

Equity Research  
Macroeconomics

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## Economics Weekly

Warsh Wants Us to Think More About  
the Supply Side of the Economy



In our view, the most important part of Fed Chair Warsh's opening press conference last week was not the dropping of forward guidance—that was already dead and buried in light of the inflation regime shift since 2020—rather, it was the lack of clarity regarding the Fed's new reaction function to employment and inflation. In our opinion, this creates the most uncertainty: if the Phillips curve-type view of the world is being jettisoned, what replaces it? The new Fed chair wants to conduct a root-and-branch review of the Fed and its operations, leaning on five taskforces established to review 1) its communications strategy, 2) the size of its balance sheet, 3) the data used to make policy decisions, 4) productivity and the potential impact from the emergence of AI, and 5) what drives inflation from a first principles approach and how to deliver on price stability. **In this *Economics Weekly*, we contrast the philosophical approaches taken by more recent Fed chairs with the approach that Chair Warsh seems to be proposing.**

## Warsh Wants to Better Acknowledge the Supply Side of the Economy

At his first press conference and in response to a question from Colby Smith from the *New York Times*, Chair Warsh told us he believes that inflation is a choice and that it is a function of monetary policy. This may seem obvious, but he believes his view differs from how the Fed has viewed inflation in recent years:

*First, we have the capability and commitment to deliver on our price stability objective of 2 percent. That's exactly what we're going to do. In the Fed's review of its strategy over the last any number of years—in January the Fed, including the strategy that we're still bound by—the Fed statement says that inflation is primarily determined by monetary policy. You bet it is. I've said for years inflation is a choice. You bet it is. And today I'm announcing that this committee unambiguously and unanimously have decided we are going to deliver on that.* [Emphasis added]

**Warsh effectively rejects a Phillips curve view of the world**—one that purports there is a trade-off between inflation/wages and unemployment. He doesn't believe in this "cruel choice":

*I don't believe that we have a cruel choice. I don't share the view that was expressed a few generations ago that Federal Reserve chairmen*

*show up at a podium like this and say you've got to choose. And you're going to have to decide whether you're willing to tolerate higher inflation to put more people at work. I don't believe in that. What I believe is if we do our job, we can make strong growth, low prices, and strong employment mutually compatible. And so what you heard from the committee today is we've got some work to do on this price stability front.* [Emphasis added]

**Warsh also seems to reject what up to now has been a Fed that has taken a demand-management approach to monetary policy.** The Fed has historically taken the view that it really only has control over the demand side of the economy and not the supply side.

Supply-side changes are typically slow moving, often structural, and a function of factors like demographics, health, education, and innovation—areas on which monetary policy and changes in interest rates have very little effect. As such, the direction of the supply side of the economy is better left to fiscal policymakers in Congress.

Furthermore, the Fed has correctly believed that the great advantage of a demand-management approach is that changes in more cyclical and variable demand are more easily measured than changes in longer-run supply. For example, we can easily track retail sales, income and employment growth, and changes in business investment, whereas measuring the supply side is much harder, and a lot of that data has to be inferred. As a result, the Fed always felt it was better to stick to what it can better control and measure, rather than hazarding a guess about what might happen as a result of demographics or an unknown AI innovation wave.

This effectively meant a more cautious approach. It meant leaning against the wind and restraining growth if employment looked too hot and lowering rates if it looked too soft, to prevent inflation over-/undershooting the target, regardless of what was happening to the supply side of the economy.

Last week, Warsh told us that the Fed should no longer take this approach just because supply-side developments are harder to measure. In his view, ignoring these trends risks capping demand too early and potentially leaving meaningful growth (and jobs) on the table:

*At the central bank in an economics profession, what we spend most of our time doing is counting demand. It's easier. We can see it, we can count*

*it, we can check it, we can revise it. What we do, though, is we infer supply. You'll notice in the second paragraph of what one of your colleagues described as, "A very short statement," we have a sentence on the demand side and a sentence about the same length on the supply side. They're both important. Just because we can count one better than the other doesn't mean we're going to favor one more than the other. With respect to AI and the growth of data centers and infrastructure around it, we're counting the demand side, and it is no doubt showing up in GDP figures. We can be less certain when we infer the timing and extent of the growth on the supply side. It may well be an intuition the supply side is going to expand, but it'll take longer, but just describe it this way. There's a race between supply and demand. Milton Friedman says that the only thing we know about economics is that there's a supply line and a demand line and they ultimately cross. When they cross, what are the implications for policy? The good news for you is we have a task force for that.*

## History of the Fed and the Supply Side

The Powell Fed around 2018 up to the pandemic also attempted to allow room for an expanding supply side with a “run it hot” strategy. In this case, the Fed believed that there was a deeper pool of available labor that for various reasons was stuck on the sidelines outside of the labor force; if the economy was run hot enough, these workers could be pulled back into the labor force, increasing the supply of workers and keeping a lid on wage inflation. This experiment was then cut short by the pandemic.

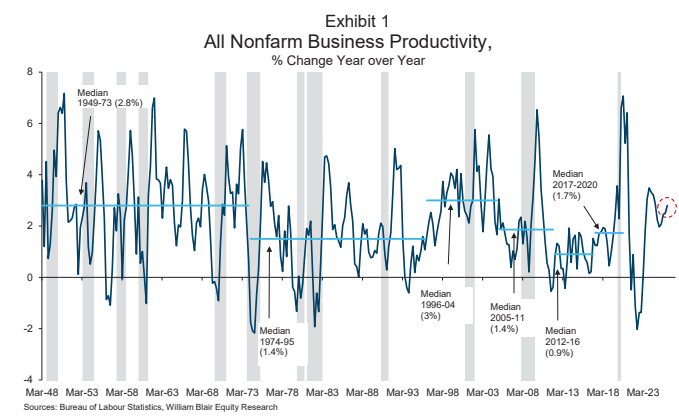
More famously in the mid-1990s, however, the late Fed Chair Alan Greenspan argued that it was his intuition, based on a mix of anecdotal evidence and some hard data, that productivity growth was being underestimated, and that higher productivity growth would help curtail inflationary pressures. He told the Fed that he could hear it from the companies he spoke to and see it in the combination of strong corporate profits, falling unemployment, rising wages, and falling inflation—even if it wasn't showing up explicitly in the productivity numbers. Greenspan used that intuition to convince the FOMC not to lower rates, but rather to delay raising rates at the September 1996 FOMC meeting and in subsequent meetings (until March 1997).

Much like Chair Warsh is doing today, Greenspan commissioned an [internal study](#) to assess the extent of the disconnect. This study was published after that September FOMC

meeting (in November 1996), but it was used as confirmation of his intuition about productivity growth.

## Faster Productivity Growth Doesn't Necessarily Mean Lower Rates

Even if the commissioned taskforce does conclude that productivity growth is accelerating—which seems likely—this does not automatically green-light lower rates (exhibit 1). For Chair Greenspan, it simply meant delaying raising rates for a period, before he ultimately raised them aggressively through 1999-2000.



Furthermore, as Chicago Fed President Austan Goolsbee pointed out in a [speech](#) in early May, the impact on inflation also very much depends on whether the productivity growth is anticipated or not.

As Goolsbee notes, *unanticipated* productivity growth results in slower wage growth acceleration and falling unit labor costs (compensation adjusted for productivity growth). In such instances, lower rates can be justified. This, he argues, is what happened during the mid-1990s, or the early phase of that productivity expansion.

Conversely, if that same productivity shock is *anticipated* (as is the case today), this can pull forward demand in the form of investment by the corporate sector, as well as consumer spending and the demand for wages as consumers see better times ahead. The result is stronger economic growth today, which is effectively front-running the expected increase in available capacity tomorrow. This raises the R-star natural rate of interest and can result in rising unit labor costs, increasing the likelihood of actually having to raise rates.

In Goolsbee's model, for a 1-percentage-point increase in unanticipated productivity, rates can be lowered by 75 basis points. For every 1-percentage-point increase in anticipated productivity growth, however, rates would have to increase by 50 basis points. For Greenspan, the unanticipated productivity was in the mid-1990s, but by the late 1990s, productivity had shifted to being anticipated, and it was time to raise rates.

## Conclusion

Last week's post-FOMC press conference from new Chair Warsh was revealing in terms of what we were and were not told. While the end of forward guidance was no real surprise, Warsh plans to alter the Fed's reaction function—though he was a little vague on just what that might mean. His plan seems to be to more explicitly bring the supply side of the economy into the equation, which up to now has often been ignored by the Fed as it is mostly exogenous, unmeasurable, and intractable.

Shifting focus to the supply side should widen the scope for flexibility and greater policy discretion, but at the same time reduce transparency and predictability. Furthermore, even if today's AI-driven productivity delivers genuine supply gains, the policy response is not unambiguously dovish: if those gains are anticipated and pull demand forward, they may justify tighter policy. The result of Warsh's new Fed framework is likely to be one that is more flexible in principle, but less uncertain in practice.

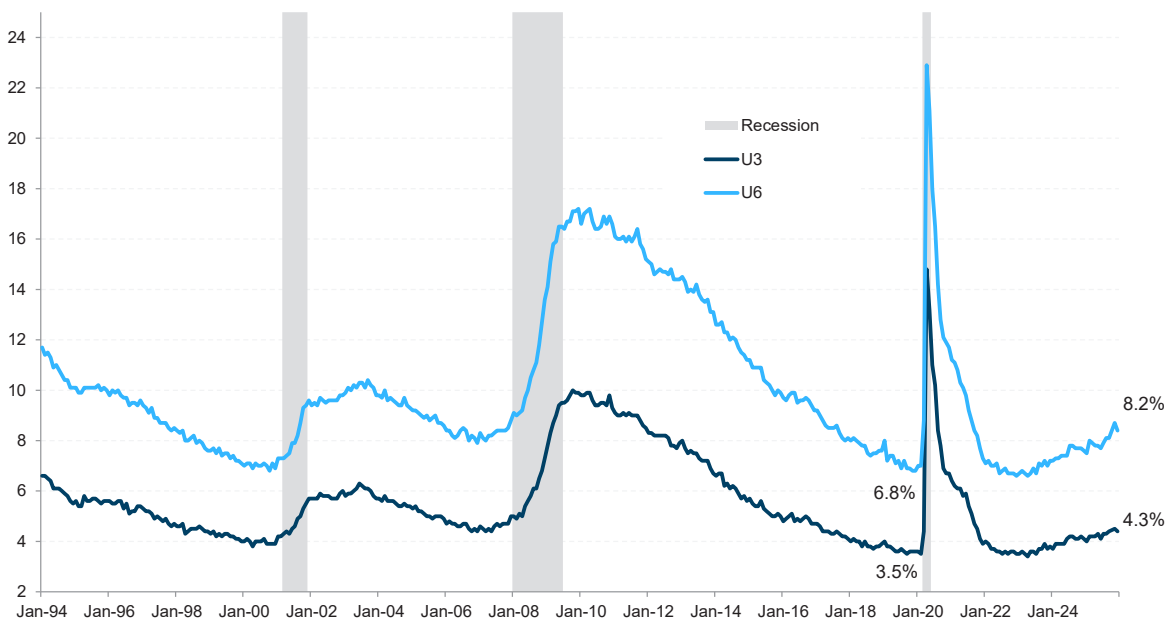
## Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
30 June	10:00 a.m.	Consumer Confidence (June)	93.1	94.2	94.5	
30 June	10:00 a.m.	JOLTS Job Opening (May)	7618K	7360K	N/A	
1 July	10:00 a.m.	ISM Manufacturing (June)	54.0	53.8	54.2	
2 July	8:30 a.m.	Nonfarm Payrolls (June)	172K	130K	100K	
		Average Hourly Earnings	0.3%	0.3%	0.3%	
		Unemployment Rate	4.3%	4.3%	4.2%	
2 July	10:00 a.m.	Total Factory Orders (May)	4.8%	N/A	N/A	

Sources: Bloomberg, William Blair Equity Research

## Indicators of the Week: Employment Situation

Headline Unemployment Rate vs U-6 Underemployment Rate, %



Source: BLS, William Blair Equity Research. U-6 = Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force

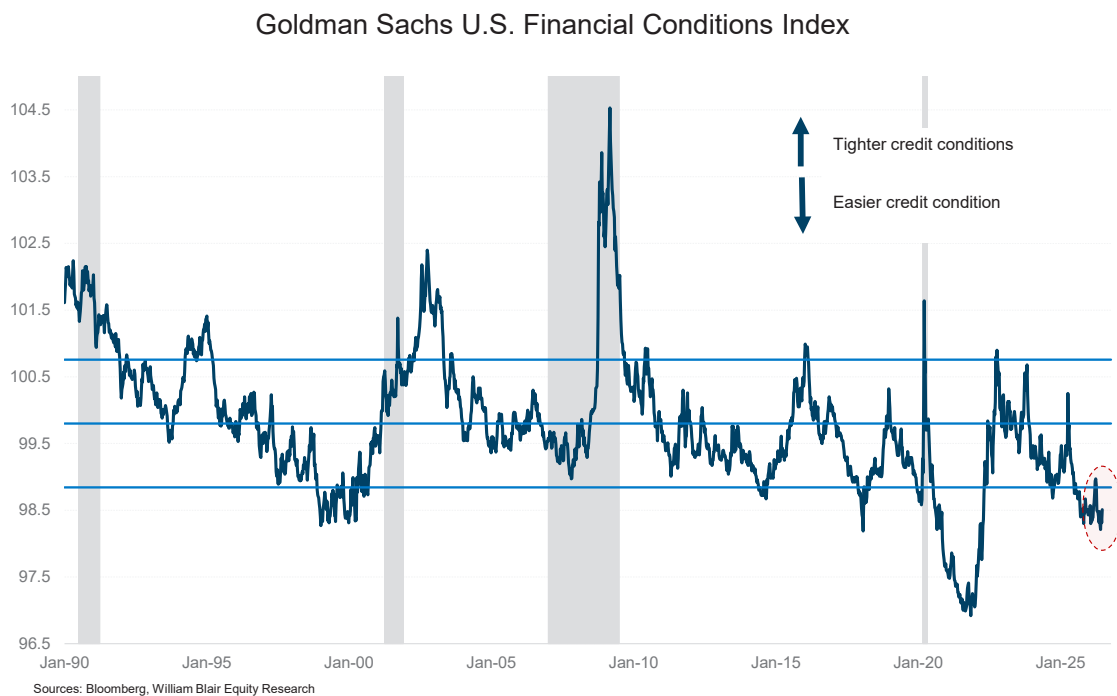
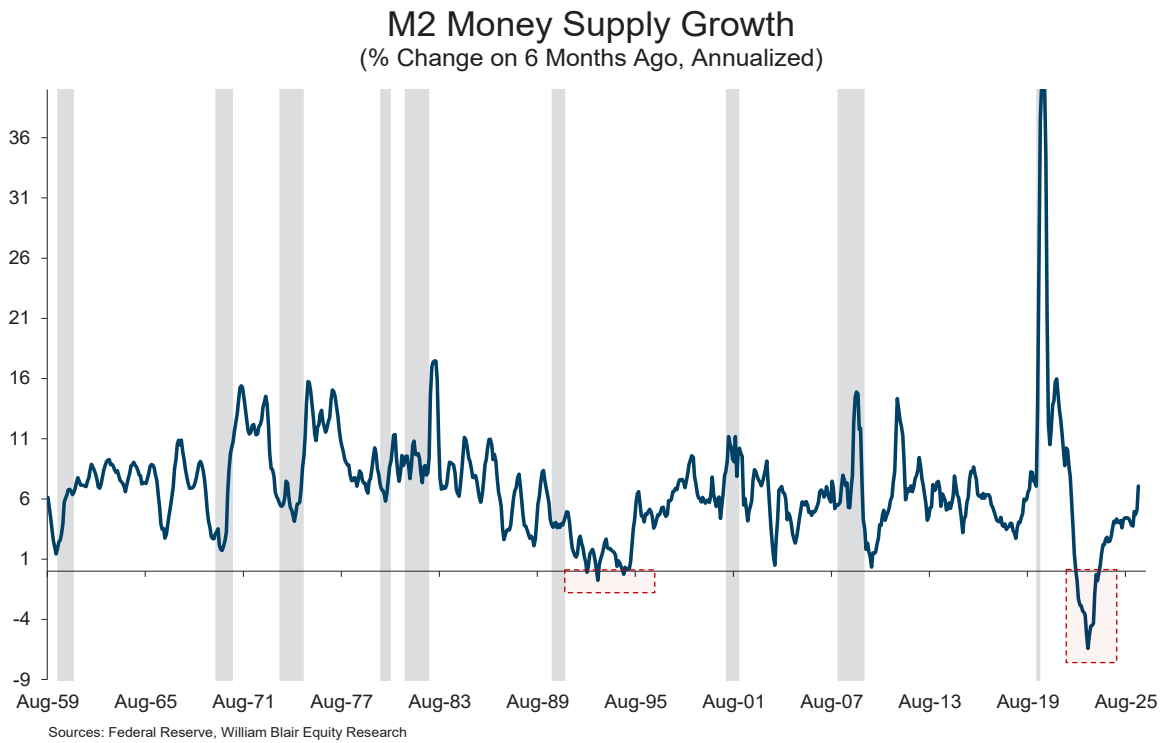
# Economic Scorecard

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

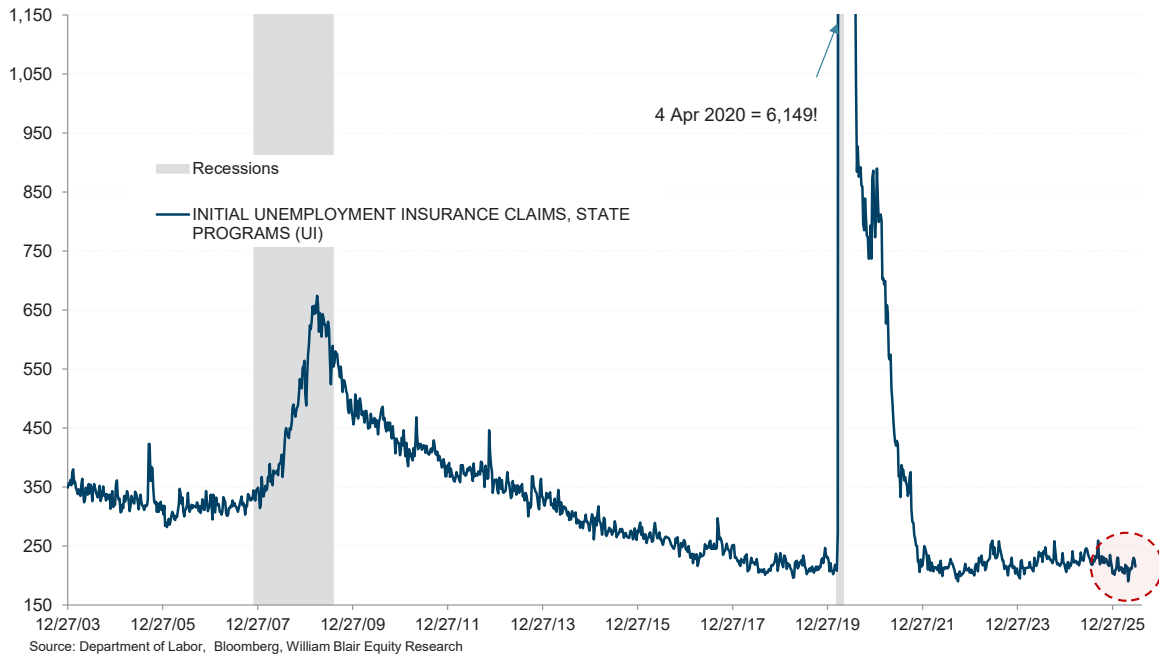
	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
<b>Growth</b>																			
US Leading Indicators	-2.9	-2.8	-3.0	-3.3	-4.1	-3.7	-3.8	-3.4	-3.5	-3.2	-3.1	-3.7	-3.7	-3.6	-3.1	-3.0	-1.6		
US Coincident Indicators	1.2	1.4	1.4	1.8	1.8	1.1	1.1	1.4	1.2	1.2	1.0	0.8	0.6	0.9	0.8	0.3	0.4		
US Lagging Indicators	0.1	-0.6	-0.5	-0.6	-0.8	-0.1	-0.3	-0.5	-0.4	0.2	0.3	0.3	0.7	0.9	0.7	1.2	1.5		
<b>Consumer</b>																			
Total Retail Sales	4.5	4.5	3.8	5.2	5.1	3.1	4.4	4.1	5	4.1	3.2	3.2	2.4	3.3	4.2	4.2	4.8	6.9	
Personal Income	5.3	5	5	5.2	5.6	4.5	4.3	4.8	5.1	5.1	4.5	4.4	4.2	4.1	3.5	3.3	2.6	3.8	
Real Disposable Personal Income	2.2	1.8	1.8	2.3	2.8	1.5	1.2	1.7	1.8	1.8	1.3	1	0.8	1.4	0.8	0	-1.1	0	
Real Personal Consumption	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	2.4	1.9	1.7	2.1	
Personal Saving Rate (%)	4.3	5.1	5.2	5.1	5.5	4.9	4.6	4.5	4.4	4.3	3.9	3.8	3.6	4.4	3.8	3.5	3	3	
Consumer Confidence (Conference Board)**	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	93.8	93.1	
<b>Employment</b>																			
Employment Growth	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	0.3	
ASA Temporary Staffing Index	-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	5.1	
ISM Employment Index Manufacturing*	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	48.6	
ISM Employment Index Services*	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	47.9	
Unemployment Rate, %	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	4.3	
Average Hourly Earnings	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	3.4	
Initial Jobless Claims (avg. wkly. chg. '000s)	223	219	226	223	226	233	239	222	231	234	226	221	219	213	216	208	208	215	
Job Openings	-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	-0.9	7.3		
Layoff Announcements	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	3.4	
<b>Housing Market</b>																			
Housing Starts	-0.7	-1.8	-4.1	3.8	1.5	-3	4.6	12.8	-7.4	-2.8	-7.1	1.5	-7.8	2.4	-9.7	13.1	-0.6		
New Home Sales	10.7	-2.6	-1.8	-3.7	-0.7	-7.2	-2.6	-11.5	1.6	-0.1	3.2	13.2	3	-13.4	-1.7	1.2	-10.7		
Existing Home Sales	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	0.5		
Median House Price (Existing Homes)	1.1	-0.2	-1.4	-5.4	-0.4	2.5	-1.2	-7.4	3	-1	-5.2	1.2	1.4	-3.1	-0.7	-4.8	0.7		
Existing Homes Inventory (Mths' supply)	3.8	3.9	4	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.2	4	4.2	4.3	4.3	4.3	4.3		
New Homes Inventory (Mths' supply)	8.4	9	9.4	9.3	8.6	9.7	9	9.2	8.5	8.2	9	7.7	7.9	9.9	9.3	8.7	9.3		
NAHB Homebuilder Sentiment*	46	47	42	39	40	34	32	33	32	32	37	38	39	37	37	38	34		
<b>Inflation</b>																			
Consumer Price Index	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	4.2	
CPI Less-food & energy	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	2.9	
Producer Price Index	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	5.7	6.5	
PPI Less-food & energy	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	3.9	4.9	4.9	
PCE Price Index	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	2.9	3.5	3.8	4.1	
PCE Prices Less-food & energy	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	3.3	3.3	3.4	
<b>Business Activity - US</b>																			
Industrial Production	-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	1.1	0.8	0.6	1.4	1.7	
New Cap Gds Orders less-aircraft & parts	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	10.8	10.9	10.2	
Business Inventories	2.7	1.8	2.5	2.2	2.5	2.1	1.7	1.6	1.4	1	1.3	1.3	1.2	1.5	1	1.2	2.1	2.7	
ISM Manufacturing PMI*	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	52.7	52.7	54	
Markit US Manufacturing PMI*	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	55.1	
ISM Services Index*	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	54.5	
Markit US Services PMI*	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	50.7	
<b>Business Activity - International</b>																			
Germany Manufacturing PMI Markit/BME*	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	50.1	50
Japan Manufacturing PMI Jibun Bank*	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	54.9
Caixin China Manufacturing PMI*	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	51.8	
China Manufacturing PMI*	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	50	
UK Manufacturing PMI Markit/CIPS*	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	53.9	53.1
France Manufacturing PMI Markit*	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	49.7	50.7
<b>Currencies***</b>																			
Euro (EUR/USD)	-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	2.7	
Renmimbi (USD/CNY)	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	-6.0	
Yen (USD/Yen)	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	10.6	
Sterling (GBP/USD)	-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	0.0	
Canadian \$ (USD/CAD)	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	0.4	
Mexican Peso (USD/MXN)	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	-10.7	
<b>US Equities</b>																			
S&P 500	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	28.2	
S&P 400 Midcap	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	24.1	
S&P 600 Smallcap	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	31.2	
Russell 2000	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	41.3	

\* 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

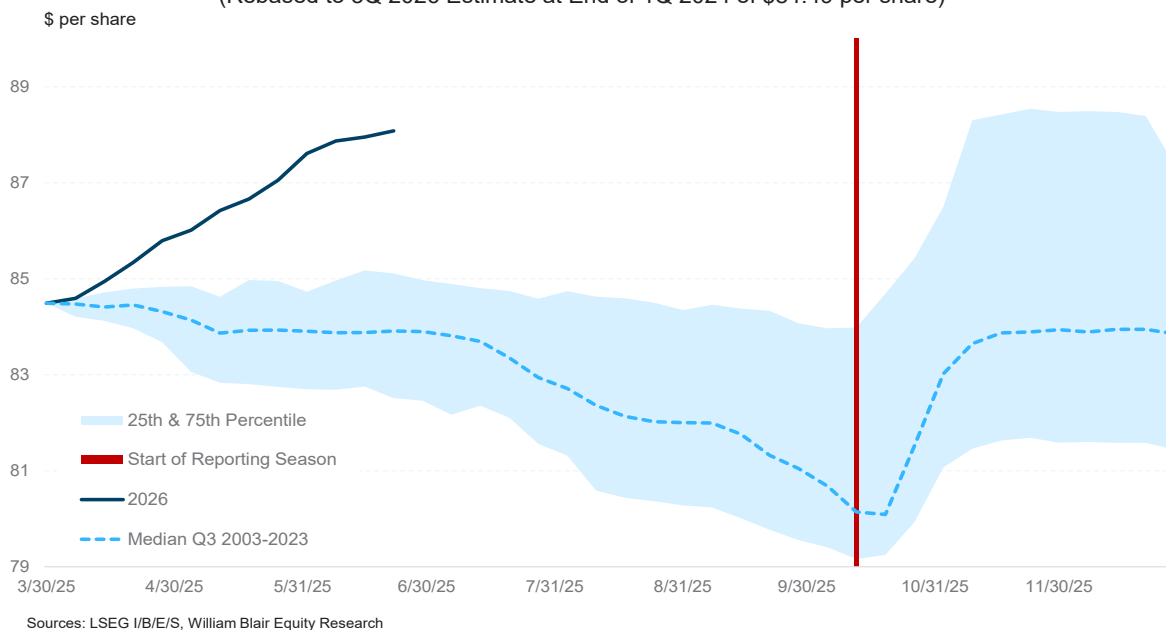
## Other Economic Indicators



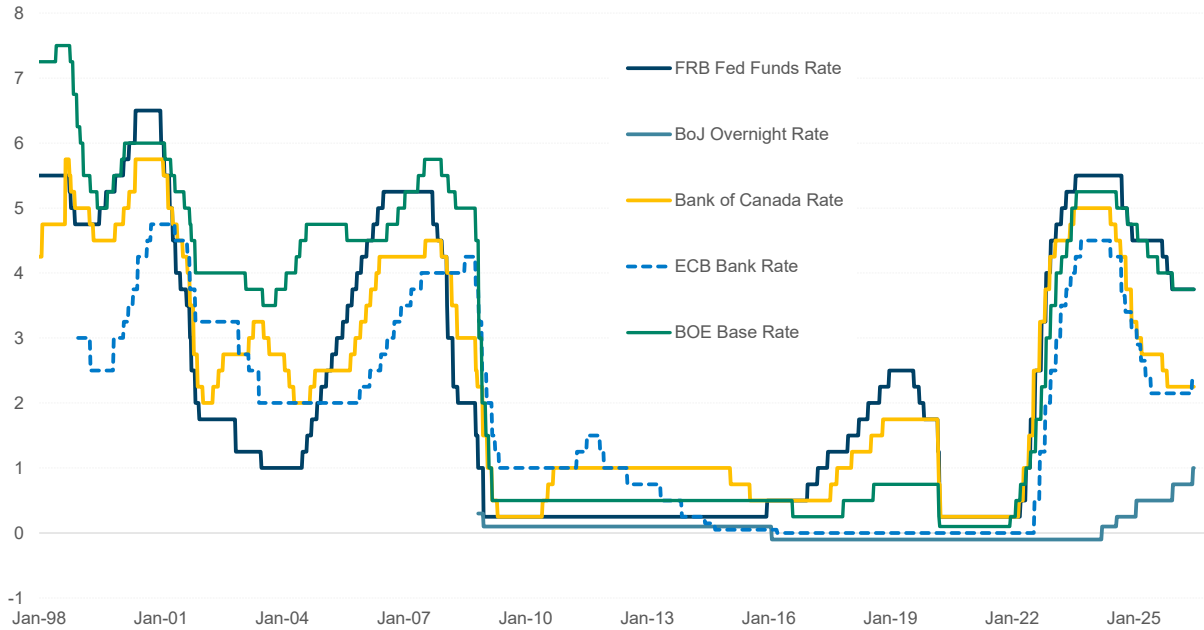
### Initial Jobless Claims ('000s, Seasonally Adjusted)



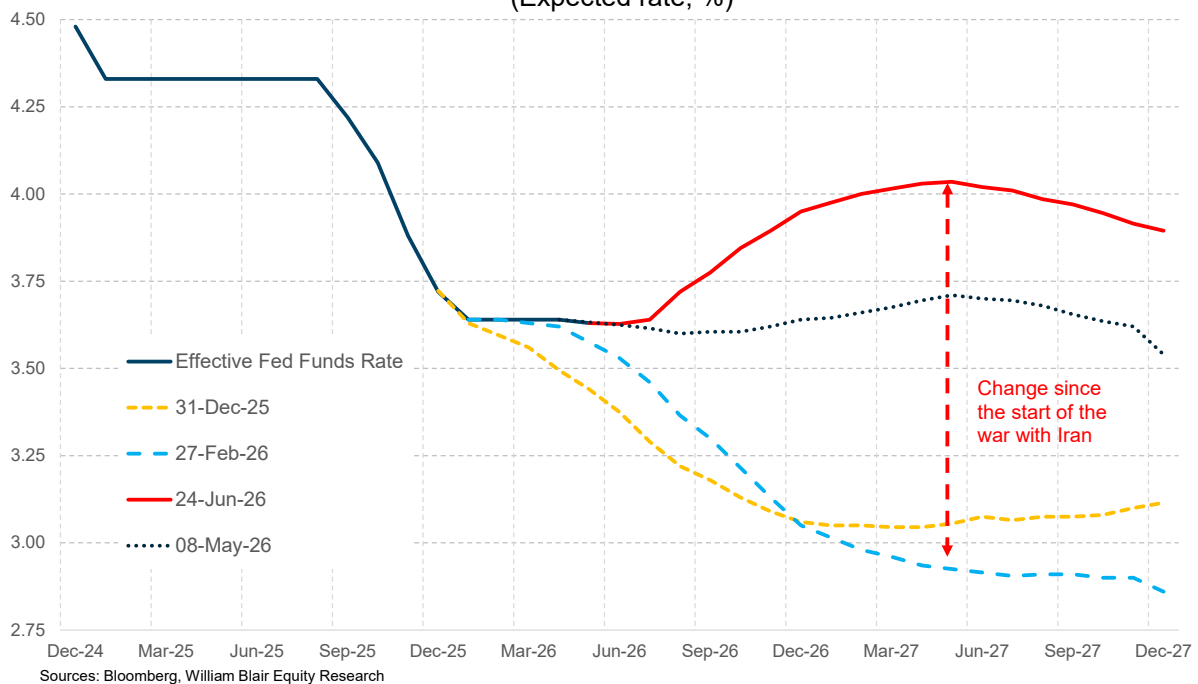
### Progression of S&P 500 3Q EPS Estimates, 3Q 2026 vs. Median 3Q 2002-2025 (Rebased to 3Q 2026 Estimate at End of 1Q 2024 of \$84.49 per share)



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



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



## S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 25-Jun-26	Week Ago 18-Jun-26	Month Ago 22-May-26	Qtr-to-Date 31-Mar-26	Year-to-Date 31-Dec-25
<b>S&amp;P 500 Index</b>	<b>100.00</b>	<b>-1.91</b>	<b>-1.55</b>	<b>12.70</b>	<b>7.48</b>
<b>S&amp;P 400 MidCap Index</b>		<b>0.81</b>	<b>4.05</b>	<b>13.21</b>	<b>15.65</b>
<b>S&amp;P 600 SmallCap Index</b>		<b>2.09</b>	<b>6.57</b>	<b>17.66</b>	<b>21.31</b>
<b>Dow Jones Industrials</b>		<b>0.69</b>	<b>2.65</b>	<b>12.04</b>	<b>8.03</b>
<b>Nasdaq Composite</b>		<b>-4.37</b>	<b>-3.74</b>	<b>17.45</b>	<b>9.11</b>
<b>Communication Services</b>	<b>9.57</b>	<b>-5.69</b>	<b>-10.16</b>	<b>5.44</b>	<b>-2.04</b>
Advertising	0.04	0.31	-8.18	-8.87	-27.04
Broadcasting	0.04	-5.92	-21.38	-13.70	-32.07
Cable & Satellite	0.05	-5.30	-17.14	-29.51	-26.10
Integrated Telecommunication Services	0.63	1.58	-8.17	-16.43	-3.35
Interactive Home Entertainment	0.14	0.56	3.29	9.18	-3.23
Interactive Media & Services	7.48	-6.54	-10.29	12.24	1.18
Movies & Entertainment	0.87	-5.66	-12.28	-14.83	-17.61
Publishing & Printing	0.02	-1.11	-3.65	0.13	-4.22
Wireless Telecommunication Svcs	0.29	-0.06	-5.17	-13.55	-10.58
<b>Consumer Discretionary</b>	<b>9.40</b>	<b>-4.20</b>	<b>-7.38</b>	<b>4.54</b>	<b>-5.23</b>
Apparel Retail	0.35	-5.94	-3.89	-2.22	5.72
Apparel & Accessories & Luxury Goods	0.08	0.75	2.06	-1.44	-7.04
Auto Parts & Equipment	0.02	-2.68	8.04	2.59	-6.38
Automobile Manufacturers	2.26	-5.74	-11.04	2.00	-14.99
Automobile Retail	0.25	-0.18	-6.21	-4.20	-11.41
Broadline Retail	3.67	-6.98	-14.60	9.19	-1.21
Casinos & Gaming	0.08	-3.63	3.02	-1.63	-14.50
Computer & Electronics Retail	0.02	2.89	24.76	19.77	14.88
Consumer Electronics	0.07	0.52	-2.20	1.46	16.05
Distributors	0.02	3.94	14.39	5.41	-8.56
Footwear	0.09	-8.73	-7.42	-17.95	-30.11
Home Furnishings	0.01	7.74	18.16	22.89	10.70
Home Improvement Retail	0.69	2.30	8.25	1.74	-2.07
Homebuilding	0.16	5.71	13.62	14.11	6.24
Hotels, Resorts & Cruise Lines	0.79	-0.19	10.54	11.07	0.90
Leisure Products	0.02	0.16	-3.66	-9.32	3.51
Restaurants	0.73	-1.46	-1.63	-1.73	-6.35
Other Specialty Retail	0.05	4.34	-4.48	-19.82	-29.07
<b>Consumer Staples</b>	<b>5.13</b>	<b>0.55</b>	<b>-2.12</b>	<b>0.71</b>	<b>7.77</b>
Agricultural Products	0.09	1.08	-3.19	-0.51	30.73
Brewers	0.01	2.89	-4.72	-5.85	-13.15
Consumer Staples Merchandise Retail	2.29	-0.40	-4.17	-4.52	7.02
Distillers & Vintners	0.05	2.61	-1.79	-2.22	4.90
Food Distributors	0.06	2.73	5.98	13.35	9.72
Food Retail	0.09	-2.32	-10.11	-11.45	2.55
Household Products	0.72	-0.15	2.78	3.85	5.81
Packaged Foods & Meats	0.31	2.95	-0.96	-0.41	-1.86
Personal Care Products	0.08	1.43	1.91	11.23	-4.15
Soft Drinks	0.99	1.01	-1.31	3.44	9.83
Tobacco	0.59	1.95	-4.03	9.03	15.85
<b>Energy</b>	<b>2.97</b>	<b>1.15</b>	<b>-8.79</b>	<b>-12.58</b>	<b>19.97</b>
Integrated Oil & Gas	1.42	-0.44	-10.88	-18.28	14.22
Oil & Gas Equipment & Services	0.23	-1.68	-15.86	-8.02	23.92
Oil & Gas Exploration & Production	0.58	1.03	-9.40	-15.68	14.18
Oil & Gas Refining & Marketing & Transportation	0.32	5.26	-0.13	0.44	48.22
Oil & Gas Storage & Transportation	0.42	5.45	-2.22	3.44	28.75

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<b>Financials</b>	<b>11.30</b>	<b>0.11</b>	<b>3.14</b>	<b>8.22</b>	<b>-2.39</b>
Asset Management & Custody Banks	0.91	-4.21	-1.77	8.76	-6.30
Consumer Finance	0.57	1.68	9.52	13.04	-10.54
Diversified Banks	3.07	3.26	11.21	15.99	5.93
Diversified Financial Services	6.42	-1.97	-0.30	5.62	-6.33
Financial Exchanges & Data	0.73	-5.89	-14.27	-12.24	-20.29
Insurance Brokers	0.36	0.51	0.61	-4.30	-14.63
Investment Banking & Brokerage	1.42	-3.32	7.83	21.88	10.87
Life & Health Insurance	0.28	0.32	1.99	13.64	6.84
Multi-Sector Holdings	1.00	-0.34	0.29	1.79	-2.96
Property & Casualty Insurance	0.87	3.40	2.93	5.19	1.09
Regional Banks	0.28	5.22	8.86	13.56	9.32
Reinsurance	0.02	2.20	-2.75	4.95	1.08
Transaction & Payment Processing	1.69	0.28	-1.33	3.23	-11.06
<b>Health Care</b>	<b>8.63</b>	<b>4.59</b>	<b>4.09</b>	<b>6.18</b>	<b>0.56</b>
Biotechnology	1.52	6.71	6.19	2.78	4.94
Health Care Distributors	0.31	3.91	5.48	-4.99	-4.07
Health Care Equipment	1.29	1.86	-2.15	-8.59	-22.43
Health Care Facilities	0.14	3.05	-2.63	-18.36	-19.43
Health Care Services	0.39	4.45	6.40	23.21	19.48
Health Care Supplies	0.06	2.40	7.39	5.63	-2.95
Life Sciences Tools & Services	0.76	8.97	13.61	8.28	-9.02
Managed Health Care	0.79	3.19	6.70	55.39	25.98
Pharmaceuticals	3.33	4.28	2.92	6.55	8.43
<b>Industrials</b>	<b>8.62</b>	<b>2.06</b>	<b>7.38</b>	<b>13.84</b>	<b>18.75</b>
Aerospace & Defense	2.05	0.38	6.44	5.27	6.48
Agricultural & Farm Machinery	0.25	7.05	19.20	11.98	35.48
Air Freight & Logistics	0.30	1.83	4.63	11.95	20.82
Building Products	0.48	3.84	11.74	18.45	23.32
Cargo Ground Transportation	0.14	-0.48	7.11	20.09	43.36
Construction & Engineering	0.32	2.54	3.12	32.62	76.00
Construction Machinery & Heavy Trucks	1.03	5.61	17.60	38.85	63.45
Data Processing & Outsourced Services	0.02	-0.97	-9.46	-16.14	-38.94
Diversified Support Svcs	0.14	-0.89	-5.22	-3.24	-14.72
Electrical Components & Equipment	0.77	-0.68	5.40	20.39	26.54
Environmental & Facilities Services	0.29	3.36	0.00	-4.09	-3.86
Heavy Electrical Equipment	0.43	-2.19	4.50	24.35	66.08
Human Resource & Employment Services	0.18	-1.12	-3.05	6.07	-14.74
Industrial Conglomerates	0.34	2.30	4.57	6.94	12.95
Industrial Machinery	0.62	3.23	9.67	6.90	6.83
Passenger Airlines	0.19	10.68	26.60	41.06	27.09
Passenger Ground Transportation	0.22	0.85	0.60	0.45	-11.58
Railroads	0.47	4.10	1.31	11.38	17.68
Research & Consulting Svcs	0.10	-0.44	-3.87	-15.20	-26.67
Trading Companies & Distributors	0.28	3.07	13.18	26.49	31.53
<b>Information Technology</b>	<b>35.48</b>	<b>-4.40</b>	<b>-2.04</b>	<b>27.54</b>	<b>15.73</b>
Application Software	1.58	-5.91	-14.54	-11.19	-34.17
Communications Equipment	1.33	0.31	-1.77	37.03	43.05
Electronic Components	0.70	7.16	18.90	49.39	64.24
Electronic Equipment & Instruments	0.15	0.08	2.00	18.41	45.55
Electronic Manufacturing Services	0.23	0.12	5.39	15.52	13.73
Internet Software & Services	0.07	-5.14	-19.24	-1.14	-3.49
IT Consulting & Services	0.51	1.49	-9.92	-11.47	-31.28
Semiconductor Equipment	2.18	4.26	39.53	84.64	137.06
Semiconductors	15.72	-4.67	-0.03	42.56	35.17
Systems Software	5.43	-6.73	-13.17	2.65	-21.02
Technology Distributors	0.02	-0.27	15.52	5.78	-6.01
Technology Hardware, Storage & Peripherals	7.55	-6.42	-4.00	23.30	19.04
<b>Materials</b>	<b>1.80</b>	<b>0.17</b>	<b>2.71</b>	<b>3.29</b>	<b>12.89</b>
Commodity Chemicals	0.06	-7.39	-19.15	-30.07	26.82
Construction Materials	0.23	2.47	15.65	9.24	-2.41
Copper	0.13	-8.56	1.31	6.84	23.65

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Fertilizers & Agricultural Chemicals	0.11	2.71	-1.75	-7.57	20.74
Gold	0.15	-8.13	-11.42	-11.92	-4.51
Industrial Gases	0.45	1.54	0.02	3.38	20.50
Metal & Glass Containers	0.02	6.33	8.60	3.82	15.86
Paper Packaging	0.15	5.20	15.60	9.74	6.89
Specialty Chemicals	0.36	2.10	5.81	3.46	7.90
Steel	0.14	1.45	6.25	44.17	50.88
<b>Real Estate</b>	<b>1.79</b>	<b>2.49</b>	<b>0.39</b>	<b>9.24</b>	<b>11.36</b>
Data Center REITs	0.26	0.57	0.54	9.39	34.95
Health Care REITs	0.33	7.92	3.14	12.92	19.25
Hotel & Resort REITs	0.03	-0.12	11.62	30.38	40.89
Industrial REITs	0.19	-0.01	-3.68	6.31	10.07
Multi-Family Residential REITs	0.00	4.53	2.62	14.85	4.50
Office REITs	0.02	1.50	8.92	26.54	-2.68
Other Specialized REITs	0.10	1.85	-1.15	12.90	22.86
Real Estate Service	0.08	0.56	-2.29	-9.18	-31.80
Retail REITs	0.26	4.85	5.19	11.57	17.64
Self-Storage REITs	0.13	1.00	4.16	15.97	19.33
Single-Family Residential REITs	0.13	1.00	4.16	15.97	19.33
Telecom Tower REITs	0.20	-3.73	-10.08	-1.22	-6.07
Timber REITs	0.03	5.92	8.88	5.44	8.74
<b>Utilities</b>	<b>2.14</b>	<b>3.04</b>	<b>1.44</b>	<b>-0.10</b>	<b>7.41</b>
Electric Utilities	1.40	2.98	0.73	-1.35	6.35
Gas Utilities	0.04	2.09	-2.33	-5.98	3.60
Independent Power Producers & Energy Traders	0.10	2.09	6.06	10.29	3.70
Water Utilities	0.04	3.94	3.83	-4.48	-0.38
Multi-Utilities	0.56	3.36	2.61	2.22	11.70

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

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DOW JONES: 51920.60

S&P 500: 7357.49

NASDAQ: 25358.60

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