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Macroeconomics

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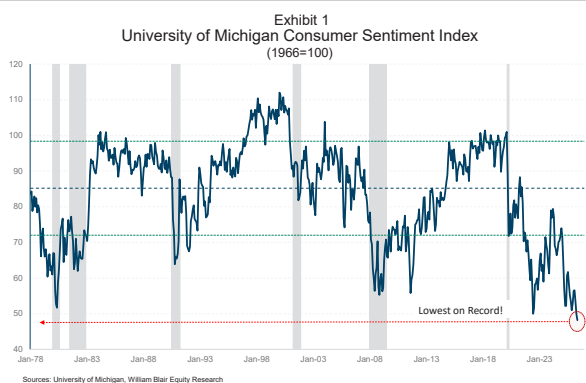
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Economics Weekly

U.S. Consumer Is OK, but This Is Not a Consumer-Driven Expansion



The University of Michigan’s survey on consumer sentiment reached its lowest reading in history this month (exhibit 1). Incredibly, the sentiment is lower today than it was during COVID, the global financial crisis, and even lower than 9/11, the stock market crash of 1987, and any recession since 1978. What’s so surprising is that the economy is not in recession and the unemployment rate is well below average at 4.3%. So what gives? **In this *Economics Weekly*, we look at the U.S. consumer, with the view that they are still resilient, even as they face some headwinds. Simply put, this is not a consumer-driven recovery—it’s a capex one.**



44.6%. It then climbed to 62% in 1958, before dipping back to 58.6% in 1967.

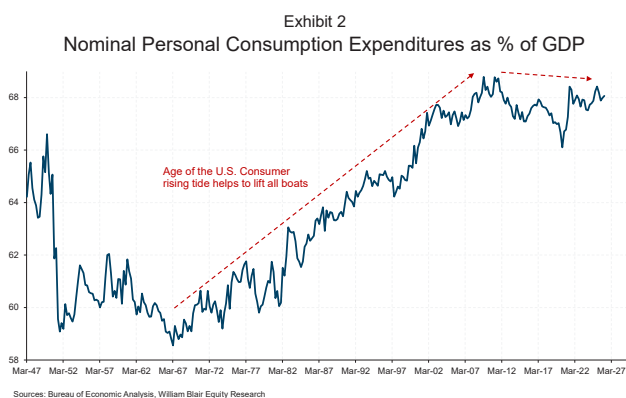
From the 1967 low to the peak in 2009 (69%), the U.S. was very much in the “age of the consumer.” Over this stretch, nominal PCE increased at a CAGR of 7.3% (or 3.2% real), compared to GDP of 6.9% (2.9% real). For those investing in consumer-related stocks, this meant that the wind was at their back, and the pie was growing bigger.

As with most major macro structural changes taking place in the economy, this rising share of consumption relative to aggregate GDP was largely driven by demographics. It started with the baby boomers entering the workforce in the mid- to late 1960s, followed by women increasingly being included in the workforce through the 1970s and 1980s. The population in the 1990s was then supplemented by an increasing number of immigrants as globalization got underway. Consumption was then given a boost by an almighty credit bubble, which finally burst in 2008, taking consumption’s share back down to 67% by 2015—when broader growth also collapsed.

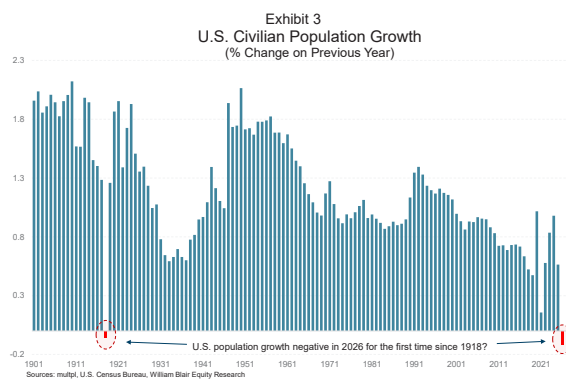
Today, the PCE as a share of GDP is 68% and still lower than that 2009 peak. Between then and now, its CAGR has been 4.8%, compared to 4.9% for aggregate GDP; hence consumption has been slightly underpacing aggregate demand. This slower pace of consumption and falling share of GDP look set to continue in 2026, given that this year could turn out to be the first year since the Spanish flu of 1918 when U.S. population growth is negative (exhibit 3).

Consumer Share of the Pie Is Flat to Down

We like simplicity. And we believe one of the simplest big-picture metrics with regard to the U.S. consumer is the personal consumption expenditure as a share of GDP, as shown in exhibit 2.



Most investors today assume that the consumer’s share of GDP has always been close to 70%, when in reality, in 1944 near the end of World War II, its share dropped to



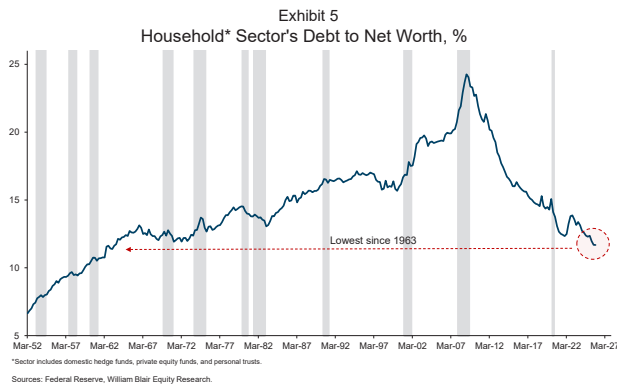
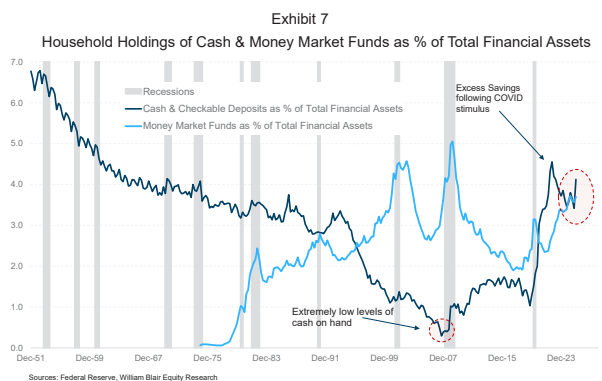
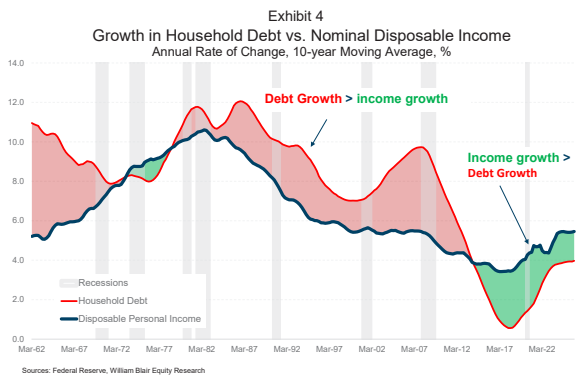
For investors in the consumer-related area, this equates to much tougher comps and an aggregate TAM that is flat to shrinking.

Balance Sheets Not Highly Stressed

While U.S. consumers are facing some headwinds structurally and cyclically, their balance sheets are generally respectable. Consumers have continued to deleverage, with income growth outpacing debt growth. Debt-to-net worth is the lowest since 1963, and the cost of servicing that debt is also still below where it was pre-COVID, let alone during the peak of the credit splurge of the mid-2000s (see exhibits 4, 5, and 6).

Meanwhile, cash levels and holdings in money market funds as a share of total financial assets are exceptionally high. Exhibit 7 shows cash as a share of total financial assets is 4.1%, which is the highest it has been since 1967, outside recessions and the COVID excess savings bump. It is also far higher than the 0.3% share at the start of the GFC.

The share of assets in money market funds is similarly the highest on record outside recessionary periods where the value of other financial assets decline.



We view this as an important factor in the consumer's armor that should offer some protection against any headwinds from higher energy prices and potentially volatile financial markets.

Weak Employment Growth (So Far) Mainly Reflecting Supply Factors

The fact that employment growth is now negative (household survey)—the only period excluding 2024 when growth has declined outside a recession—is highly unusual and concerning (exhibit 8). However, once again, we believe this weakness is more a reflection of the demographic shifts related to the supply of labor than any weakening demand.

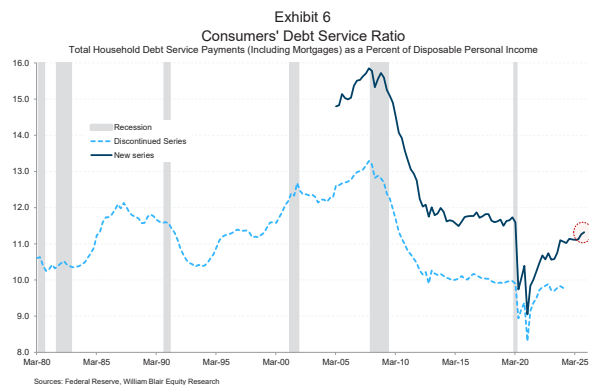
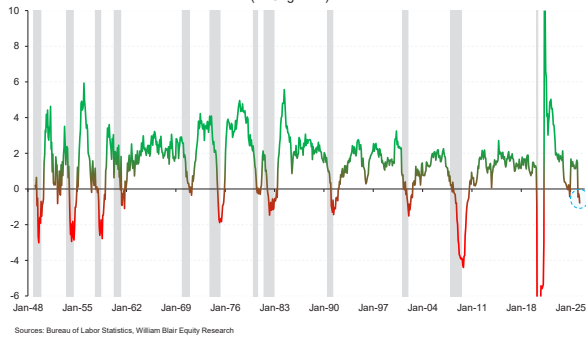


Exhibit 8
Employment Growth Household Survey
(% Chg. YoY)



Many investors and the members of the FOMC are now coming around to this view, but this supply-side view of a softer labor market was far from the consensus several months ago, when the market was demanding up to three rate cuts from the Fed to offset this weakness. For example, back in November, Fed Governor Waller, one of those pushing for such cuts, [stated](#):

It is clear to me that the data are saying that there has been a greater reduction in demand than supply. I'm not seeing or hearing stories of an acceleration in wage growth, an increase in job openings, or a rise in the quits rate. The overwhelming share of the data I have cited so far supports the weaker demand story.

Five months later in [mid-April](#), Waller now believes that the slowdown is more related to developments on the supply side than on the demand side, and that no cuts seem necessary:

The second development is what we have come to more fully recognize about the supply side of the labor market. Over the course of last year, we got the details of how net immigration, which was 2.3 million in 2024, fell to a minimal level in 2025 and is continuing at a very low level in 2026. This pattern has lowered population growth and, hence, the growth of the labor force. This change in immigration, combined with the continued aging of the population, means that very little or no net job creation is necessary to absorb new workers into employment. This development is unprecedented in recent history, and I believe it is a significant factor in understanding the economic outlook and what that means for monetary policy.

We think this supply divergence has been clear for a while and can be seen by simply looking at the employment-to-population ratio. As shown in exhibit 9, there has

been a steady decline in the aggregate employment-to-population ratio (slowing due to retiring boomers), while the ratio for prime age workers (25- to 54-year-olds) remains near its record highs and is inconsistent with much weaker employment demand. Furthermore, simply listening to what many companies have been telling us, including in many small business surveys, signals that the labor market is structurally tight and that companies are struggling to find labor (exhibit 10).

Exhibit 9
Employment-to-Population Ratio for All Workers and Prime Age Workers, %

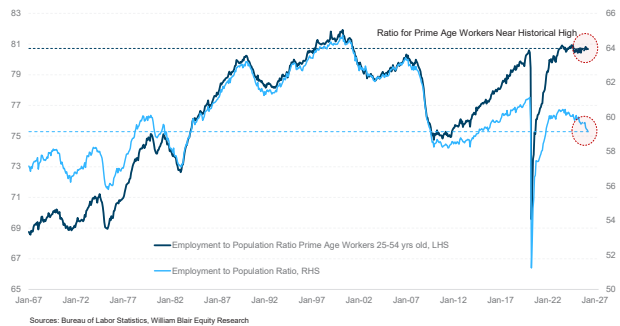
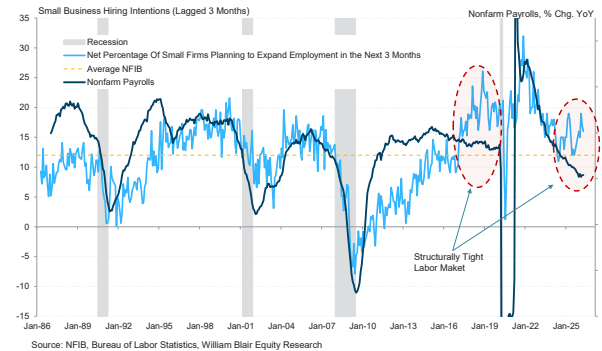


Exhibit 10
Small Business Hiring Intentions vs Nonfarm Payroll Annual Growth, %

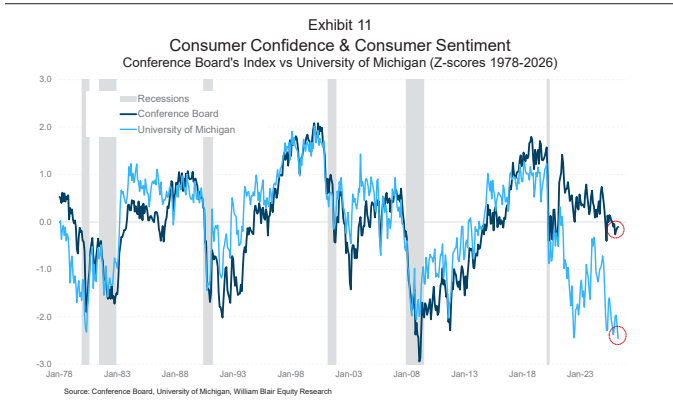


The Inflation Problem

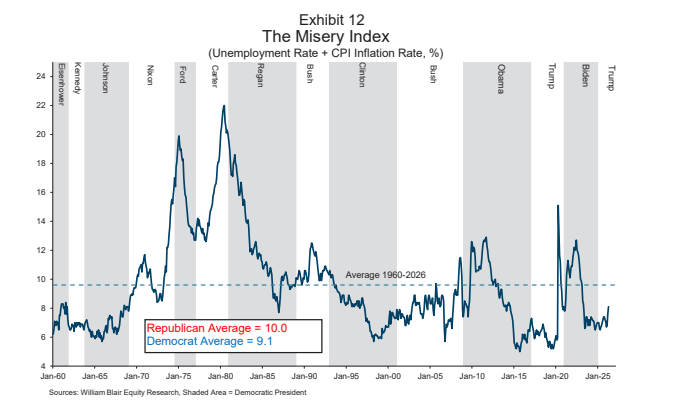
During the COVID inflation surge, the Fed (re)discovered that the public really, *really* does not like high inflation, and this is showing up once again in the University of Michigan sentiment index.

In exhibit 11, we compare the University of Michigan Consumer Sentiment Survey and the Conference Board's measure of Consumer Confidence. The main difference between the two is that the Michigan survey's questions are more weighted toward buying plans, which better reflect the prevailing inflation environment, as opposed to the Conference Board's survey, which is a better gauge

of the state of the labor market. According to consumers from the Conference Board’s survey, the economic situation today is only a little below the historical average and not nearly as dire as that described by consumers in the Michigan survey.

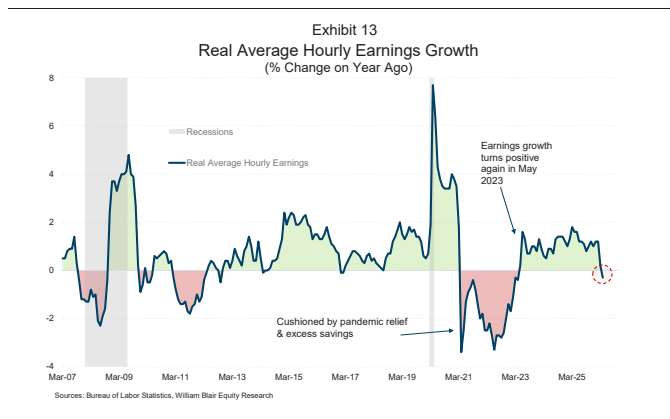


Similarly, the combination of both the unemployment rate and the rate of inflation—aka the misery index—shows a misery level that is still below the historical average (but matches the average over the last 30 years, exhibit 12).



No Money Illusion Here

The fact that inflation is once again surging is resulting in the return of negative real income growth (exhibit 13). This is particularly painful for lower-income cohorts, who are not benefiting directly from the asset appreciation in the financial markets and are far more dependent on income-based wealth than other cohorts, who are benefiting from a renewed positive wealth effect.



Over the last few months, many consumers have been benefiting from the jump in tax refunds following the passage of the OBBB; however, if the war with Iran does not end soon and shortages of energy and other materials worsen, we should expect a more tangible softening in demand later this year.

Conclusion

Consumer sentiment has collapsed to historic lows—below levels seen during either the GFC or COVID—despite the still-solid macro backdrop (low unemployment, no recession). This disconnect is almost entirely driven by inflation, rather than labor market weakness. While negative real income growth is pressuring lower-income households, indicators such as confidence tied to employment and the misery index suggest that broader economic conditions are not as weak as sentiment implies.

The reality is that the current expansion is not a consumer-led one, it is capex-driven. The long rise in consumption’s share of GDP (peaking in 2009) has stalled, with demographics now acting as a headwind. As a result, consumption is no longer outpacing GDP, which for investors in the consumer space is not a disaster by any means, but does imply a flattish TAM, where there is no longer a rising tide lifting all boats.

That said, the consumer remains resilient. Balance sheets are solid (low leverage, high cash buffers), and labor market softness largely reflects supply constraints (immigration slowdown, aging workforce) rather than demand weakness. The key risk is inflation—especially via energy shocks and other recurring one-off supply shocks—which would erode purchasing power further. Overall, what we are left with is an economic expansion that is being driven less by consumption and more by business investment and some much needed capex.

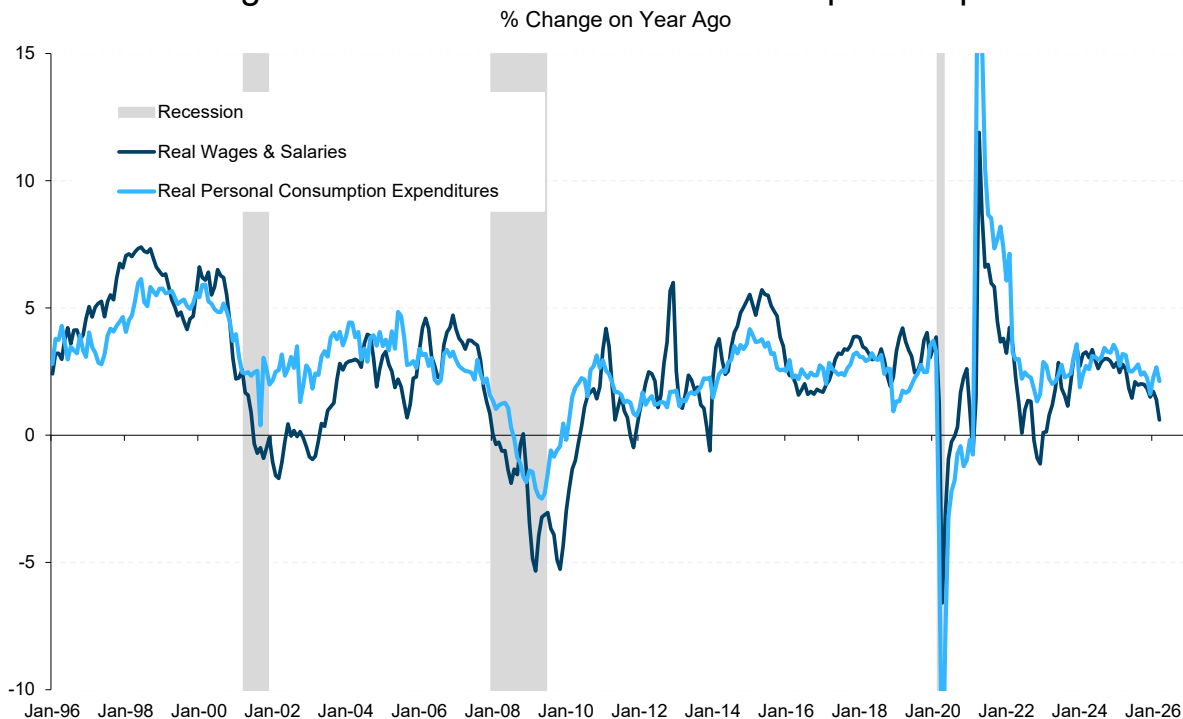
Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
26 May	10:00 a.m.	Consumer Confidence (May)	92.8	92.5	92.3	
28 May	8:30 a.m.	Personal Income (April)	0.6%	0.4%	0.5%	
		Personal Spending	0.9%	0.5%	0.5%	
28 May	8:30 a.m.	Durable Goods Orders (April)	0.8%	2.5%	3.2%	
		Orders Less-transportation	0.9%	0.1%	1.0%	
28 May	8:30 a.m.	GDP Q4 (Second)	2.0%	2.1%	2.1%	
28 May	10:00 a.m.	New Home Sales (April)	7.4%	NA	-0.5%	

Sources: Bloomberg, William Blair Equity Research

Indicators of the Week: Personal Income

Real Wages & Salaries vs Personal Consumption Expenditures



Sources: BEA, IHS Global Ltd, William Blair Equity Research

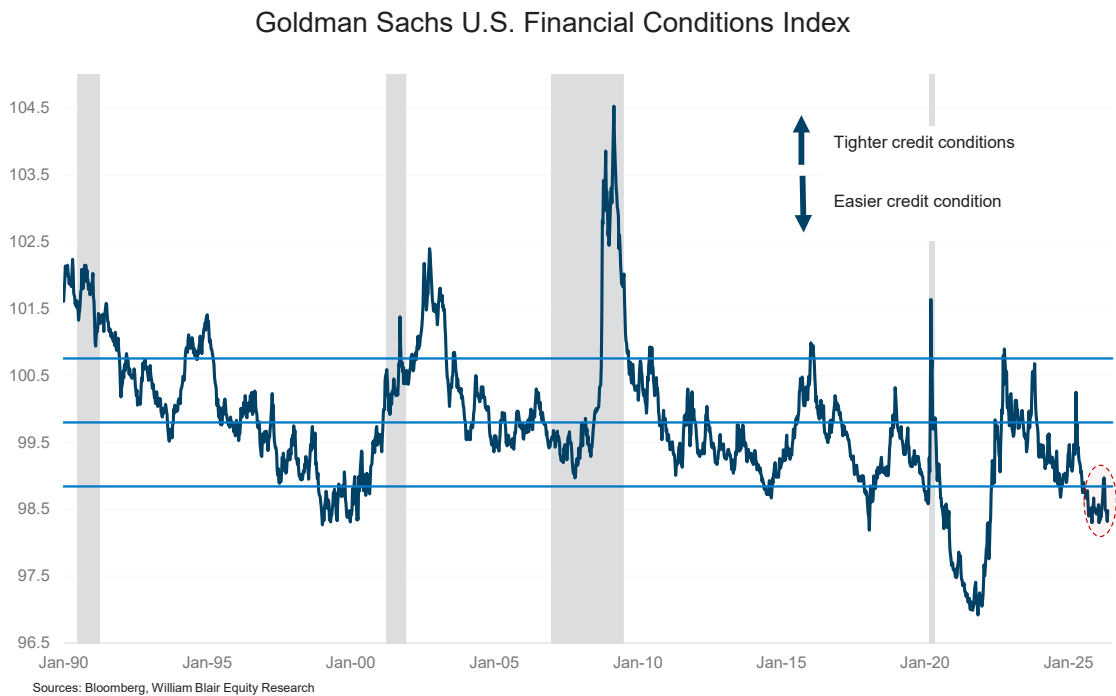
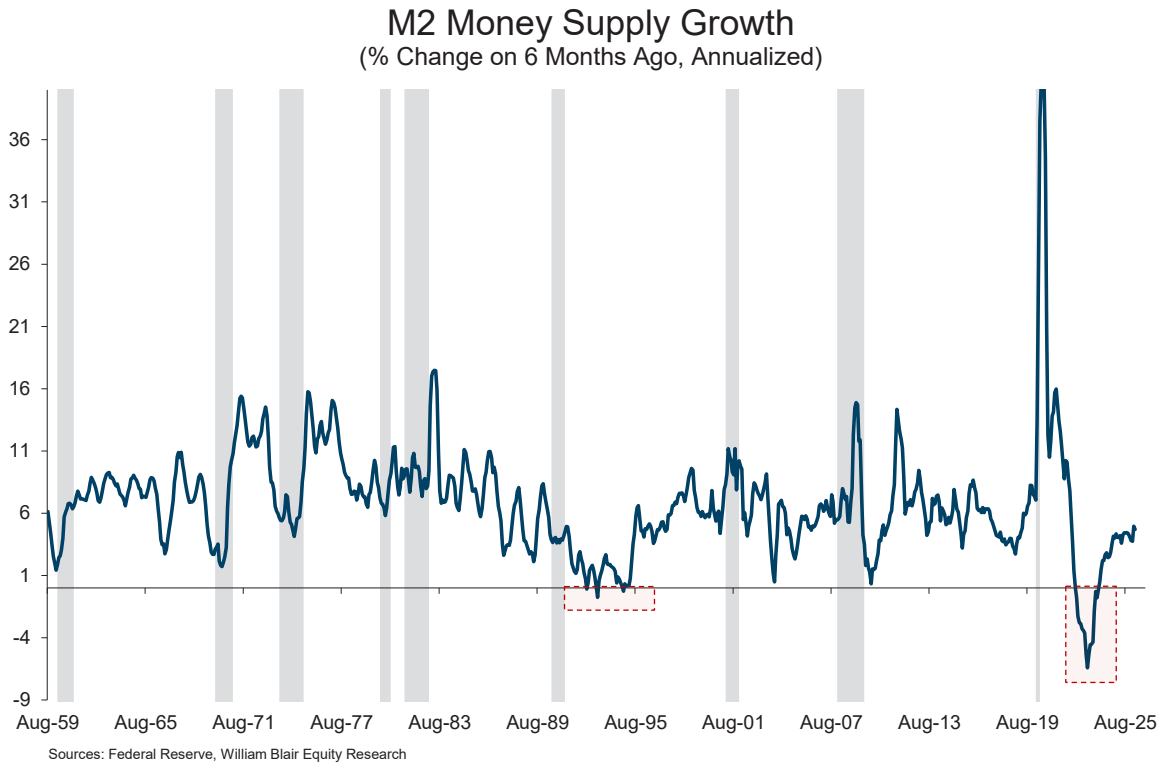
Economic Scorecard

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

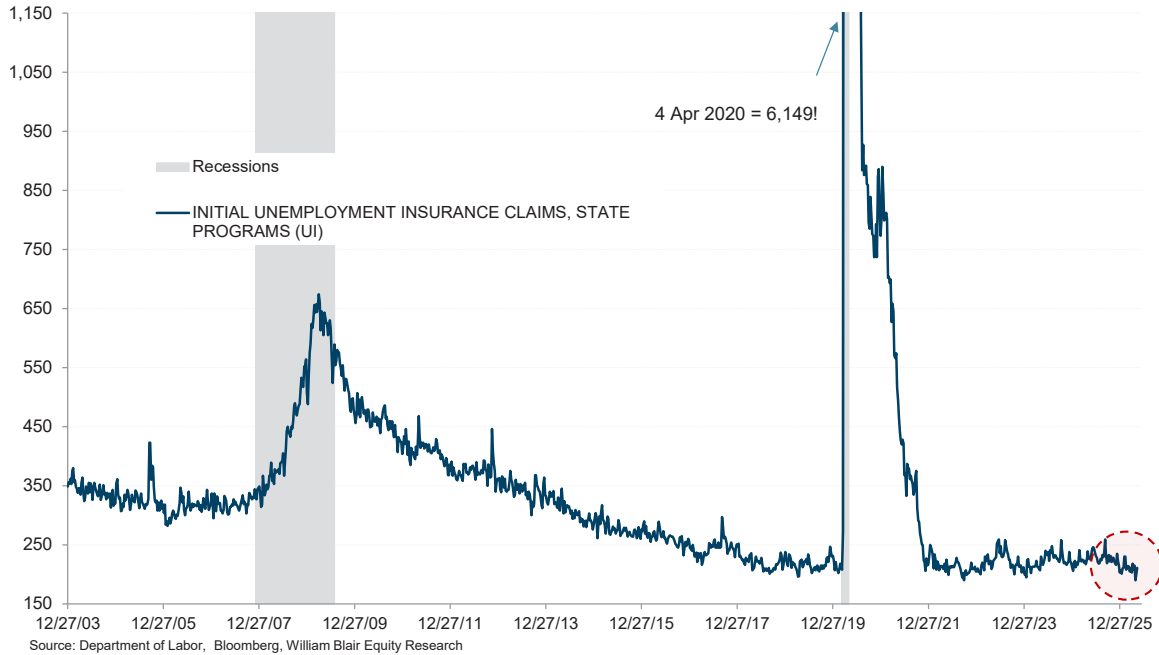
	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Growth																			
US Leading Indicators	-3.0	-3.0	-2.7	-3.0	-3.6	-4.3	-3.9	-4.0	-3.5	-3.5	-3.3	-3.3	-3.8	-3.9	-3.7	-3.3	-3.1		
US Coincident Indicators	1.3	1.7	1.5	1.5	1.8	2.0	1.4	1.3	1.6	1.4	1.1	1.1	1.1	0.7	1.1	0.8	0.4		
US Lagging Indicators	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	0.8	0.7	1.2		
Consumer																			
Total Retail Sales	3.9	4.5	4.5	3.8	5.2	5	3.4	4.4	4.1	5	4.1	3.2	3.2	2.4	3.3	4.2	4.2	4.2	4.9
Personal Income	5.3	5.3	5	5	5.2	5.6	4.5	4.3	4.8	5.1	5.1	4.7	4.6	4.5	4.4	3.9	3.7		
Real Disposable Personal Income	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	1.1	1.7	1.2	0.4		
Real Personal Consumption	3.2	3.6	3.3	2.7	3.2	3.1	2.5	2.5	2.6	2.8	2.4	2.5	2.2	1.6	2.3	2.7	2.1		
Personal Saving Rate (%)	4.9	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.5	4.4	4.3	4	4	3.9	4.5	3.9	3.6		
Consumer Confidence (Conference Board)**	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	92.2	92.8	
Employment																			
Employment Growth	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	0.2	0.2	0.2
ASA Temporary Staffing Index	-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	6.1	5.4	
ISM Employment Index Manufacturing*	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	48.7	46.4	
ISM Employment Index Services*	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	45.2	48	
Unemployment Rate, %	4.2	4.1	4	4.2	4.2	4.2	4.3	4.1	4.3	4.3	4.4		4.5	4.4	4.3	4.4	4.3	4.3	
Average Hourly Earnings	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	3.7	3.4	3.6	
Initial Jobless Claims (avg. wkly. chg. '000s)	219	223	219	226	223	226	233	239	222	231	234	226	221	219	213	216	208	208	
Job Openings	-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	-2.6	-4.4	-1.2		
Layoff Announcements	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	-78	-20.9	
Housing Market																			
Housing Starts	-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	-9.3	2.9	-9	10.8		
New Home Sales	10.7	11.7	-2.8	-2.4	-4.6	-1.8	-5.7	-1.3	-10	1.9	0.3	4.7	10.8	1.4	-11.9	-1.1	3.3		
Existing Home Sales	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	-0.5	-0.3		
Median House Price (Existing Homes)	-7.4	1.1	-0.2	-1.4	-5.4	-0.4	2.5	-1.2	-7.4	3	-1	-5.2	1.2	1.4	-3.9	-1.5	-6.2		
Existing Homes Inventory (Mths' supply)	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	4.3	4.3		
New Homes Inventory (Mths' supply)	8.7	8.2	9	9.3	9.2	8.5	9.6	9.1	9.3	8.4	8.1	9	7.8	7.8	9.8	9.1	8.5		
NAHB Homebuilder Sentiment*	46	46	47	42	39	40	34	32	33	32	32	37	38	39	37	37	38		
Inflation																			
Consumer Price Index	2.7	2.9	3	2.8	2.4	2.3	2.4	2.7	2.7	2.9	3		2.7	2.7	2.4	2.4	3.3	3.8	
CPI Less-food & energy	3.3	3.2	3.3	3.1	2.8	2.8	2.8	2.9	3.1	3.1	3		2.6	2.6	2.5	2.5	2.6	2.8	
Producer Price Index	2.9	3.5	3.8	3.4	3.2	2.4	2.7	2.4	3.2	2.7	3	2.8	3.1	3.1	3.1	3.4	4.3	6	
PPI Less-food & energy	3.4	3.7	3.9	3.7	3.8	3.1	3.2	2.7	3.5	2.9	3	3	3.2	3.4	3.7	3.9	4	5.2	
PCE Price Index	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	2.9	2.8	3.5		
PCE Prices Less-food & energy	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	3.0	3.2		
Business Activity - US																			
Industrial Production	-1.6	-0.3	0.9	0.8	0.6	0.9	0.1	0.6	1.9	1.2	1.9	1.8	1.8	1.2	1.4	1.0	0.8	1.4	
New Cap Gds Orders less-aircraft & parts	-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	5.9	10.9		
Business Inventories	2.2	2.7	1.8	2.5	2.2	2.5	2.2	1.7	1.6	1.4	1	1.3	1.3	1.2	1.5	1	1.2	2	
ISM Manufacturing PMI*	48.4	49.2	50.5	50	48.9	48.8	48.6	49	48.4	48.9	48.8	48.8	48	47.9	52.6	52.4	52.7	52.7	
Markit US Manufacturing PMI*	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	52.3	54.5	
ISM Services Index*	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	54	53.6	
Markit US Services PMI*	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	49.8	51	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	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	52.2	51.4	49.9
Japan Manufacturing PMI Jibun Bank*	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	51.6	55.1	54.5
Caixin China Manufacturing PMI*	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	50.8	52.2	
China Manufacturing PMI*	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	50.4	50.3	
UK Manufacturing PMI Markit/CIPS*	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	51	53.7	53.7
France Manufacturing PMI Markit*	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	50	52.8	48.9
Currencies***																			
Euro (EUR/USD)	-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	6.8	3.6	
Renmimbi (USD/CNY)	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	-5.0	-6.1	
Yen (USD/Yen)	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	5.8	9.4	
Sterling (GBP/USD)	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	2.4	2.1	
Canadian \$ (USD/CAD)	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	-3.3	-1.6	
Mexican Peso (USD/MXN)	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	-12.4	-11.0	
US Equities																			
S&P 500	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	16.3	29.4	
S&P 400 Midcap	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	15.7	27.6	
S&P 600 Smallcap	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	18.5	36.6	
Russell 2000	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	24.1	42.6	

* 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

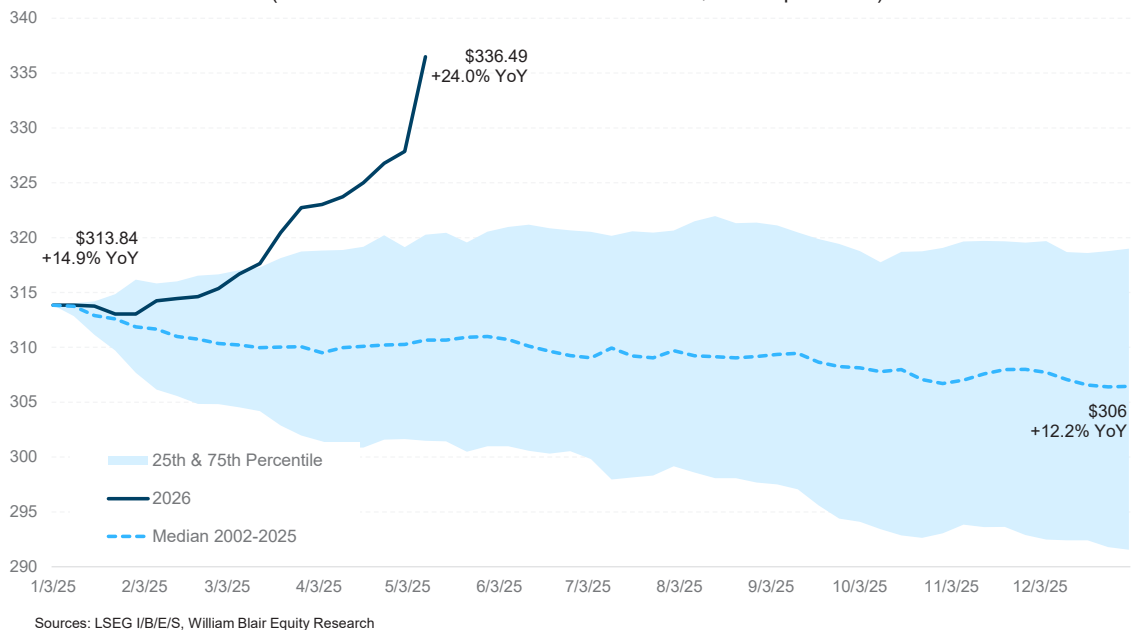
Other Economic Indicators



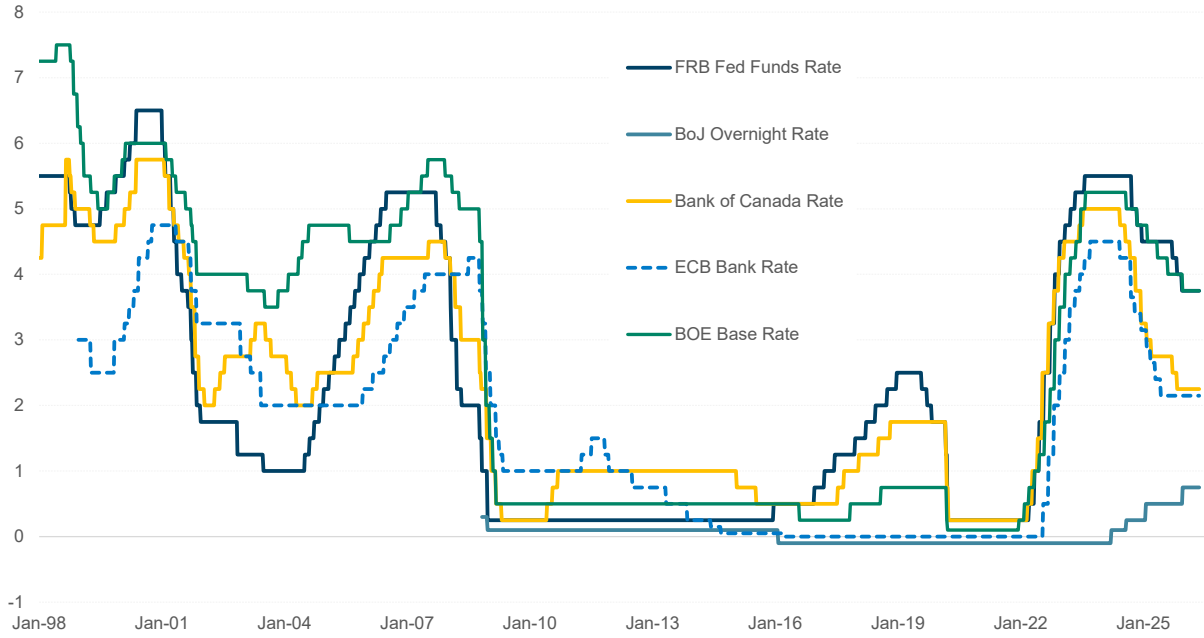
Initial Jobless Claims ('000s, Seasonally Adjusted)



Progression of S&P 500 2026 EPS Estimates, 2026 vs Median 2002-2025 (Rebased to Estimate at End of Q4 2025 of \$313.84 per share)

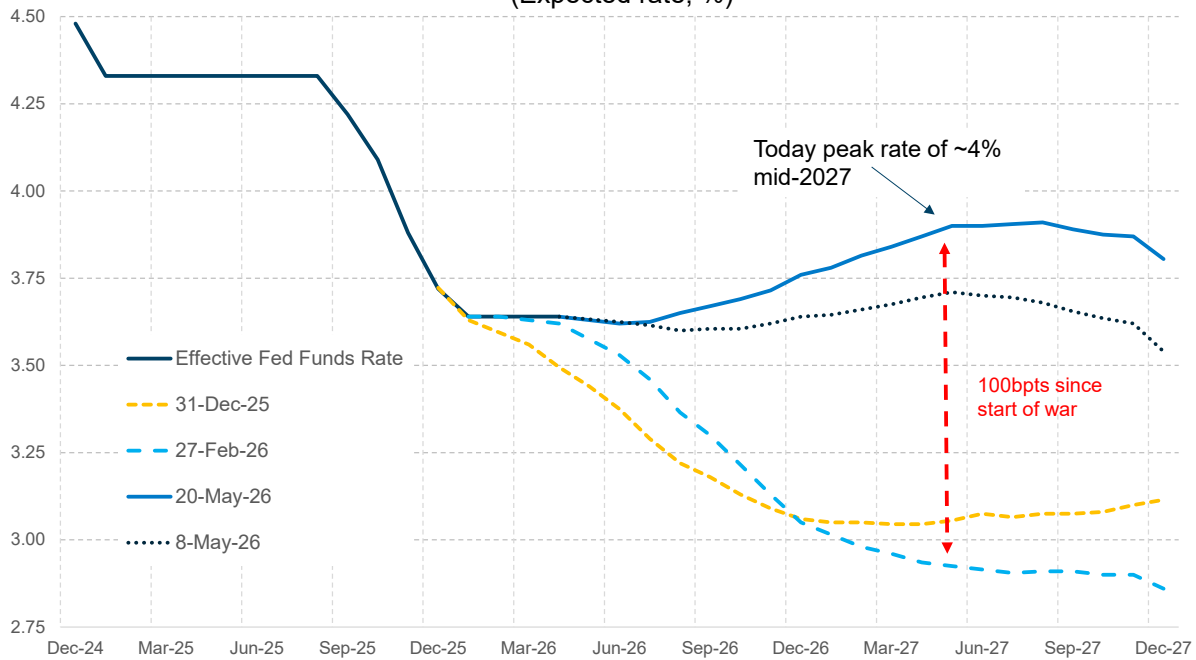


Central Bank Target Short-Term Interest Rates, %



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* 21-May-26	Week Ago 14-May-26	Month Ago 21-Apr-26	Qtr-to-Date 31-Mar-26	Year-to-Date 31-Dec-25
S&P 500 Index	100.00	-0.74	5.40	14.05	8.77
S&P 400 MidCap Index		-0.74	-0.13	7.89	10.22
S&P 600 SmallCap Index		0.05	0.75	9.50	12.89
Dow Jones Industrials		0.44	2.31	8.51	4.62
Nasdaq Composite		-1.28	8.38	21.78	13.13
Communication Services	10.61	-2.16	6.32	18.17	9.78
Advertising	0.04	3.40	-6.32	-3.28	-22.56
Broadcasting	0.05	-1.21	-1.72	10.02	-13.39
Cable & Satellite	0.06	-2.66	-19.72	-12.34	-8.09
Integrated Telecommunication Services	0.68	2.08	-2.00	-9.03	5.21
Interactive Home Entertainment	0.14	-0.58	3.80	8.24	-4.07
Interactive Media & Services	8.32	-3.00	8.82	26.05	13.64
Movies & Entertainment	0.99	0.90	-1.92	-2.29	-5.48
Publishing & Printing	0.02	0.03	-0.75	5.38	0.80
Wireless Telecommunication Svcs	0.30	1.44	-2.30	-9.11	-5.98
Consumer Discretionary	10.13	-0.15	1.58	12.65	2.12
Apparel Retail	0.36	5.37	-1.88	-0.93	7.12
Apparel & Accessories & Luxury Goods	0.08	7.63	-11.12	-3.48	-8.97
Auto Parts & Equipment	0.02	-2.97	-8.14	-7.55	-15.63
Automobile Manufacturers	2.48	-5.47	7.47	12.13	-6.54
Automobile Retail	0.26	-0.23	-7.77	1.18	-6.43
Broadline Retail	4.30	0.52	7.49	28.90	16.62
Casinos & Gaming	0.08	0.21	-10.28	-4.60	-17.08
Computer & Electronics Retail	0.02	7.89	-8.17	-4.75	-8.64
Consumer Electronics	0.07	2.28	-9.68	3.35	18.21
Distributors	0.03	1.41	-17.36	-8.47	-20.60
Footwear	0.10	6.15	-4.87	-12.55	-25.52
Home Furnishings	0.01	3.64	-5.91	3.93	-6.38
Home Improvement Retail	0.64	1.38	-10.13	-5.57	-9.10
Homebuilding	0.14	3.79	-10.16	0.55	-6.39
Hotels, Resorts & Cruise Lines	0.72	2.15	-8.85	0.94	-8.30
Leisure Products	0.02	-5.83	-1.09	-3.76	9.85
Restaurants	0.74	1.77	-4.14	0.11	-4.59
Other Specialty Retail	0.06	2.30	-15.38	-17.04	-26.61
Consumer Staples	5.24	-1.20	3.17	2.98	10.21
Agricultural Products	0.09	-4.35	5.49	2.33	34.47
Brewers	0.01	4.21	-2.43	-1.23	-8.89
Consumer Staples Merchandise Retail	2.40	-3.38	-1.89	0.89	13.08
Distillers & Vintners	0.05	5.89	-4.91	0.19	7.48
Food Distributors	0.05	5.41	2.96	7.95	4.49
Food Retail	0.10	-2.51	0.84	-1.66	13.90
Household Products	0.69	0.92	2.21	0.44	2.34
Packaged Foods & Meats	0.32	0.73	3.42	-0.19	-1.65
Personal Care Products	0.08	0.08	2.04	4.31	-10.12
Soft Drinks	0.99	0.48	4.71	4.08	10.51
Tobacco	0.61	-0.74	20.17	13.30	20.38
Energy	3.22	1.49	5.16	-4.59	30.94
Integrated Oil & Gas	1.58	1.95	3.98	-8.24	28.25
Oil & Gas Equipment & Services	0.27	2.19	9.02	9.39	47.37
Oil & Gas Exploration & Production	0.63	1.46	1.86	-7.22	25.63
Oil & Gas Refining & Marketing & Transportation	0.31	-0.10	8.25	-1.74	45.01
Oil & Gas Storage & Transportation	0.42	0.57	10.15	4.27	29.78

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Financials	10.71	0.92	-1.14	4.58	-5.67
Asset Management & Custody Banks	0.78	-2.21	-1.45	10.39	-4.89
Consumer Finance	0.51	-0.27	-6.85	2.63	-18.78
Diversified Banks	2.73	1.76	-4.08	3.53	-5.44
Diversified Financial Services	6.24	0.15	0.40	5.64	-6.31
Financial Exchanges & Data	0.84	-0.55	-1.55	1.93	-7.42
Insurance Brokers	0.36	3.68	-7.67	-4.35	-14.68
Investment Banking & Brokerage	1.30	0.98	2.81	13.02	2.81
Life & Health Insurance	0.27	2.79	5.83	11.54	4.86
Multi-Sector Holdings	0.98	-0.84	2.45	0.16	-4.51
Property & Casualty Insurance	0.84	2.08	-0.76	2.39	-1.60
Regional Banks	0.25	2.40	-4.83	3.70	-0.18
Reinsurance	0.02	2.43	1.89	9.06	5.04
Transaction & Payment Processing	1.71	2.25	1.10	4.98	-9.55
Health Care	8.14	0.99	1.39	0.81	-4.53
Biotechnology	1.41	-0.76	-0.41	-4.03	-2.02
Health Care Distributors	0.29	2.44	-9.07	-10.76	-9.89
Health Care Equipment	1.31	3.66	-3.67	-6.92	-21.01
Health Care Facilities	0.14	-8.73	-15.78	-16.13	-17.23
Health Care Services	0.36	-2.92	9.32	15.07	11.59
Health Care Supplies	0.05	2.97	-5.15	-1.62	-9.61
Life Sciences Tools & Services	0.66	2.10	-9.98	-4.60	-19.84
Managed Health Care	0.73	-3.26	15.28	43.41	16.27
Pharmaceuticals	3.14	2.25	5.84	1.42	3.22
Industrials	7.93	-2.33	-0.61	5.29	9.83
Aerospace & Defense	1.91	-0.03	-1.42	-1.55	-0.41
Agricultural & Farm Machinery	0.21	-7.53	-9.53	-5.67	14.13
Air Freight & Logistics	0.30	2.30	-3.40	5.45	13.81
Building Products	0.42	-6.04	-4.43	4.74	9.05
Cargo Ground Transportation	0.10	3.55	-4.11	11.20	32.75
Construction & Engineering	0.31	-8.84	12.17	28.18	70.10
Construction Machinery & Heavy Trucks	0.86	-6.35	3.71	16.73	37.41
Data Processing & Outsourced Services	0.03	4.64	-7.32	-7.67	-32.78
Diversified Support Svcs	0.15	4.37	-0.82	2.48	-9.67
Electrical Components & Equipment	0.71	-7.39	-2.80	11.93	17.65
Environmental & Facilities Services	0.29	-0.29	-1.82	-4.43	-4.20
Heavy Electrical Equipment	0.41	-4.28	5.30	19.58	59.71
Human Resource & Employment Services	0.18	5.74	6.36	6.72	-14.22
Industrial Conglomerates	0.32	3.39	1.21	0.88	6.55
Industrial Machinery	0.56	-1.32	-8.72	-3.33	-3.39
Passenger Airlines	0.15	4.69	4.40	10.92	-0.07
Passenger Ground Transportation	0.22	-1.45	-4.72	2.33	-9.92
Railroads	0.46	-1.18	5.11	9.85	16.07
Research & Consulting Svcs	0.10	3.61	-12.80	-12.39	-24.24
Trading Companies & Distributors	0.24	-3.01	5.46	10.91	15.33
Information Technology	35.34	-1.17	12.45	29.52	17.53
Application Software	1.81	1.03	-1.26	2.51	-24.01
Communications Equipment	1.32	1.09	13.83	37.29	43.32
Electronic Components	0.57	-5.83	-1.63	22.22	34.37
Electronic Equipment & Instruments	0.14	-6.09	-1.70	12.85	38.71
Electronic Manufacturing Services	0.14	-1.01	-8.93	8.61	6.92
Internet Software & Services	0.09	1.04	21.33	21.72	18.83
IT Consulting & Services	0.57	13.39	-4.51	-2.23	-24.11
Semiconductor Equipment	1.53	-1.52	9.20	30.41	67.43
Semiconductors	15.26	-4.91	18.05	42.96	35.55
Systems Software	6.21	2.73	3.10	17.77	-9.39
Technology Distributors	0.02	4.62	-24.42	-11.68	-21.53
Technology Hardware, Storage & Peripherals	7.68	2.48	17.49	26.71	22.33
Materials	1.73	-3.06	-3.27	0.21	9.53
Commodity Chemicals	0.07	-6.17	-4.51	-13.47	56.92
Construction Materials	0.20	-5.86	-12.55	-5.04	-15.17
Copper	0.13	-5.79	-7.78	6.00	22.68

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Fertilizers & Agricultural Chemicals	0.12	-4.00	-1.91	-6.55	22.07
Gold	0.17	-6.88	-0.89	0.07	8.49
Industrial Gases	0.44	-0.27	2.75	2.93	19.98
Metal & Glass Containers	0.02	-0.47	-11.06	-4.67	6.38
Paper Packaging	0.13	-2.14	-6.17	-5.34	-7.80
Specialty Chemicals	0.34	-1.63	-6.25	-2.93	1.23
Steel	0.12	-2.17	7.45	31.92	38.05
Real Estate	1.77	1.33	1.57	8.71	10.82
Data Center REITs	0.26	0.20	-2.22	9.18	34.69
Health Care REITs	0.32	-0.85	5.80	9.30	15.43
Hotel & Resort REITs	0.02	4.04	6.11	16.96	26.40
Industrial REITs	0.20	1.38	1.91	9.42	13.29
Multi-Family Residential REITs	0.00	1.25	6.15	10.88	0.89
Office REITs	0.01	1.98	2.78	15.86	-10.89
Other Specialized REITs	0.10	0.84	4.45	14.68	24.80
Real Estate Service	0.08	0.91	-12.62	-7.09	-30.23
Retail REITs	0.24	1.33	-0.63	6.16	11.93
Self-Storage REITs	0.12	0.86	-0.60	11.47	14.70
Single-Family Residential REITs	0.12	0.86	-0.60	11.47	14.70
Telecom Tower REITs	0.22	6.46	4.80	10.22	4.80
Timber REITs	0.02	0.73	-5.50	-3.73	-0.72
Utilities	2.08	0.03	-0.21	-2.30	5.04
Electric Utilities	1.37	-0.62	-0.32	-2.65	4.94
Gas Utilities	0.04	-1.88	-2.99	-3.93	5.86
Independent Power Producers & Energy Traders	0.09	4.42	-2.82	0.05	-5.93
Water Utilities	0.04	-1.67	-6.19	-8.98	-5.07
Multi-Utilities	0.54	1.26	1.17	-1.18	7.99

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

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DOW JONES: 50285.70

S&P 500: 7445.72

NASDAQ: 26293.10

Additional information is available upon request.

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