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Economics Weekly
Money Matters Again – Inflation and the Fed's Evolving Framework

Please refer to important disclosures on pages 13 and 14. Analyst certification is on page 13.

Last week, the Fed released the list of participants in the various task forces created to discuss its operating procedures. The list is surprisingly conservative, with many well-established names in the field of economics, central banking, and finance—suggesting that there will be no radical changes just for the sake of it (as some had feared). **In this *Economics Weekly,* we look at the past remarks of Greg Mankiw, who was appointed (along with William White and Thomas Sargent) to examine the Fed's inflation framework, to gain insight into the kinds of changes we might expect to see.** We also include a discussion of the money supply, which is receiving renewed interest following Warsh's appointment.

The Inflation Task Force

Harvard professor of economics Greg Mankiw, New York University professor and Nobel laureate Thomas Sargent, and former BIS economic advisor William White (who was extremely prescient in warning about the asset bubble ahead of the GFC) have been assigned to the inflation framework task force. While we do not know what the group will ultimately conclude, we can glean the likely tenor of the results from remarks made by Mankiw at an NBER conference in 2024.

For Mankiw, the Phillips curve framework (i.e., the trade-off between unemployment and inflation) is here to stay. This is despite its drawbacks (e.g., inflation and unemployment are no longer reliably negatively correlated) and many complaints—most recently from Chair Warsh:

> *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.*

While Mankiw doesn't believe the Fed can get away from the Phillips curve, he does believe it should not strictly adhere to this framework when making real-time policy and forecasting decisions. For him, it's simply not a good "practical tool", given that we don't know with any precision the inputs for the calculation itself—e.g., NAIRU. Rather, it's conceptually helpful as a rough-and-ready framework for thinking about short-term trade-offs between supply and demand—e.g., if output and employment increase, there's a strong probability inflation will too.

The 2% Target

In his FOMC press conference, Chair Warsh also stated:

> *On the 2 percent inflation objective, that is the Federal Reserve's long-held objective of 2 percent. You've heard me say before, I tend to focus on the left of the decimal point. Well, the two is the left of the decimal point. For now, zero is to the right. I see no reason until we have reestablished our commitment and ability to deliver on the 2 percent inflation objective to revisit that.*

This statement sounds very much like Mankiw's remarks two years ago at the conference:

> *I feel strongly that a target of 2 percent is superior to a target of 2.0 percent. The difference between these targets, of course, is the number of significant digits. If you recall some science class you had in high school, you likely learned that the number of digits a person reports should reflect the precision of his or her estimate. Central bankers often forget that lesson. They sometimes speak as if they are targeting an inflation rate of 2.000 percent. It would be better if central bankers admitted to the public how imprecise their ability to control inflation is. They should not be concerned if the inflation rate falls to 1.6. That comfortably rounds up to 2. And they should be ready to declare victory in fighting inflation when the inflation rate gets back to 2.5. As the adage goes, that is good enough for government work.*

In our view, these statements make sense and seem consistent with a Fed unofficially creating more of a 1.5%-2.5% target band, or still roughly rounding out to 2%. Canada, for example, has a 2% inflation target with an acceptable range of 1%-3%. In short, we suspect that for Warsh and the Fed going forward, they are likely to emphasize a 2% target, rather than a 2.0% target.

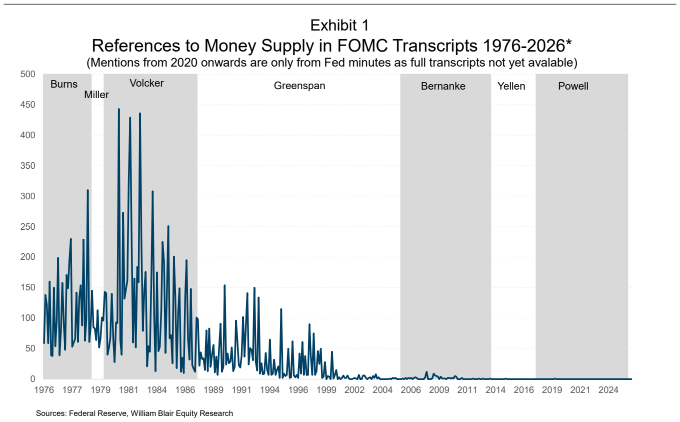
Money Matters Once Again

In his statement at the 2024 NBER conference, Mankiw also remarked that he thinks the money supply deserves a second look:

> *It is fashionable these days to ignore monetary aggregates. It may be time to rethink that position. Most arguments that people make to justify ignoring these aggregates don't hold much water.*

Warsh—a former student and research assistant of Milton Friedman—holds similar views. Though this is not the case for the rest of the Fed nor has it been for decades.

Exhibit 1 shows a count of mentions of the money supply during FOMC meetings scraped from the transcripts. Following the money supply reached its height of popularity during the Volcker era, when the Fed actually came close to following a Friedman-type target or rule. However, its relevance started to fade in the late 1990s during the Greenspan Fed, when the agency viewed its ability to forecast inflation as poor. Furthermore, it believed that the aggregates failed to capture money in all its forms in an economy as large and complex as the U.S. In 1994, the Fed also permitted the use of retail deposit sweep accounts, which automatically reclassified customer checking accounts into money market funds, thereby distorting the amount of money held in checking accounts and the money supply and impacting its signal.



So what's changed? In a word, COVID.

For Mankiw, the money supply turned out to once again be extremely prescient in forecasting the high inflation that we saw during the pandemic. He feels that had we paid closer attention to the money supply during this period, it would have led to a much better assessment of the persistence of inflation. Warsh feels the same.

Chair Warsh, meanwhile, in Wednesday's testimony to the Senate Banking Committee remarked:

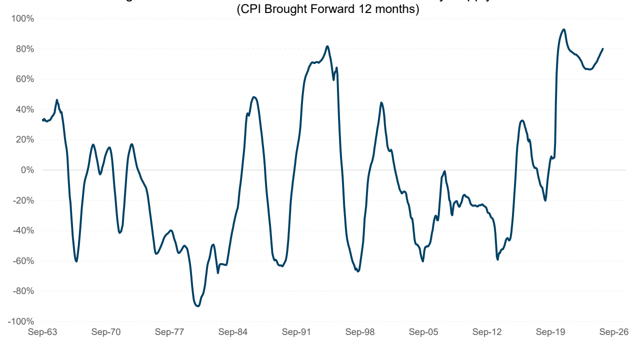
> *I do not show up here as a monetarist. I do not show up and say the secret to inflation is if we only knew M2, everything would be swell.*
>
> *But monetary aggregates had been taken out of the Monetary Policy Report probably about a decade ago, maybe a bit longer. My view is that a modern central banker should have a mosaic of information and should not be allergic to any data that happens to be inconsistent with dogma that he or she might've been taught in econ one.*
>
> *I have this old-fashioned view that monetary policy has something to do with money. I remember an old professor of mine that said, who was a proper Keynesian economist, he said, well, I don't understand how to think about inflation in a place like Zimbabwe without talking about money.*
>
> *So, I think money matters. What we witnessed when we looked at some of the monetary aggregates is they are not perfect. We don't measure money very well. We don't measure the velocity of money very well.*
>
> *But it's a pretty good cross-check. And had we seen the surge and paid attention to the surge in inflation and money in twenty-one, twenty-two, we might've seen this problem sooner.*

In a paper released this week, former Fed Governor Stephen Miran, Nouriel Roubini, and Peter Ireland reexamine the money supply and similarly (to Mankiw and Warsh) argue that the money supply still matters. They argue that helpful information can be gained and used to forecast inflation and growth—which in turn can be useful in setting monetary policy.

Miran, Roubini, and Ireland prefer to look at Divisia money, a measure that weighs the monetary aggregates by how useful and liquid they are, as opposed to by size of amounts held in each form (e.g., cash is more liquid than Treasurys and is weighted accordingly). In our view, however, the correlation between simple M2 money and CPI inflation with a 6-12 month lag shows a much stronger relationship (exhibit 2). This exhibit also helps show why interest in the money supply is being rekindled with the correlation currently 80%, and consistently above 60% since 2020.

Exhibit 2

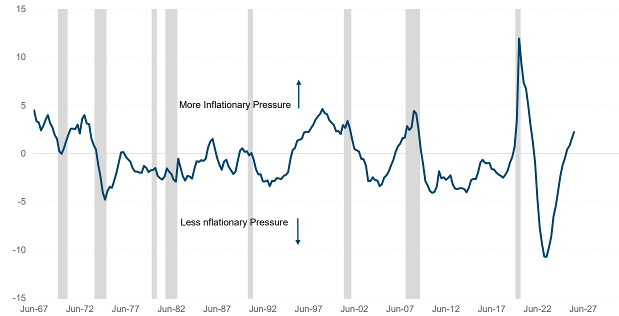
5 Year Rolling Corrrelation Between Annual Growth in the Money Supply M2 & CPI Inflation
(CPI Brought Forward 12 months)



Sources: Federal Reserve, Bureau of Labor Statistics, William Blair Equity Research

Exhibit 3

M2 P-Star Price Gap: Money Implied Inflationary Pressure
(P-star is the Estimated GDP Price Level Implied from M2, One-sided Trend M2 Velocity and Potential GDP)



Sources: Federal Reserve, Bureau of Economic Analysis, Congressional Budget Office, Bloomberg, William Blair Equity Research

In their note, Miran, Roubini, and Ireland look at P-star, which is an estimated equilibrium price level derived from the money supply (M4 Divisia, in their case), real potential GDP, and the velocity of money. P-star effectively asks whether the money supply, after accounting for velocity and potential output, is putting upward or downward pressure on inflation.

The P-star price gap, or the difference between P-star and actual inflation, as a result highlights periods of inflationary pressure. This is depicted in exhibit 3 which shows that anything above zero would be associated with money growing above the economy's ability to absorb it, putting upward pressure on inflation (and vice versa when below). The fact that P-star was a favorite gauge of Chairman Greenspan, who was also a hero to Chair Warsh, only increases its relevance today.

For the Fed, the two most relevant periods in exhibit 3 are the 2020-2021 period, when too much money was chasing too few goods, and the current period, which once again is showing (more moderate) upwards pressure on prices.

The conclusion from this is that while it is not a perfect indicator, as Warsh suggests, there is room for it to be part of a dashboard of gauges that the Fed uses to assess growth, inflation, and its policy stance relative to those variables.

Conclusion

The composition of the Fed's new inflation task force suggests evolution rather than revolution. The commentary from Professor Greg Mankiw from two years ago sounds very similar to what we are hearing from Chair Warsh today. While the Phillips curve is unlikely to disappear as a conceptual framework, the emphasis on it as a precise forecasting tool will decrease. Likewise, the Fed appears unlikely to abandon its 2% inflation target, but could adopt a more flexible interpretation that recognizes the inherent uncertainty surrounding inflation measurement and control. In that sense, the emerging framework under Chair Warsh may be less about changing the destination than it is about broadening the set of indicators used to reach it.

Another more consequential development may be the renewed attention being paid to money and liquidity. While no one expects the reintroduction of monetary targeting, the pandemic experience exposed the limitations of models that ignored the monetary aggregates altogether. The growing interest from figures such as Warsh, Mankiw, Miran, Roubini, and Ireland suggests that money supply measures and indicators such as P-star may once again earn a place on the Fed's policy dashboard. The reality is that there is still a lot we do not know when it comes to the drivers of inflation and economic growth, and the data is far from perfect. As a result, the message from the likes of Mankiw and others is that the Fed should err on the side of caution and not experiment with "running things hot". This approach would be consistent with being less preemptive in lowering interest rates, keeping rates a little higher for longer, and doing everything possible to make sure the Fed is seen as credible in delivering on its 2% (but not 2.0%) inflation target.

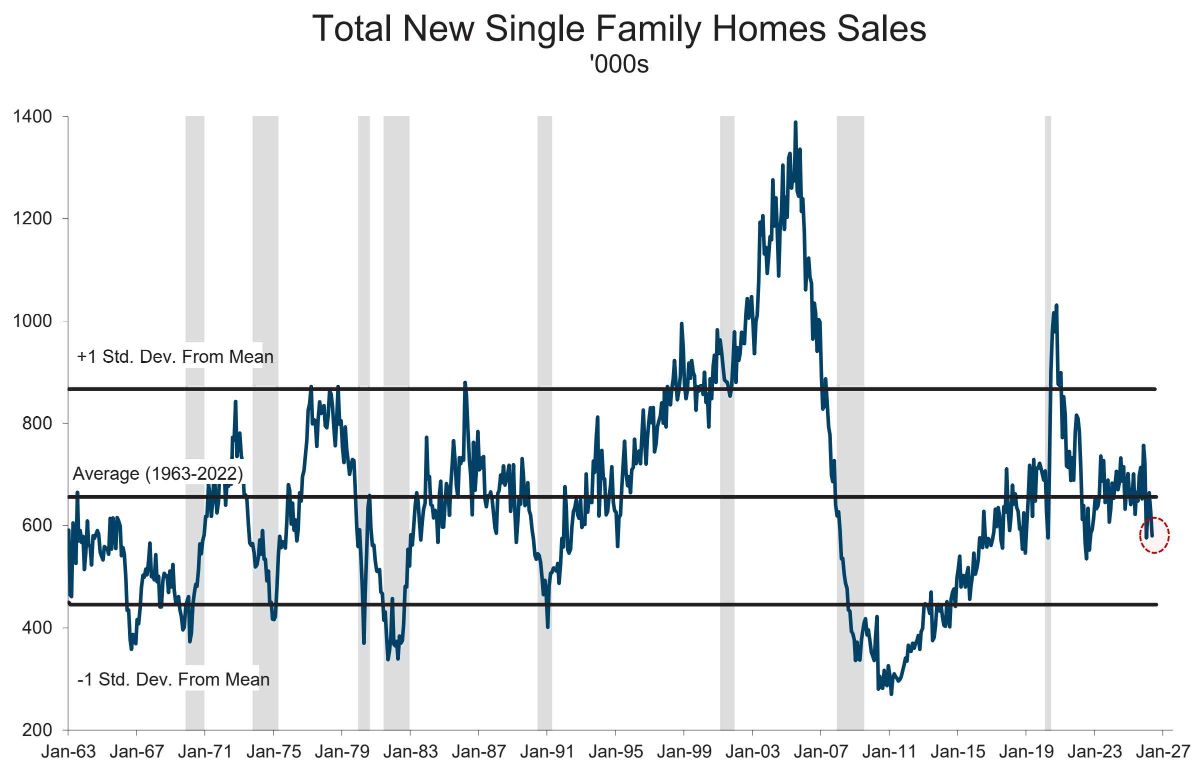
17 July 2026

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
24 Jul	9:45 a.m.	S&P Global US Manufacturing PMI (July)	53.9	N/A	N/A	
24 Jul	10:00 a.m.	New Home Sales (June)	-7.3%	3.4%	1.0%	

Sources: Bloomberg, William Blair Equity Research

Indicators of the Week: New Home Sales



Sources: Census Bureau, IHS Global Ltd., William Blair Equity Research

Economic Scorecard

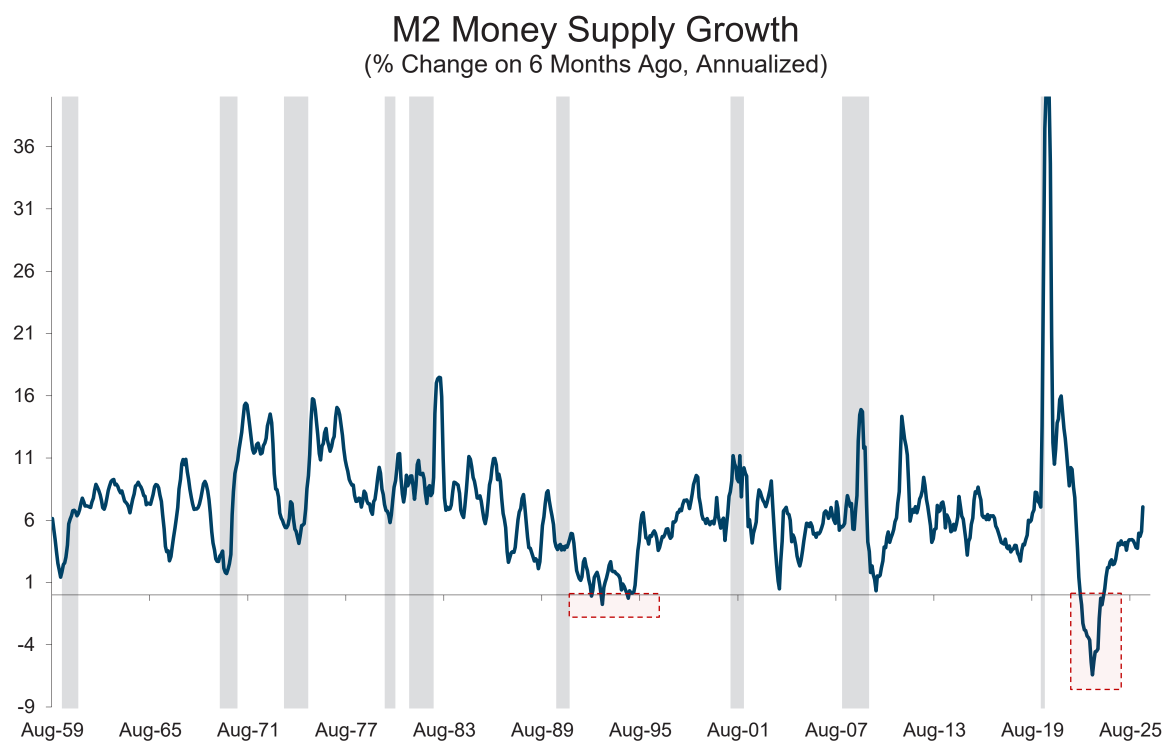
Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

	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	Jul-26
Growth																			
US Leading Indicators	-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	-1.5		
US Coincident Indicators	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	0.8		
US Lagging Indicators	-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	0.9		
Consumer																			
Total Retail Sales	4.5	3.8	5.2	5.1	3.1	4	4.1	5	4.1	3.2	3.2	2.4	3.3	4.2	4.2	5.1	7.3	6.7	
Personal Income	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	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	3.3	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 (%)	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)**	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	90.6	91.2	
Employment																			
Employment Growth	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	0.3	
ASA Temporary Staffing Index	-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	6.5	
ISM Employment Index Manufacturing*	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	49.7	
ISM Employment Index Services*	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	51.2	
Unemployment Rate, %	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	4.2	
Average Hourly Earnings	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	3.5	
Initial Jobless Claims (avg. wkly. chg. '000s)	219	226	223	226	233	239	222	231	234	226	221	219	213	216	208	208	215	223	
Jop Openings	-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	6.9	3.9		
Layoff Announcements	-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	-4.5	
Housing Market																			
Housing Starts	-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	-8.7		
New Home Sales	-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	-6.8		
Existing Home Sales	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	3.7		
Median House Price (Existing Homes)	-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	0		
Existing Homes Inventory (Mths' supply)	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	4.3	4.2		
New Homes Inventory (Mths' supply)	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	10.3		
NAHB Homebuilder Sentiment*	47	42	39	40	34	32	33	32	32	37	38	39	37	37	38	34	37		
Inflation																			
Consumer Price Index	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	3.5	
CPI Less-food & energy	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	2.6	
Producer Price Index	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	5.5	
PPI Less-food & energy	3.9	3.7	3.8	3.1	3.2	2.7	3.5	2.9	3	3	3.2	3.4	3.7	3.8	3.9	4.9	4.6	4.7	
PCE Price Index	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	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		
Business Activity - US																			
Industrial Production	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	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	11.1	10.1		
Business Inventories	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	0	
ISM Manufacturing PMI*	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	53.3	
Markit US Manufacturing PMI*	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	53.9	
ISM Services Index*	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	54	
Markit US Services PMI*	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	51.2	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	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	50.3	
Japan Manufacturing PMI Jibun Bank*	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	54.8	
Caixin China Manufacturing PMI*	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	51.7	
China Manufacturing PMI*	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	50.3	
UK Manufacturing PMI Markit/CIPS*	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	52.5	
France Manufacturing PMI Markit*	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	51.2	
Currencies* **																			
Euro (EUR/USD)	-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	-3.1	
Renmimbi (USD/CNY)	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	-5.3	
Yen (USD/Yen)	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	12.9	
Sterling (GBP/USD)	-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	-3.4	
Canadian $ (USD/CAD)	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	4.3	
Mexican Peso (USD/MXN)	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	-6.7	
US Equities																			
S&P 500	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	20.9	
S&P 400 Midcap	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	24.2	
S&P 600 Smallcap	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	35.3	
Russell 2000	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	39.0	

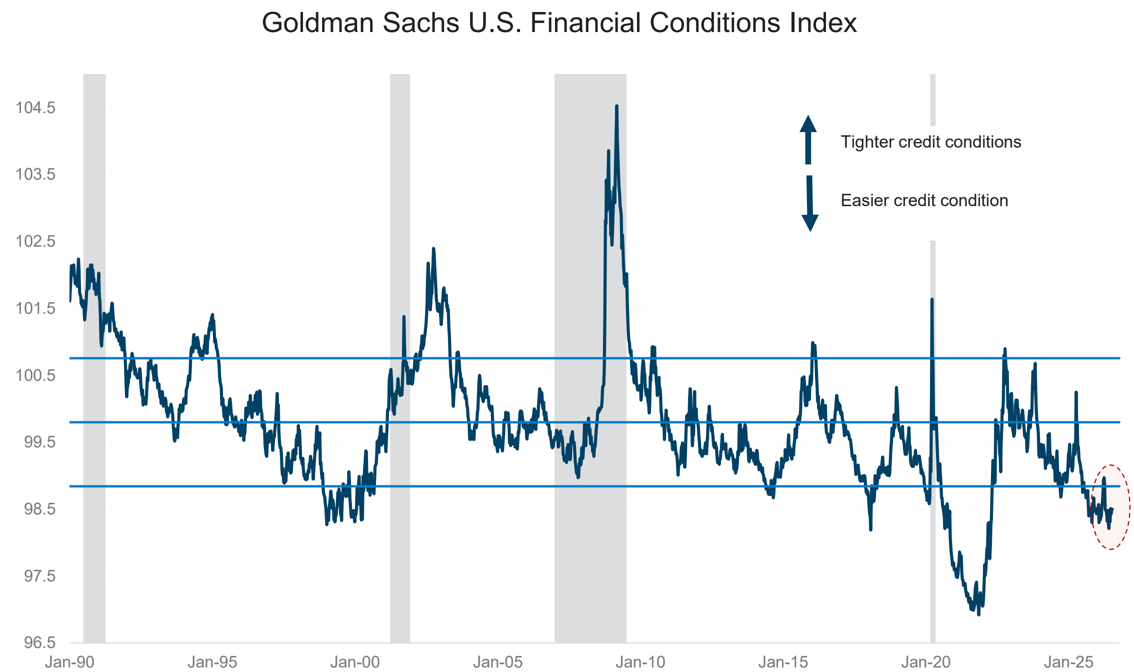
* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar

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

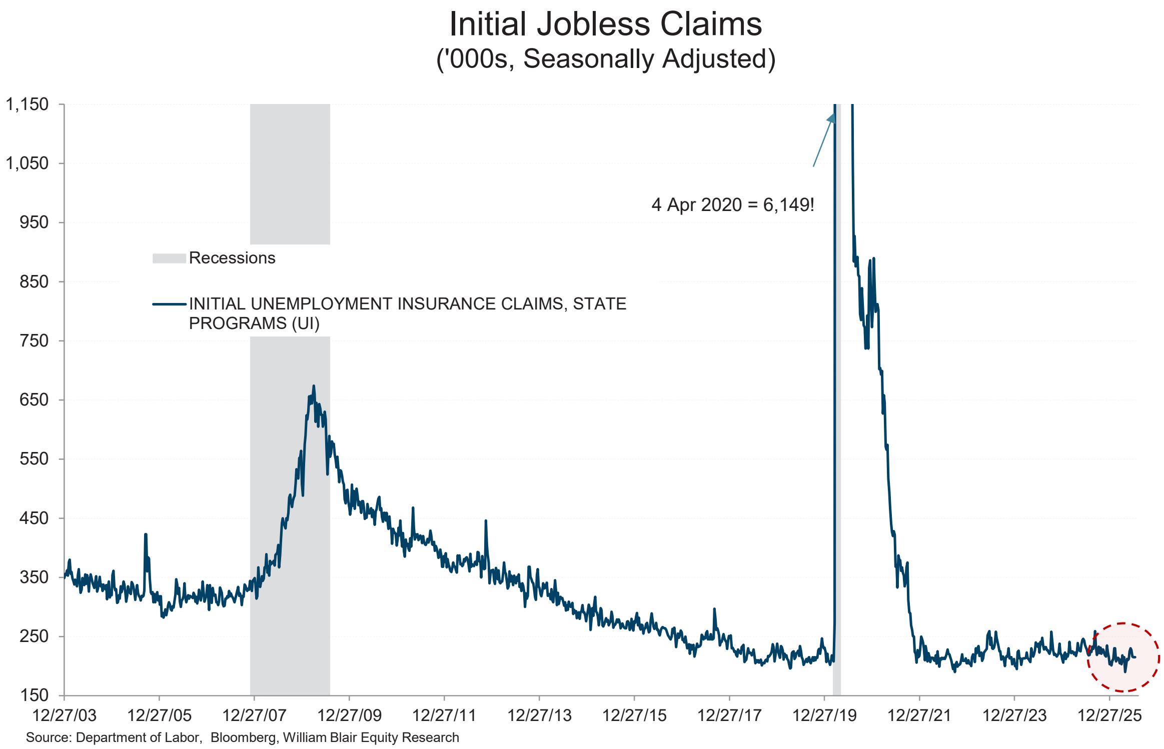
Other Economic Indicators

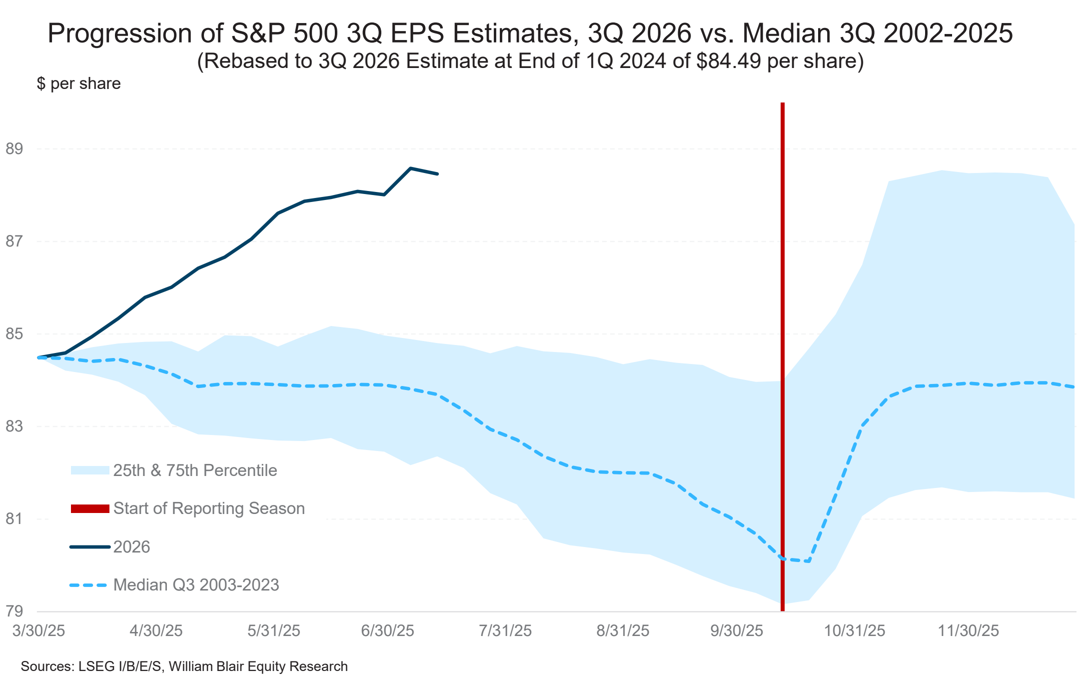


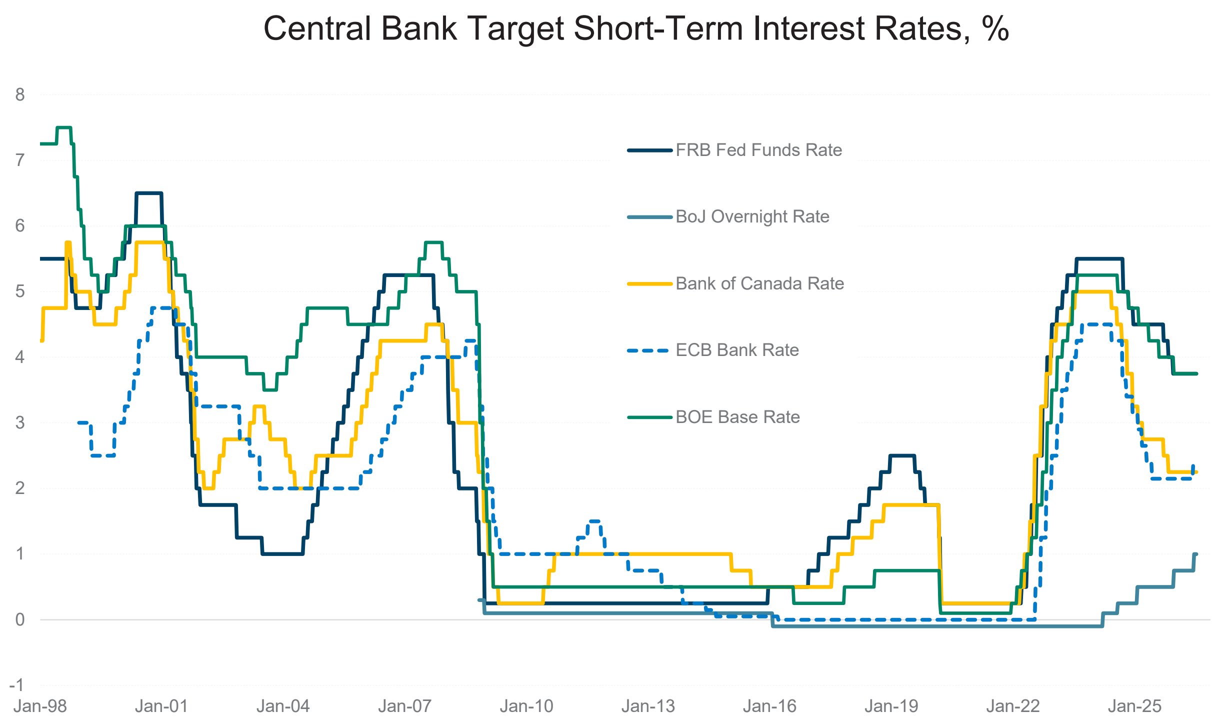
Sources: Federal Reserve, William Blair Equity Research



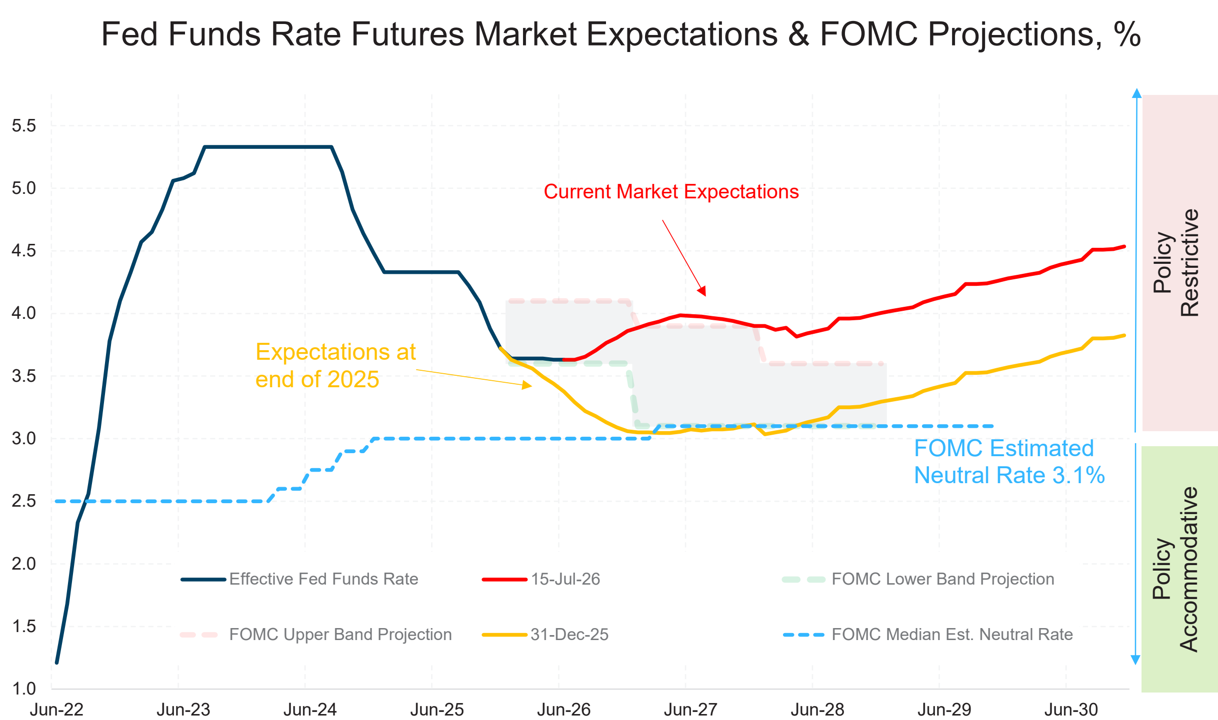
Sources: Bloomberg, William Blair Equity Research


Initial Jobless Claims
('000s, Seasonally Adjusted)
1,150
1,050
950
850
750
650
550
450
350
250
150
Recessions
INITIAL UNEMPLOYMENT INSURANCE CLAIMS, STATE PROGRAMS (UI)
4 Apr 2020 = 6,149!
12/27/03
12/27/05
12/27/07
12/27/09
12/27/11
12/27/13
12/27/15
12/27/17
12/27/19
12/27/21
12/27/23
12/27/25
Source: Department of Labor, Bloomberg, William Blair Equity Research


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)
$ per share
89
87
85
83
81
79
25th & 75th Percentile
Start of Reporting Season
2026
Median Q3 2003-2023
3/30/25
4/30/25
5/31/25
6/30/25
7/31/25
8/31/25
9/30/25
10/31/25
11/30/25
Sources: LSEG I/B/E/S, William Blair Equity Research



Sources: Bloomberg, William Blair Equity Research



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 16-Jul-26	Week Ago 09-Jul-26	Month Ago 16-Jun-26	Qtr-to-Date 30-Jun-26	Year-to-Date 31-Dec-25
S&P 500 Index	**100.00**	**-0.13**	**0.30**	**0.46**	**10.05**
S&P 400 MidCap Index		**0.39**	**0.02**	**-1.45**	**14.87**
S&P 600 SmallCap Index		**1.10**	**3.06**	**-0.85**	**21.89**
Dow Jones Industrials		**0.12**	**1.06**	**0.45**	**9.34**
Nasdaq Composite		**-1.24**	**-1.87**	**-1.27**	**11.36**
Communication Services	**9.94**	**0.92**	**-1.25**	**4.09**	**4.55**
Advertising	0.05	2.17	6.58	12.91	-17.18
Broadcasting	0.05	4.51	4.73	6.44	-23.35
Cable & Satellite	0.04	-3.91	-16.65	-8.16	-27.51
Integrated Telecommunication Services	0.61	3.96	-4.21	3.37	-4.96
Interactive Home Entertainment	0.14	-0.95	3.22	-1.32	-2.30
Interactive Media & Services	7.86	0.68	-0.96	4.15	9.26
Movies & Entertainment	0.88	0.41	-3.16	3.20	-15.08
Publishing & Printing	0.02	4.40	10.49	15.65	9.82
Wireless Telecommunication Svcs	0.30	6.26	4.60	14.98	-5.02
Consumer Discretionary	**9.65**	**0.36**	**-0.32**	**0.71**	**-0.41**
Apparel Retail	0.35	3.45	-5.13	4.25	8.01
Apparel & Accessories & Luxury Goods	0.08	2.02	-2.47	-0.83	-7.87
Auto Parts & Equipment	0.02	-1.00	-9.78	-3.45	-10.47
Automobile Manufacturers	2.29	-3.19	-3.42	-6.23	-11.79
Automobile Retail	0.25	2.57	-2.43	-2.03	-9.99
Broadline Retail	3.93	1.01	1.58	4.73	8.59
Casinos & Gaming	0.08	-0.63	-5.04	-0.76	-15.43
Computer & Electronics Retail	0.03	6.63	12.85	12.40	27.43
Consumer Electronics	0.07	2.65	6.82	5.66	23.73
Distributors	0.02	1.12	16.84	6.51	1.70
Footwear	0.10	4.27	-1.04	8.85	-24.27
Home Furnishings	0.01	4.66	2.85	-5.47	4.94
Home Improvement Retail	0.67	2.41	1.41	-1.49	-2.12
Homebuilding	0.15	3.40	0.29	-4.65	-0.13
Hotels, Resorts & Cruise Lines	0.76	1.15	-1.89	-0.33	-0.06
Leisure Products	0.02	6.07	-3.38	-0.61	0.10
Restaurants	0.74	-0.92	0.67	1.72	-2.78
Other Specialty Retail	0.05	3.56	2.99	2.49	-29.37
Consumer Staples	**5.08**	**3.06**	**-0.16**	**2.98**	**9.90**
Agricultural Products	0.09	4.18	3.55	8.61	40.01
Brewers	0.01	7.85	2.91	7.24	-10.50
Consumer Staples Merchandise Retail	2.23	3.03	-3.30	2.02	7.47
Distillers & Vintners	0.04	2.56	-5.20	-2.45	-1.47
Food Distributors	0.06	0.27	3.54	-1.59	11.62
Food Retail	0.10	-0.81	-6.70	4.83	5.94
Household Products	0.72	2.98	0.46	2.86	8.05
Packaged Foods & Meats	0.31	4.46	2.17	5.35	0.88
Personal Care Products	0.08	-0.17	-0.07	1.41	-3.39
Soft Drinks	1.00	2.32	2.09	3.35	13.17
Tobacco	0.60	3.96	3.41	3.91	20.67
Energy	**3.06**	**4.39**	**3.80**	**7.43**	**26.74**
Integrated Oil & Gas	1.47	5.84	2.49	8.31	21.38
Oil & Gas Equipment & Services	0.22	-0.08	-9.16	1.85	23.44
Oil & Gas Exploration & Production	0.58	3.32	2.11	4.47	18.06
Oil & Gas Refining & Marketing & Transportation	0.37	6.95	20.78	17.93	75.71
Oil & Gas Storage & Transportation	0.41	1.17	5.70	3.02	28.43

Financials	**11.70**	**2.20**	**4.73**	**5.77**	**3.59**
Asset Management & Custody Banks	0.98	5.32	5.31	11.22	4.54
Consumer Finance	0.58	4.86	5.36	5.71	-7.05
Diversified Banks	3.06	1.64	3.73	4.35	8.11
Diversified Financial Services	6.76	3.08	4.48	6.85	1.20
Financial Exchanges & Data	0.82	4.99	3.99	14.99	-7.10
Insurance Brokers	0.41	2.12	12.77	10.56	-1.81
Investment Banking & Brokerage	1.44	0.02	2.50	7.48	16.10
Life & Health Insurance	0.29	2.05	6.16	7.35	15.02
Multi-Sector Holdings	0.99	-0.47	-0.37	-1.45	-1.90
Property & Casualty Insurance	0.86	-3.35	4.65	-0.19	3.27
Regional Banks	0.29	5.14	9.47	6.38	15.51
Reinsurance	0.02	0.60	10.50	4.47	9.98
Transaction & Payment Processing	1.85	5.65	10.31	7.86	-0.10
Health Care	**8.74**	**-0.31**	**6.19**	**1.85**	**4.45**
Biotechnology	1.57	0.83	10.48	2.09	10.72
Health Care Distributors	0.32	2.83	6.08	6.47	1.60
Health Care Equipment	1.30	1.41	3.32	5.46	-19.63
Health Care Facilities	0.13	-5.16	-1.99	-0.56	-19.08
Health Care Services	0.39	1.24	3.27	2.43	21.85
Health Care Supplies	0.06	3.43	4.96	4.35	0.25
Life Sciences Tools & Services	0.78	2.85	13.29	6.13	-3.66
Managed Health Care	0.78	-3.72	2.28	0.48	27.12
Pharmaceuticals	3.36	-1.87	5.26	-0.92	12.08
Industrials	**8.23**	**-0.52**	**0.40**	**-2.79**	**16.13**
Aerospace & Defense	2.08	-2.75	-1.55	-2.12	5.60
Agricultural & Farm Machinery	0.23	1.02	2.34	-5.57	28.65
Air Freight & Logistics	0.30	4.82	2.90	6.69	26.39
Building Products	0.45	1.53	-0.48	-3.74	17.44
Cargo Ground Transportation	0.14	3.85	1.42	5.91	51.12
Construction & Engineering	0.27	-5.36	-11.87	-12.81	51.68
Construction Machinery & Heavy Trucks	0.87	-4.61	-5.77	-13.33	41.39
Data Processing & Outsourced Services	0.03	3.90	6.38	11.76	-31.42
Diversified Support Svcs	0.16	11.31	9.02	14.96	-3.49
Electrical Components & Equipment	0.70	-2.92	-2.90	-7.60	18.24
Environmental & Facilities Services	0.30	3.51	8.90	7.48	3.14
Heavy Electrical Equipment	0.40	-3.63	5.48	-11.80	58.55
Human Resource & Employment Services	0.21	6.76	15.25	15.11	1.12
Industrial Conglomerates	0.22	2.82	-1.84	0.45	8.78
Industrial Machinery	0.61	3.38	3.47	0.59	6.74
Passenger Airlines	0.17	-3.81	2.93	-8.50	17.30
Passenger Ground Transportation	0.22	-0.42	1.08	2.61	-9.39
Railroads	0.50	4.38	10.30	8.67	29.21
Research & Consulting Svcs	0.11	6.08	6.34	9.65	-17.61
Trading Companies & Distributors	0.27	0.51	2.49	-1.93	29.15
Information Technology	**34.69**	**-2.13**	**-2.01**	**-2.67**	**16.24**
Application Software	1.73	-0.04	1.37	5.51	-25.92
Communications Equipment	1.21	-7.91	-6.38	-6.83	33.88
Electronic Components	0.54	-11.50	-10.39	-25.80	30.50
Electronic Equipment & Instruments	0.14	-2.06	-5.07	-7.72	35.72
Electronic Manufacturing Services	0.19	-5.90	-13.52	-14.49	-1.58
Internet Software & Services	0.08	-0.05	0.88	7.19	6.86
IT Consulting & Services	0.48	-17.08	-16.57	-11.53	-35.58
Semiconductor Equipment	1.74	-6.45	-8.10	-25.18	94.16
Semiconductors	14.51	-4.08	-4.91	-6.09	28.06
Systems Software	5.85	2.69	1.36	5.54	-11.54
Technology Distributors	0.02	-4.19	3.27	-4.48	-1.37
Technology Hardware, Storage & Peripherals	8.18	1.55	4.88	7.53	32.41
Materials	**1.72**	**0.62**	**-3.47**	**-0.35**	**10.70**
Commodity Chemicals	0.06	3.44	-9.71	8.19	28.61
Construction Materials	0.21	1.23	-4.91	-0.78	-9.16
Copper	0.12	-3.25	-16.52	-6.89	15.30

Fertilizers & Agricultural Chemicals	0.12	3.92	11.82	4.17	29.51
Gold	0.14	-4.20	-16.24	-2.75	-9.03
Industrial Gases	0.44	-0.62	1.63	0.57	21.75
Metal & Glass Containers	0.02	3.52	8.52	1.20	19.22
Paper Packaging	0.14	3.66	3.56	-0.55	5.25
Specialty Chemicals	0.34	0.59	-1.43	-2.23	5.65
Steel	0.13	5.95	-11.09	4.51	42.26
Real Estate	**1.78**	**2.78**	**1.52**	**3.41**	**13.41**
Data Center REITs	0.24	-2.76	-8.20	-3.25	23.91
Health Care REITs	0.35	3.90	12.40	5.96	28.05
Hotel & Resort REITs	0.02	2.20	-2.11	-0.17	37.47
Industrial REITs	0.20	6.15	2.69	10.77	17.54
Multi-Family Residential REITs	0.00	2.01	4.21	1.63	7.64
Office REITs	0.02	5.57	7.48	6.55	4.70
Other Specialized REITs	0.09	3.10	-4.21	-1.09	19.04
Real Estate Service	0.08	2.35	3.30	6.81	-27.30
Retail REITs	0.26	4.04	5.37	3.61	21.21
Self-Storage REITs	0.13	3.01	1.86	2.52	21.17
Single-Family Residential REITs	0.13	3.01	1.86	2.52	21.17
Telecom Tower REITs	0.19	2.30	-8.60	3.68	-5.95
Timber REITs	0.03	8.66	-1.38	2.12	3.21
Utilities	**2.07**	**0.81**	**1.52**	**0.30**	**6.51**
Electric Utilities	1.36	1.15	1.74	0.50	5.73
Gas Utilities	0.04	1.90	4.96	3.35	6.21
Independent Power Producers & Energy Traders	0.09	-2.75	-2.97	-3.00	-4.00
Water Utilities	0.04	2.90	4.57	2.09	2.94
Multi-Utilities	0.54	0.33	1.23	-0.02	10.70

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

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DOW JONES: 52553.00
S&P 500: 7533.77
NASDAQ: 25881.90

Additional information is available upon request.

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Outperform (Buy)	73	Outperform (Buy)	13
Market Perform (Hold)	26	Market Perform (Hold)	2
Underperform (Sell)	1	Underperform (Sell)	0

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