.57
Multi-Family Residential REITs	0.00	0.31	4.58	0.31	0.31
Office REITs	0.02	-0.64	-2.16	-0.64	-0.64
Other Specialized REITs	0.09	1.86	1.44	1.86	1.86
Real Estate Service	0.12	-1.29	1.35	-1.29	-1.29
Retail REITs	0.23	1.64	2.85	1.64	1.64
Self-Storage REITs	0.12	4.57	2.72	4.57	4.57
Single-Family Residential REITs	0.12	4.57	2.72	4.57	4.57
Telecom Tower REITs	0.21	-3.97	-6.71	-3.97	-3.97
Timber REITs	0.03	1.27	7.67	1.27	1.27
<b>Utilities</b>	<b>2.06</b>	<b>-1.66</b>	<b>-1.18</b>	<b>-1.66</b>	<b>-1.66</b>
Electric Utilities	1.36	-1.81	-1.31	-1.81	-1.81
Gas Utilities	0.04	-0.31	0.02	-0.31	-0.31
Independent Power Producers & Energy Traders	0.10	-5.69	-7.46	-5.69	-5.69
Water Utilities	0.04	-0.94	0.63	-0.94	-0.94
Multi-Utilities	0.53	-0.69	0.12	-0.69	-0.69

\*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.

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DOW JONES: 48996.10

S&P 500: 6920.93

NASDAQ: 23584.30

Additional information is available upon request.

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Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	71	Outperform (Buy)	11
Market Perform (Hold)	28	Market Perform (Hold)	3
Underperform (Sell)	1	Underperform (Sell)	0

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