

Economics Weekly

Yet Another “Temporary” Price Shock

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An old axiom in financial markets borrowed from the military is that “policymakers always fight the last war.” The conclusion they drew from the GFC, for example, was to provide as much stimulus as possible, as early as possible, and not worry about the consequences. The result was that when the pandemic rolled around, policymakers did exactly that and generated rates of inflation not seen since the 1980s. Having now learned the lessons from that experience, and assuming they follow the same pattern in the face of today’s oil shock, we should expect fiscal policymakers to engage in more targeted relief to struggling households, in smaller doses, spread out over time, and in many cases focused on demand suppression rather than near-term stimulus.

Central bankers, meanwhile, are also likely to respond to the inflation threat much quicker and more vigorously than they did following the pandemic, having discovered just how much the public really hates inflation (and who inevitably gets the blame). **As we head toward yet another unfolding inflation shock, in this *Economics Weekly* we discuss how central banks view inflation, what their likely response will be today looking through that prism, and why they also should acknowledge that inflation was already accelerating even before the start of the war.**

How Central Banks Think About Inflation

Although some had always suspected it, one of the unfortunate revelations following COVID was that economists and central bankers know a lot less about inflation and what drives it than they thought they did. Not having had any serious bouts of inflation since the 1980s meant that there was a certain amount of complacency (or misplaced confidence) around the ability to both predict it and control it. Neel Kashkari of the Minneapolis Fed once summed up the Fed’s view before the pandemic as: “inflation is a high-class problem.” Since then, they have become a little more humble in their predictive abilities, with former Fed Chair Janet Yellen even admitting she got it wrong.

So how does the Fed think about inflation? It explicitly rejects the monetarist and fiscal dominance approaches as explanatory drivers, and effectively follows something like an expectations or neo-Keynesian approach. This means it views inflation as largely a combination of changes in the Phillips curve and changes in inflationary expectations, all anchored by the degree of credibility in its 2% inflation target.

In the Fed’s view, therefore, if the labor market is tight and inflationary expectations are rising, this would be a surefire recipe for inflation, resulting in a prescription of leaning against it with more restrictive policy. In this framework, it does not see supply-side shocks as persistent drivers of inflation unless they destabilize inflationary expectations enough to unleash a wage-price spiral.

Supply-side shocks are viewed as relative price shocks—if consumers pay more at the pump for gasoline, they will likely spend less for trips to the cinema or dinners out. Furthermore, given the U.S.’s geography, access to natural resources, abundance of labor, trading agreements, and deep and liquid capital markets, it sees these as all the more reason to “look through” the shocks.

The Bank of England, meanwhile, also looks at policy through a similar Phillips curve and neo-Keynesian lens, but out of necessity it places more weight than the Fed on supply shocks, given that the U.K. is not endowed with the same resources as the U.S.

The ECB also takes a similar wage-price dynamic view, but tends to put a little more relative weight on the Wicksellian natural rate—where it needs to guard against holding its main policy rate below the natural interest rate for too long, especially during periods when economic slack is dissipating.

Additional alternative views, such as those from the economist [John Cochrane](#), espouse the Fiscal Theory of the Price Level. These approaches agree that the current oil supply shock should be viewed as nothing but a relative price change, but one key area of difference is that they apply no weight at all to expectations. For them, oil price increases are like a wave that rises and falls. Inflation, however, is more like the rising tide—if the prices of everything are rising, this would signal something very different was taking place, rather than being the result of the specific supply-shock.

For Cochrane, an oil supply shock is only inflationary if it is accommodated by fiscal or monetary support to socialize the cost of the shock. This is what happened during the pandemic when the Fed was slow to raise interest rates and even slower to end QE, while simultaneously the government was providing trillions of dollars in stimulus. Hence, with this view, the key during the current oil spike will be for both central banks and fiscal policymakers not to accommodate the price increase with easier fiscal or monetary policy, so that the shock will soon dissipate.

What the Fiscal Policy Response Looks Like Today

What seems to be happening today is that some fiscal and monetary policymakers have learned the lessons from the last crisis, but others ... not so much.

All fiscal policymakers are hastily putting together plans for what their responses should be. In Spain, for example, where Prime Minister Pedro Sánchez has been a firm critic of the war and also faces an election next year, the response has been by far the most aggressive. The government has immediately introduced a €5 billion spending package that features 80 different policy measures, including a reduction in the standard 21% VAT on gasoline, electricity, and natural gas to just 10%. As we know, nothing is as permanent as a temporary government solution, and the current batch of solutions could be just as difficult to phase out as the last: e.g., the previous policy reducing the VAT on energy was in place for three years, and only ended in January 2025.

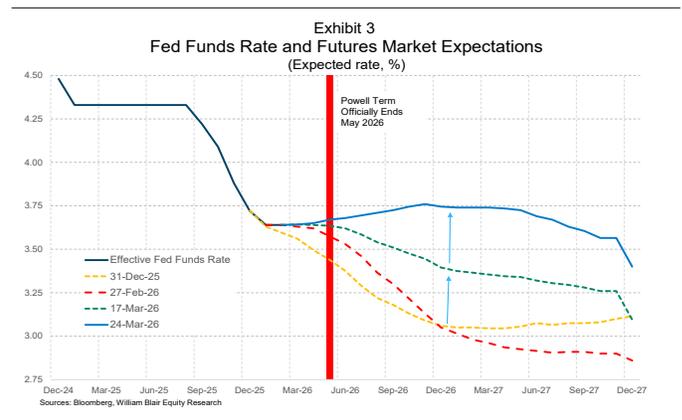
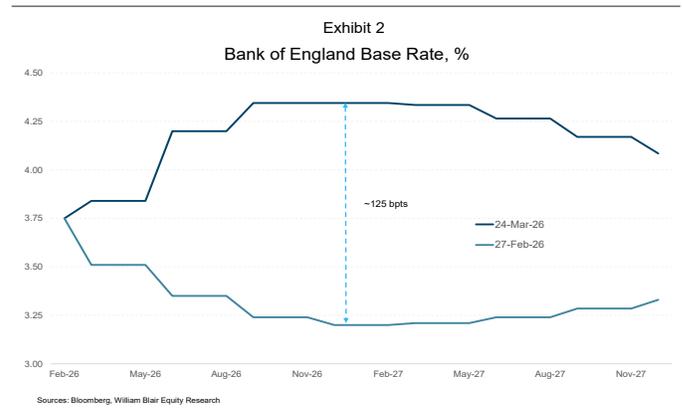
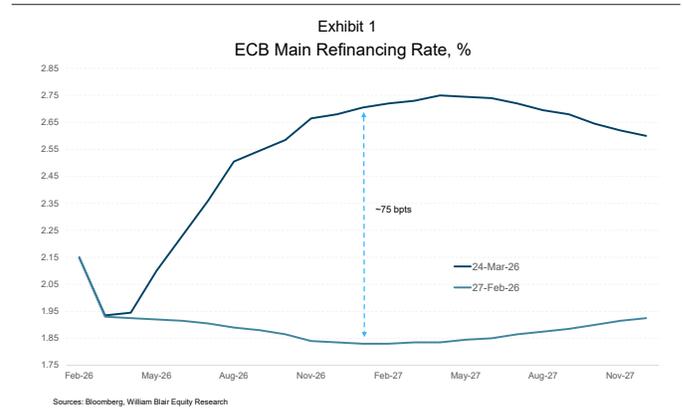
In the U.K., where the government gilt market has been much less cooperative than in the U.S., the chancellor is mulling a more discrete package of targeted measures for those families most adversely impacted, which may be announced in the King's Speech on May 13. In addition, a renewed cap on energy prices will be announced next week based on pre-war prices. In France, the only response has so far been from the private sector, where TotalEnergies has promised to cap its fuel prices until the end of the month. Germany has similarly not yet provided much of a response, except that it is restricting its gas stations to raising prices only once per day!

Interestingly, many Asian countries, which are first in line when it comes to the direct impact from the energy price increases, have chosen to use more demand-suppressing measures. These countries are reducing workweeks, instituting work-from-home measures, and putting caps on AC cooling temperatures at homes and offices, as well as capping energy prices themselves.

Financial Markets Are Pricing In Strong Monetary Policy Response

Monetary policymakers, however, are taking a tougher stance. Exhibit 1 shows the very sharp swing in futures market pricing for the ECB, which is now pricing in rate increases of more than 50 basis points (and roughly 75 basis points higher than what was expected by the end of 2026). Exhibit 2 shows investors now expect the Bank of

England to raise rates by 50 basis points by September (125 basis points above where they were expected to be at year-end). Pricing around what the Fed is expected to do has shifted from removing any expected future rate cuts to tentatively starting to price in a 25-basis-point rise. Investors are expecting those ECB and BoE rates to then start to be cut in 2027, but still not return to pre-war levels. The Fed is expected to get back on track to previously expected rate cuts in late 2027.



For the central banks the strategy is quite simple:

- Step 1. Sound more hawkish than dovish;
- Step 2. Remove any forward guidance around expected future easing;
- Step 3. Introduce guidance around tightening;
- Step 4. Actually raise interest rates; and
- Step 5. After inflation has risen and come back down, start easing policy again.

The ECB and the BoE are already on step 3 and desperately hoping that they will not have to move on to step 4 (even though this is what the market is now aggressively pricing in). The Fed is still on step 2, but similarly hoping to be able to skip steps 3 and 4 and head straight back to step 5.

But Aren't Energy Price Shocks Deflationary?

One possible reason for the relatively muted response from equity investors today in the face of the current oil shock is that investors might be looking through the price shock and out to the other side of it to step 5, when those price increases act to slow economic growth and finally generate interest rate cuts. It is certainly true that rising energy prices are a tax on consumption, which slows demand growth and potentially results in the need for rate cuts further down the road. Yet the reality is that to get that demand weakness, inflation has to rise first, which reduces that real consumption, before nominal growth is reduced. This could turn out to be a slower process than investors expect, and in the meantime, central banks will not be prepared to similarly wait it out if inflationary expectations start to rise.

While the Fed might also view the U.S.'s ample resources (such as shale) as helping to cushion the adverse impact of the supply shock, it could also accelerate investment, amplifying the inflationary shock.

Inflation Was Already Accelerating Before the War Began

Other important aspects that we continue to reiterate (and we think the Fed and perhaps some investors need to realize) are: 1) the inflation regime has changed since the pandemic, and 2) inflation was already moderately reaccelerating even before the war with Iran got underway. Whereas the pre-crisis economy faced little supply-side friction and inflation risks were largely to the downside,

today a combination of tighter immigration policies, lower birth rates, retiring baby boomers, tariffs and deglobalization, labor mismatches, and rising demand for energy- and material-intensive technologies has made the economy far more exposed to supply shocks. One area within the financial markets where this shift is showing up is a higher demanded term premium (exhibit 4). What this crucially means for the Fed and investors is that there is both less room to maneuver and less room to look through this shock.

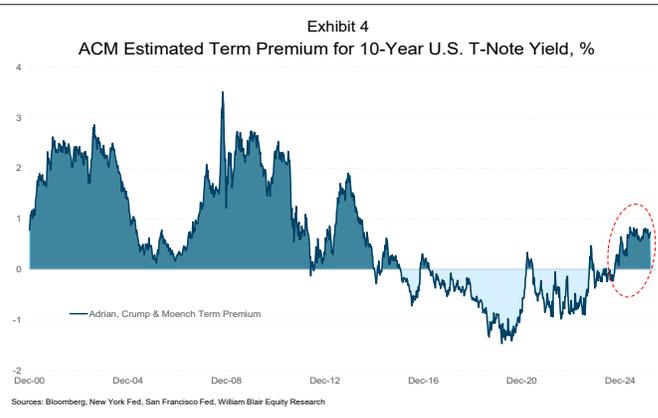
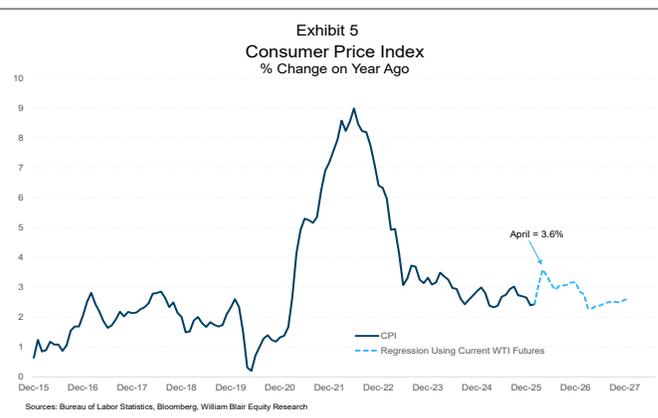


Exhibit 5 shows what could happen to CPI inflation if energy prices follow the path currently being priced in by the futures market, leaving all other factors unchanged. This is what the Fed is certainly hoping will take place—i.e., a small bump, before rolling back over. Yet, the risk is that this inflation is only adding to a rate that was already starting to creep higher even before the start of the war.



Exhibits 6 and 7 show two examples of core measures of inflation that should make the Fed a little wary. Exhibit 6 shows that one of Chair Powell's favorite measures of inflation—supercore inflation (which measures the price of services excluding energy and the imputed shelter component)—has been trending higher since mid-2025. Similarly,

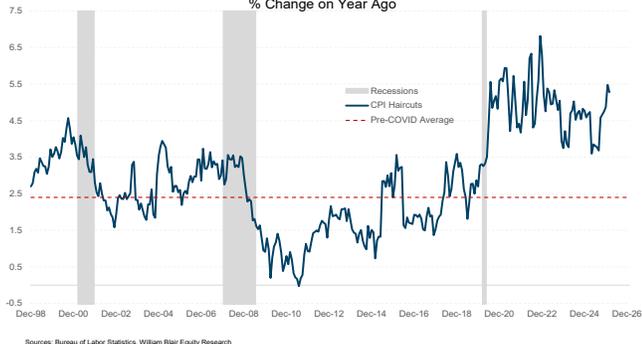
the price index for haircuts—a measure we like as a useful gauge of a nontradeable service that largely reflects domestic labor cost and regulation, and is not impacted by commodity prices or global supply chains—has recently moved back up almost to pre-COVID rates (exhibit 7).

This implies a world in which policy reactions may need to be more aggressive than investors have become used to since the Global Financial Crisis. Thus, even when energy prices ultimately retreat, because inflation is starting from a higher and more fragile baseline, it increases the likelihood that central banks will be forced to maintain higher rates, and for longer, than currently anticipated.

Exhibit 6
Supercore Inflation - Services Less-Energy & Housing
(% Change on Year Ago)



Exhibit 7
Consumer Price Index for Haircuts
% Change on Year Ago



Conclusion

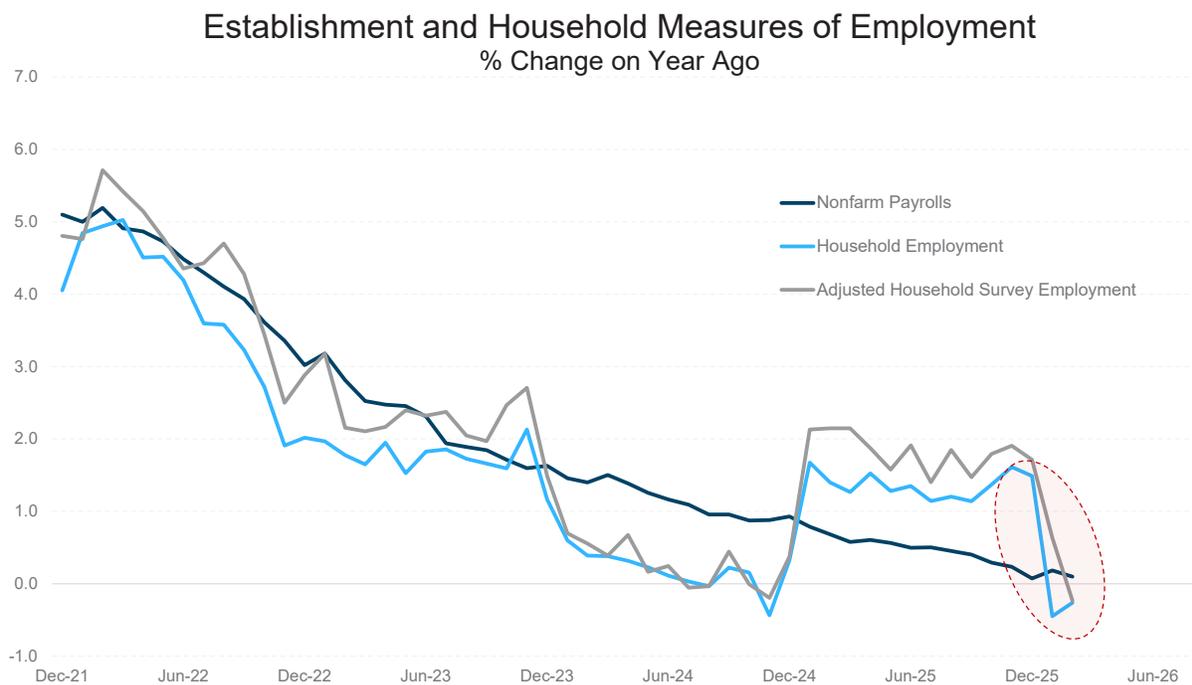
One of the key risks for policymakers and investors in the face of today’s oil price shock is assuming that it can be treated as a simple, temporary relative price movement, similar to shocks in the two decades pre-pandemic. The reality is that the inflation regime has changed. Structural shifts in labor supply, demographics, trade, and the composition of growth mean the economy is more sensitive to supply-side disruptions than in the previous period. As a result, central banks have less room to “look through” inflation shocks without risking the de-anchoring of inflation expectations. Fiscal policymakers also face a much narrower path in deciding how much leeway they have to cushion household budgets and socialize the cost of the shock.

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
31 Mar	10:00 a.m.	Consumer Confidence (Mar)	91.2	88.8	87.5	
31 Mar	8:30 a.m.	JOLTS Job Openings (Feb)	6946K	NA	NA	
1 Apr	8:30 a.m.	Retail Sales (Feb)	-0.2%	NA	0.3%	
		Sales Less-Autos	0.0%	NA	0.1%	
1 Apr	10:00 a.m.	ISM Manufacturing (Mar)	52.4	52.1	52.6	
3 Apr	8:30 a.m.	Nonfarm Payrolls (Mar)	-92K	51K	75K	
		Unemployment Rate	4.4%	4.4%	4.4%	
		Average Hourly Earnings	0.4%	0.4%	0.4%	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: Employment Situation



Sources: Bureau of Labor Statistics, William Blair Equity Research

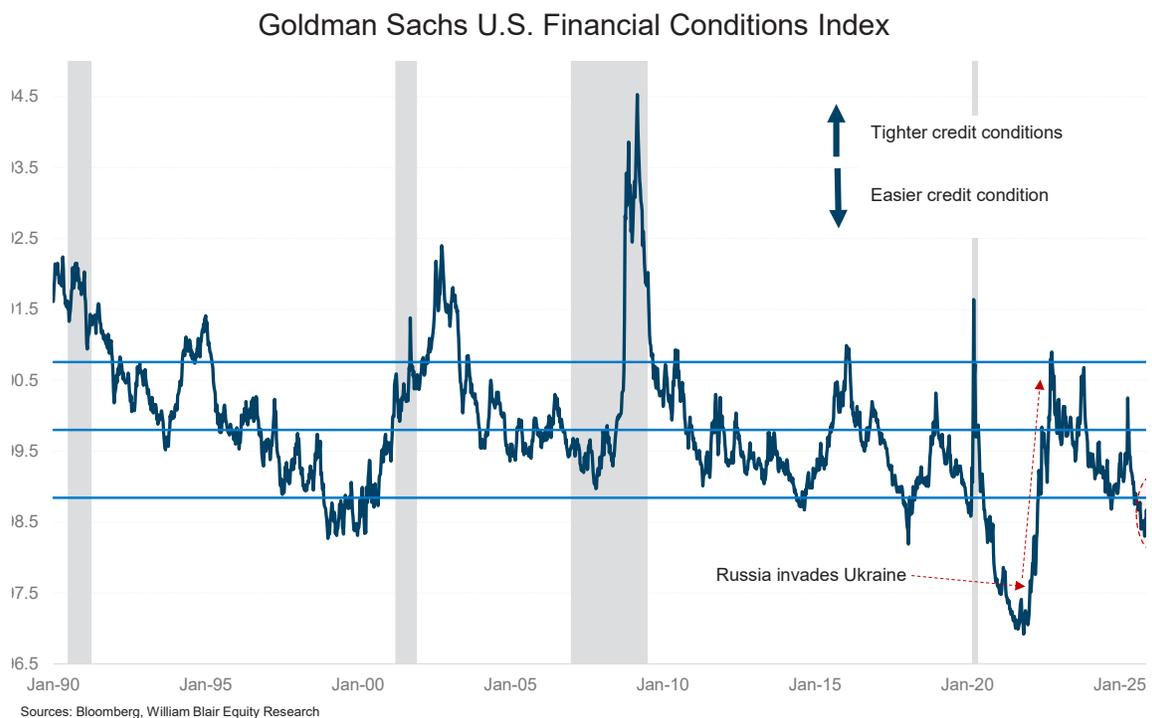
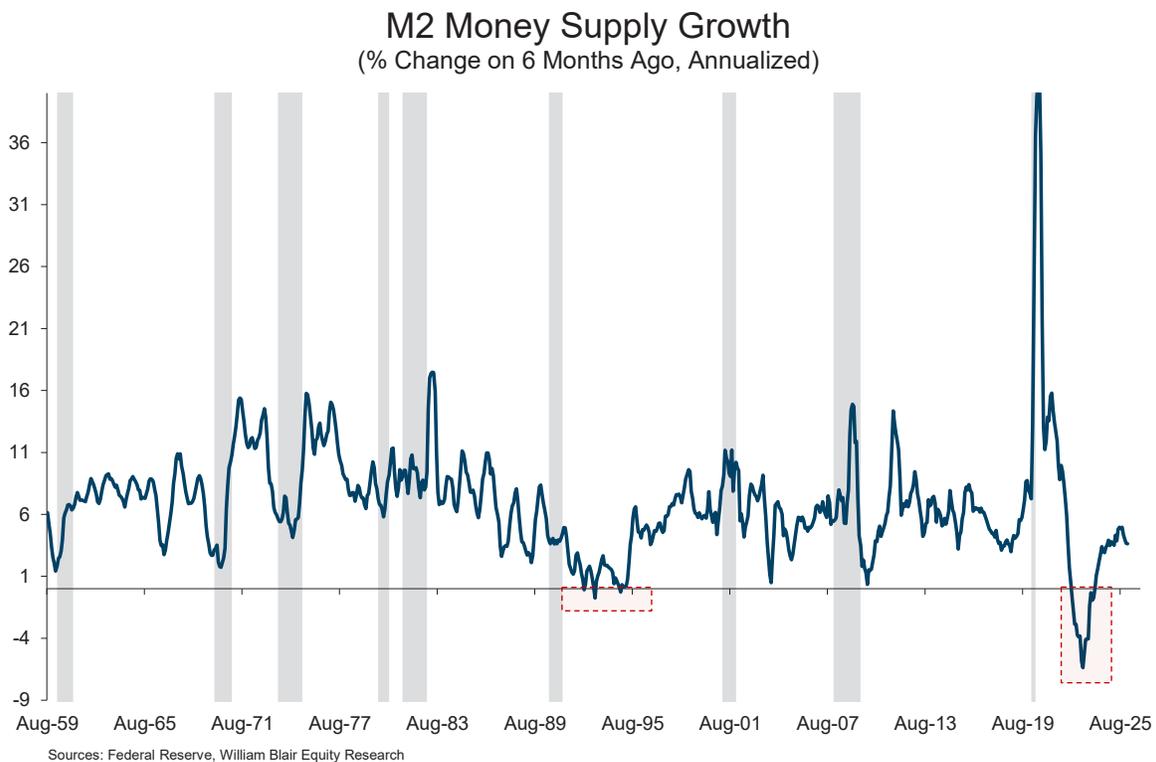
Economic Scorecard

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

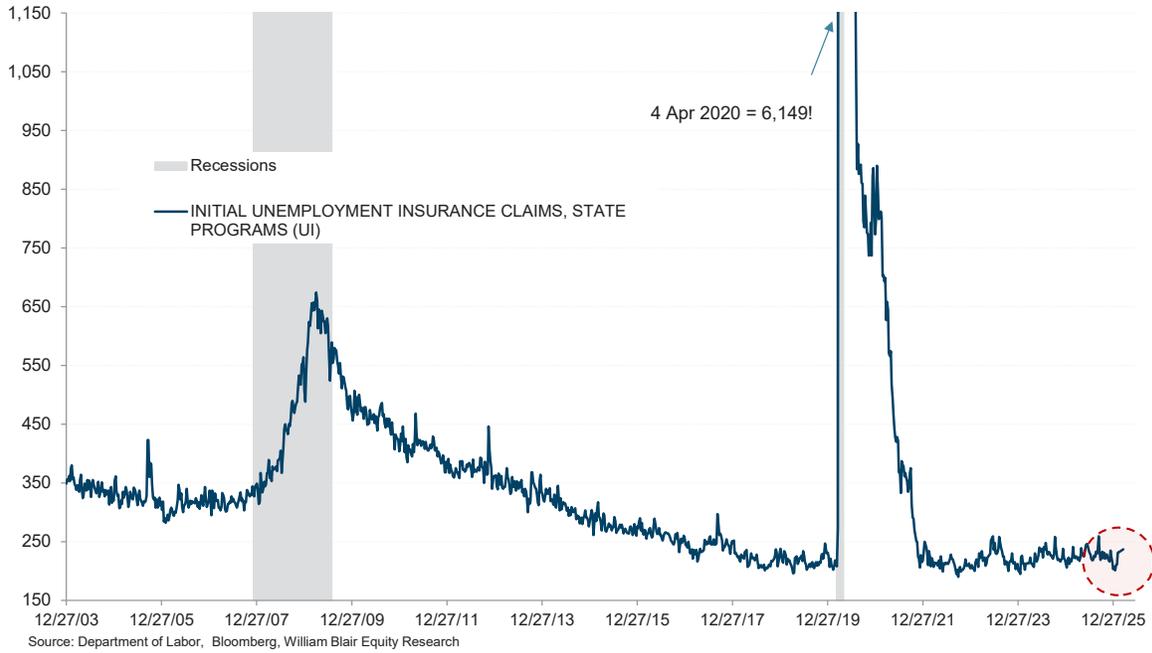
	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Growth																			
US Leading Indicators	-4.3	-3.7	-3.0	-3.0	-2.7	-3.0	-3.6	-4.3	-3.9	-4.0	-3.5	-3.5	-3.3	-3.3	-3.8	-3.9	-3.8		
US Coincident Indicators	1.6	1.6	1.3	1.7	1.5	1.5	1.8	2.0	1.4	1.3	1.6	1.4	1.1	1.1	1.1	0.7	1.2		
US Lagging Indicators	0.3	0.1	0.0	0.1	-0.1	0.1	-0.1	-0.2	0.7	0.4	0.4	0.4	1.1	1.2	0.9	1.2	1.0		
Consumer																			
Total Retail Sales	2	3.2	3.9	4.5	4.5	3.9	5.1	5	3.4	4.4	4.1	5	4.1	3.2	3.2	2.4	3.2		
Personal Income	5.3	5.5	5.3	5.3	5	5	5.2	5.6	4.5	4.3	4.8	5.1	5.1	4.7	4.7	4.6	4.4		
Real Disposable Personal Income	2.8	2.7	2.4	2.2	1.8	1.8	2.3	2.8	1.5	1.2	1.7	1.8	1.8	1.4	1.3	1.2	1.8		
Real Personal Consumption	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	2.5	2.3	1.6	2.4		
Personal Saving Rate (%)	4.8	5	4.9	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.5	4.4	4.3	4	4	4	4.5		
Consumer Confidence (Conference Board)**	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	94.2	89	91.2	
Employment																			
Employment Growth	1.0	0.9	0.9	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.3	0.2	0.1	0.2	0.1	
ASA Temporary Staffing Index	-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	7.3	2.3	3.2	
ISM Employment Index Manufacturing*	44.7	44.6	48.3	45.4	49.7	47.1	44.4	46.2	46.1	45.1	44.9	44.3	45.4	45.8	44.1	44.8	48.1	48.8	
ISM Employment Index Services*	48.5	52.2	50.8	51	51.4	53.4	46	49.2	50.4	47.7	46.9	46.9	47.6	48.1	48.7	51.7	50.3	51.8	
Unemployment Rate, %	4.1	4.1	4.2	4.1	4	4.2	4.2	4.2	4.3	4.1	4.3	4.3	4.4	4.4	4.5	4.4	4.3	4.4	
Average Hourly Earnings	3.9	4	4.2	4.1	4	4.1	4.2	3.9	4	3.9	4	4	3.8	3.9	3.9	3.7	3.7	3.8	
Initial Jobless Claims (avg. wkly. chg. '000s)	225	236	219	223	219	226	223	226	233	239	222	231	234	226	221	219	213	216	
Job Openings	-25.0	-14.0	-12.0	-14.4	-11.3	-14.2	-15.3	-5.7	-6.1	-2.9	-4.5	-8.0	3.3	-2.8	-9.5	-10.2	-6.5	-4.1	
Layoff Announcements	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	-8.3	117.8	-71.9	
Housing Market																			
Housing Starts	-1	-1.2	-14.5	-0.5	-1.7	-4	3.3	0.9	-2.6	4.1	12.3	-7.2	-2.1	-5.9	2.2	-8.4	9.5		
New Home Sales	5.3	-8.8	10.7	11.7	-2.8	-2.4	-4.6	-1.8	-5.7	-1.3	-10	1.9	0.3	4.7	13.2	-0.8	-11.3		
Existing Home Sales	-3.0	3.1	6.2	8.6	1.7	-1.0	-2.7	-1.5	-0.5	0.5	0.8	2.3	4.4	2.2	-1.2	1.9	-1.7		
Median House Price (Existing Homes)	-1.2	2.1	-7.4	1.1	-0.2	-1.4	-5.4	-0.4	2.5	-1.2	-7.4	3	-1	-5.2	1.8	-0.9	-6.8		
Existing Homes Inventory (Mths' supply)	3.9	3.9	3.8	3.8	3.9	4	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.2	4	4.2		
New Homes Inventory (Mths' supply)	7.9	9.3	8.7	8.2	9	9.3	9.2	8.5	9.6	9.1	9.3	8.4	8.1	9	7.6	8	9.7		
NAHB Homebuilder Sentiment*	41	43	46	46	47	42	39	40	34	32	33	32	32	37	38	39	37	37	
Inflation																			
Consumer Price Index	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	2.7	2.4		
CPI Less-food & energy	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	2.6	2.5		
Producer Price Index	2.1	2.8	2.9	3.5	3.8	3.4	3.2	2.4	2.7	2.4	3.2	2.7	3	2.8	3	3	2.9		
PPI Less-food & energy	3.3	3.6	3.4	3.7	3.9	3.7	3.8	3.1	3.2	2.7	3.5	2.9	3	3	3.3	3.5			
PCE Price Index	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	2.7	2.8	2.9	2.8		
PCE Prices Less-food & energy	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	2.8	3.0	3.1		
Business Activity - US																			
Industrial Production	-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	1.8	2.1	1.4	2.3	1.4	
New Cap Gds Orders less-aircraft & parts	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	6.2	4.1	8	2.9		
Business Inventories	2.1	1.9	2.2	2.7	1.8	2.5	2.3	2.5	2.2	1.7	1.6	1.4	1	1.3	1.3	1.2	1.6		
ISM Manufacturing PMI*	47.3	47	48.4	49.2	50.5	50	48.9	48.8	48.6	49	48.4	48.9	48.9	48.8	48	47.9	52.6	52.4	
Markit US Manufacturing PMI*	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	52.4	51.6	
ISM Services Index*	54.6	55.5	52.4	53.5	52.6	53.2	50.8	51.6	50.2	50.8	50.5	51.9	50.3	52	52.4	53.8	53.8	56.1	
Markit US Services PMI*	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	52.7	51.7	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	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	49.1	50.9	
Japan Manufacturing PMI Jibun Bank*	49.7	49.2	49	49.6	48.7	49	48.4	48.7	49.4	50.1	49	49.7	48.5	48.2	48.7	50	51.5	53	
Caixin China Manufacturing PMI*	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	50.3	52.1	
China Manufacturing PMI*	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	49.3	49	
UK Manufacturing PMI Markit/CIPS*	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	51.8	51.7	
France Manufacturing PMI Markit*	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	51.2	50.1	
Currencies***																			
Euro (EUR/USD)	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	14.4	13.9	
Renminbi (USD/CNY)	-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	-4.0	-5.7	
Yen (USD/Yen)	-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	-0.3	3.6	
Sterling (GBP/USD)	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	10.4	7.2	
Canadian \$ (USD/CAD)	-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	-6.4	-5.7	
Mexican Peso (USD/MXN)	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	-15.6	-16.2	
US Equities																			
S&P 500	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	14.9	15.5	
S&P 400 Midcap	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	6.1	15.5	
S&P 600 Smallcap	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	7.0	15.9	
Russell 2000	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	14.3	21.7	

* 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



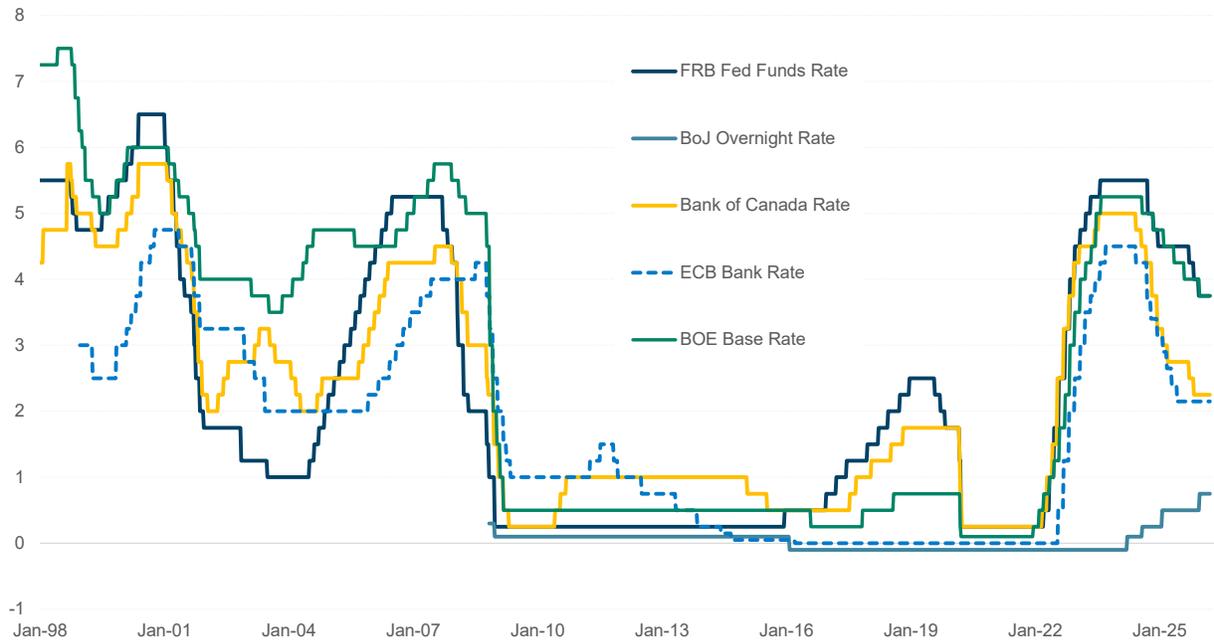
Initial Jobless Claims (‘000s, Seasonally Adjusted)



Progression of S&P 500 Q1 EPS Estimates, Q1 2026 vs Median Q1 2003-2025 (Rebased to Q1 2026 Estimate at End of Q3 2025 of \$70.69 per share)

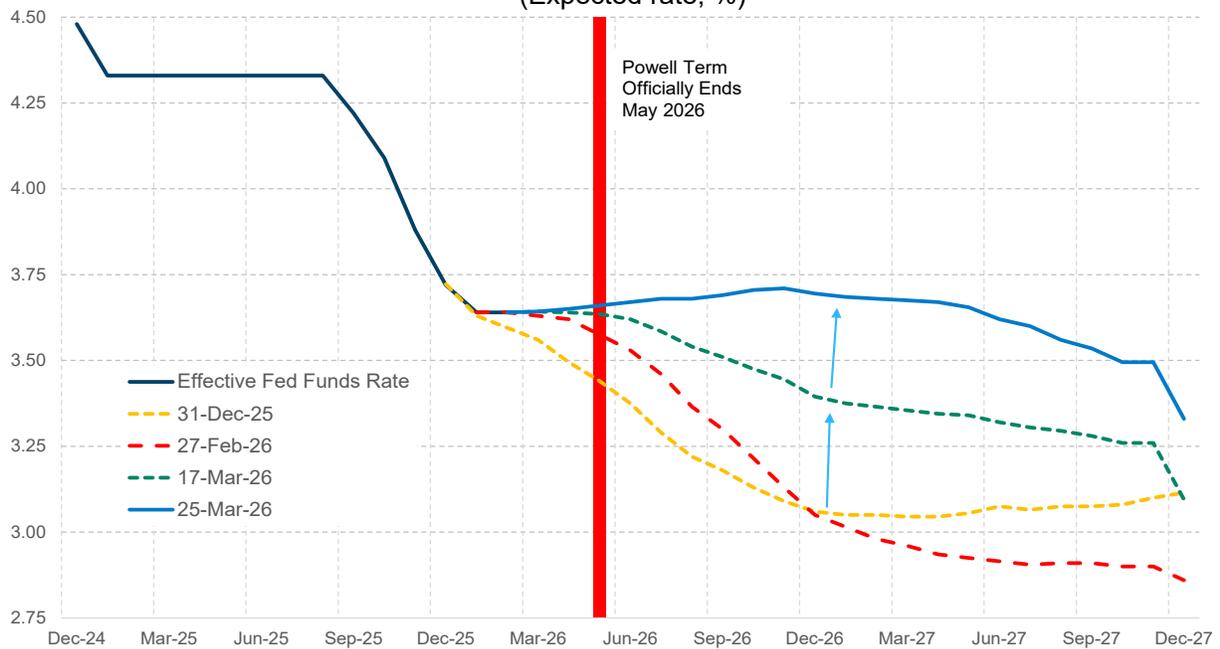


Central Bank Target Short-Term Interest Rates, %



Sources: Bloomberg, William Blair Equity Research

Fed Funds Rate and Futures Market Expectations (Expected rate, %)



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 26-Mar-26	Week Ago 19-Mar-26	Month Ago 26-Feb-26	Qtr-to-Date 31-Dec-25	Year-to-Date 31-Dec-25
S&P 500 Index	100.00	-1.96	-6.25	-5.38	-5.38
S&P 400 MidCap Index		-0.19	-6.63	1.83	1.83
S&P 600 SmallCap Index		0.70	-5.88	2.68	2.68
Dow Jones Industrials		-0.13	-7.15	-4.38	-4.38
Nasdaq Composite		-3.09	-6.43	-7.89	-7.89
Communication Services	10.04	-6.47	-8.26	-9.32	-9.32
Advertising	0.05	-2.77	-10.60	-20.92	-20.92
Broadcasting	0.06	1.11	-1.14	-21.54	-21.54
Cable & Satellite	0.08	2.73	-4.81	3.20	3.20
Integrated Telecommunication Services	0.87	2.50	2.03	16.06	16.06
Interactive Home Entertainment	0.14	-1.18	-3.69	-12.39	-12.39
Interactive Media & Services	7.29	-8.78	-11.08	-12.41	-12.41
Movies & Entertainment	1.14	-0.53	1.54	-5.65	-5.65
Publishing & Printing	0.02	1.31	0.42	-7.09	-7.09
Wireless Telecommunication Svcs	0.39	2.42	-0.73	4.21	4.21
Consumer Discretionary	10.22	-0.70	-5.88	-9.51	-9.51
Apparel Retail	0.41	1.83	0.93	6.76	6.76
Apparel & Accessories & Luxury Goods	0.10	-3.43	-13.90	-6.53	-6.53
Auto Parts & Equipment	0.03	2.57	-7.91	-6.76	-6.76
Automobile Manufacturers	2.52	-1.82	-9.25	-16.49	-16.49
Automobile Retail	0.29	3.27	-5.86	-8.33	-8.33
Broadline Retail	3.79	-0.60	-0.15	-9.87	-9.87
Casinos & Gaming	0.09	-2.29	-5.91	-14.49	-14.49
Computer & Electronics Retail	0.02	-1.53	0.56	-5.56	-5.56
Consumer Electronics	0.08	0.41	-7.12	16.38	16.38
Distributors	0.04	3.68	-9.93	-13.69	-13.69
Footwear	0.13	-4.11	-19.11	-16.81	-16.81
Home Furnishings	0.01	0.36	-20.97	-9.80	-9.80
Home Improvement Retail	0.77	0.83	-11.95	-3.87	-3.87
Homebuilding	0.17	-0.95	-14.74	-6.59	-6.59
Hotels, Resorts & Cruise Lines	0.81	-0.25	-6.60	-8.95	-8.95
Leisure Products	0.02	-0.22	-9.17	11.16	11.16
Restaurants	0.85	-2.08	-9.11	-4.33	-4.33
Other Specialty Retail	0.08	-1.47	-18.19	-11.04	-11.04
Consumer Staples	5.72	-0.43	-7.60	5.57	5.57
Agricultural Products	0.10	4.60	6.63	30.48	30.48
Brewers	0.01	-0.88	-12.76	-10.22	-10.22
Consumer Staples Merchandise Retail	2.66	0.57	-2.02	10.74	10.74
Distillers & Vintners	0.06	0.80	-4.63	7.02	7.02
Food Distributors	0.07	1.19	-7.27	12.15	12.15
Food Retail	0.07	-2.67	6.86	14.90	14.90
Household Products	0.78	-1.58	-13.00	0.82	0.82
Packaged Foods & Meats	0.36	0.15	-10.66	-2.31	-2.31
Personal Care Products	0.09	-6.69	-20.52	-13.60	-13.60
Soft Drinks	1.06	-1.42	-9.53	4.07	4.07
Tobacco	0.60	-0.58	-11.52	4.31	4.31
Energy	3.87	4.29	12.32	37.43	37.43
Integrated Oil & Gas	1.95	4.23	12.38	37.76	37.76
Oil & Gas Equipment & Services	0.29	6.10	0.77	36.71	36.71
Oil & Gas Exploration & Production	0.80	5.10	18.03	38.54	38.54
Oil & Gas Refining & Marketing & Transportation	0.37	3.64	21.96	49.10	49.10
Oil & Gas Storage & Transportation	0.47	2.60	4.35	26.62	26.62

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Financials	11.81	0.63	-6.24	-10.41	-10.41
Asset Management & Custody Banks	0.94	0.33	-7.54	-14.92	-14.92
Consumer Finance	0.57	1.48	-11.38	-21.46	-21.46
Diversified Banks	3.00	2.00	-6.27	-9.52	-9.52
Diversified Financial Services	6.86	-0.06	-6.26	-11.83	-11.83
Financial Exchanges & Data	0.94	-3.77	-5.95	-10.25	-10.25
Insurance Brokers	0.43	1.08	-5.39	-11.31	-11.31
Investment Banking & Brokerage	1.31	0.99	-8.70	-9.98	-9.98
Life & Health Insurance	0.28	1.86	-6.70	-7.42	-7.42
Multi-Sector Holdings	1.10	-1.29	-5.45	-5.45	-5.45
Property & Casualty Insurance	0.95	0.37	-4.65	-3.86	-3.86
Regional Banks	0.28	2.62	-11.26	-5.43	-5.43
Reinsurance	0.02	2.51	-4.12	-4.56	-4.56
Transaction & Payment Processing	1.90	1.62	-3.35	-13.31	-13.31
Health Care	9.15	-0.19	-7.15	-5.82	-5.82
Biotechnology	1.66	0.76	-5.28	0.90	0.90
Health Care Distributors	0.38	-3.31	-11.25	0.83	0.83
Health Care Equipment	1.67	-1.10	-10.07	-13.07	-13.07
Health Care Facilities	0.20	-3.55	-8.75	0.39	0.39
Health Care Services	0.36	1.02	-7.02	-2.54	-2.54
Health Care Supplies	0.06	-0.35	-12.48	-7.30	-7.30
Life Sciences Tools & Services	0.79	2.19	-6.96	-16.41	-16.41
Managed Health Care	0.58	-2.95	-7.74	-19.25	-19.25
Pharmaceuticals	3.44	0.17	-5.81	-0.31	-0.31
Industrials	8.62	-1.44	-8.59	4.01	4.01
Aerospace & Defense	2.24	-2.78	-9.08	1.91	1.91
Agricultural & Farm Machinery	0.26	2.40	-6.18	24.83	24.83
Air Freight & Logistics	0.33	-1.15	-11.64	6.80	6.80
Building Products	0.46	-3.25	-11.69	2.62	2.62
Cargo Ground Transportation	0.10	3.03	-6.67	15.23	15.23
Construction & Engineering	0.27	-5.25	-3.91	31.28	31.28
Construction Machinery & Heavy Trucks	0.84	1.63	-7.17	16.70	16.70
Data Processing & Outsourced Services	0.03	-8.34	-12.78	-28.38	-28.38
Diversified Support Svcs	0.17	-4.36	-13.60	-12.12	-12.12
Electrical Components & Equipment	0.72	-1.49	-10.49	4.24	4.24
Environmental & Facilities Services	0.34	-2.98	-5.26	-1.11	-1.11
Heavy Electrical Equipment	0.39	-0.49	-0.38	33.59	33.59
Human Resource & Employment Services	0.19	-1.58	-4.96	-18.89	-18.89
Industrial Conglomerates	0.36	-0.80	-9.02	5.04	5.04
Industrial Machinery	0.66	-0.46	-11.06	0.27	0.27
Passenger Airlines	0.16	0.07	-14.50	-8.52	-8.52
Passenger Ground Transportation	0.24	-6.36	-5.68	-13.66	-13.66
Railroads	0.47	2.23	-9.12	3.56	3.56
Research & Consulting Svcs	0.14	-4.59	-10.79	-14.26	-14.26
Trading Companies & Distributors	0.25	2.18	-6.30	2.76	2.76
Information Technology	30.99	-3.64	-6.53	-9.81	-9.81
Application Software	2.05	-4.97	-1.36	-25.75	-25.75
Communications Equipment	1.13	-1.08	1.71	7.67	7.67
Electronic Components	0.52	-3.69	-15.04	8.68	8.68
Electronic Equipment & Instruments	0.14	-3.10	-9.36	22.68	22.68
Electronic Manufacturing Services	0.15	1.49	-10.59	-3.61	-3.61
Internet Software & Services	0.09	3.63	8.96	-1.52	-1.52
IT Consulting & Services	0.66	-3.20	-2.27	-22.81	-22.81
Semiconductor Equipment	1.33	-6.07	-9.31	27.06	27.06
Semiconductors	12.10	-4.42	-7.00	-5.98	-5.98
Systems Software	5.91	-6.28	-7.63	-24.02	-24.02
Technology Distributors	0.03	1.27	-1.79	-11.03	-11.03
Technology Hardware, Storage & Peripherals	6.89	0.30	-6.66	-3.79	-3.79
Materials	1.94	2.91	-8.08	7.28	7.28
Commodity Chemicals	0.09	4.84	34.46	73.12	73.12
Construction Materials	0.23	2.56	-14.46	-12.28	-12.28
Copper	0.13	4.12	-18.35	9.92	9.92

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Fertilizers & Agricultural Chemicals	0.14	4.78	9.71	30.01	30.01
Gold	0.18	0.16	-22.05	-0.49	-0.49
Industrial Gases	0.49	1.60	0.80	16.74	16.74
Metal & Glass Containers	0.03	1.10	-10.49	12.59	12.59
Paper Packaging	0.15	5.44	-13.63	-2.26	-2.26
Specialty Chemicals	0.39	3.83	-11.84	3.40	3.40
Steel	0.11	3.12	-7.03	2.22	2.22
Real Estate	1.83	-3.32	-7.33	0.63	0.63
Data Center REITs	0.26	-1.80	0.66	20.63	20.63
Health Care REITs	0.33	-4.71	-5.99	5.28	5.28
Hotel & Resort REITs	0.02	1.68	-4.33	9.53	9.53
Industrial REITs	0.20	-1.03	-9.05	1.63	1.63
Multi-Family Residential REITs	0.00	-1.25	-8.95	-8.69	-8.69
Office REITs	0.01	-0.47	-13.09	-21.22	-21.22
Other Specialized REITs	0.10	-3.74	-8.58	7.47	7.47
Real Estate Service	0.10	-0.32	-9.56	-24.61	-24.61
Retail REITs	0.26	-4.11	-8.85	3.41	3.41
Self-Storage REITs	0.12	-3.63	-11.75	2.04	2.04
Single-Family Residential REITs	0.12	-3.63	-11.75	2.04	2.04
Telecom Tower REITs	0.22	-7.95	-9.65	-7.60	-7.60
Timber REITs	0.03	2.79	-3.75	-0.38	-0.38
Utilities	2.40	-1.90	-3.52	6.26	6.26
Electric Utilities	1.58	-1.91	-3.64	6.45	6.45
Gas Utilities	0.05	-0.93	-0.25	9.27	9.27
Independent Power Producers & Energy Traders	0.10	-7.73	-13.85	-5.05	-5.05
Water Utilities	0.04	0.30	2.38	5.37	5.37
Multi-Utilities	0.61	-1.11	-2.03	7.64	7.64

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

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DOW JONES: 46429.50

S&P 500: 6591.90

NASDAQ: 21929.80

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