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Economics Weekly

Is the QRA Becoming the Treasury's Equivalent of an FOMC Meeting?



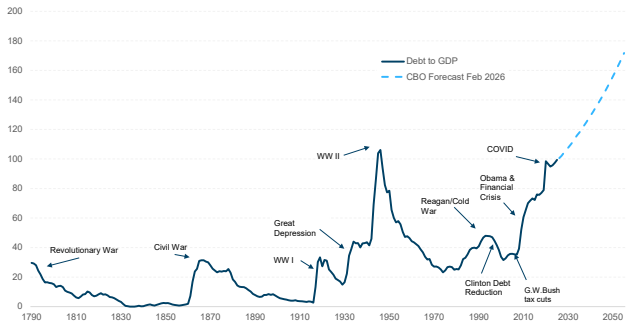
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Two important political decisions were made this week, and both have implications for interest rates and fiscal policy. The first was the midterm elections. With the Democrats winning control of Congress, gridlock likely will be the order of the day. There should also be more constraint and oversight on fiscal spending, helping provide a little more clarity on the "how much" question. The second was the release of the QRA (Quarterly Refunding Announcement), which should help determine the "how it's funded" question. **With no small supply of ink having already been spilt on the midterms, in this *Economics Weekly,* we focus on the news from the QRA, which is increasingly becoming the Treasury's equivalent of an FOMC meeting—an event where subtle changes in language and policy settings can materially affect yields, liquidity, and financial conditions.**

What Is the QRA and Why Is It Important?

Despite becoming an increasingly important fixture on the bond investors' calendar, the QRA still barely registers on most equity investors' radars. Yet, with the federal debt now at $40 trillion, budget deficits running at around 6% of GDP for the foreseeable future, and debt projected to rise further relative to the size of the economy, how the Treasury chooses to finance that borrowing increasingly matters for yields, financial conditions, and equity valuations (exhibit 1).

Exhibit 1
Federal Debt Held by the Public as a Percentage of Gross Domestic Product, %



Sources: Congressional Budget Office, William Blair Equity Research

While the budget shows what spending has been approved and the government's underlying borrowing need, the QRA sets out how the Treasury intends to finance that borrowing across bills and coupon maturities for the coming quarters. Its aim is to minimize financing costs over time, while simultaneously managing refinancing and interest rate risk.

Why the QRA Has Become More Political

As Treasury auction sizes grow and the government begins to compete for capital with a corporate sector that now leans more heavily on leverage, investors are increasingly asking how the government intends to manage its debt without disrupting the normal functioning of the market. The QRA helps provide greater signal on the direction the Treasury intends to go in and, in particular, whether it will rely on conventional issuance or feel the need to lean toward a more activist, market-managing approach to keep yields contained.

The reality is that there are only five ways to reduce a debt burden:

1. **Default –** Not something the U.S. will ever have to involuntarily do, as it borrows in its own currency; though investors are starting to question the extent to which it will need to default on the social contract—e.g., reducing Social Security and other entitlement benefits.

2. **Austerity –** Raise taxes and cut spending.

3. **Grow Your Way Out –** The best of all options, as it increases the size of the denominator (GDP) to shrink the debt ratio. It works well provided politicians do not allow the numerator (debt) to continue to expand at the same (or even faster) level as nominal growth.

4. **Financial Repression –** A tool governments have used many times in the past, in which institutions such as insurance companies and pension funds are compelled to hold government bonds, often to meet capital adequacy requirements, while those bonds pay negative real yields. The Fed's QE could be viewed as a form of financial repression.

5. **Unexpected Bouts of Inflation –** The key here being "unexpected," because if investors expect them, they then demand a higher yield as compensation, which negates the benefit.

Unsurprisingly, Treasury Secretary Bessent has said he intends to pursue the growth route, which he believes can be delivered through stronger productivity growth driven by massive AI and infrastructure spending.

Yet, the secretary's (and former macro trader's) now infamous taunt to the bond and currency "Bloomberg terminal bros" that "*I have asymmetric information. I am the House now. Bet against me if you want,*" has only further

raised concerns that the secretary is under a considerable amount of pressure and that he may be prepared to take a more activist approach to manage the Treasury market. This could be interpreted as a slippery slope toward financial repression.

It is also being viewed as another step in the direction of fiscal dominance—a situation where persistently large deficits mean fiscal policy decisions are now in the driver's seat, and monetary policy decisions around rates and the Fed's balance sheet need to take their cue from the Treasury's decisions. For many investors, this has rekindled talk of a reemergence of the Treasury-Fed Accord, not seen since 1951.

Another recent signal that the Treasury secretary is prepared to take a more activist approach to Treasury yield management came in September (after the August QRA). During this period of market volatility, he felt pressured to increase the Treasury's bond-buyback program from $2 billion to $6 billion—which, at the time, was still viewed as less than expected by the market.

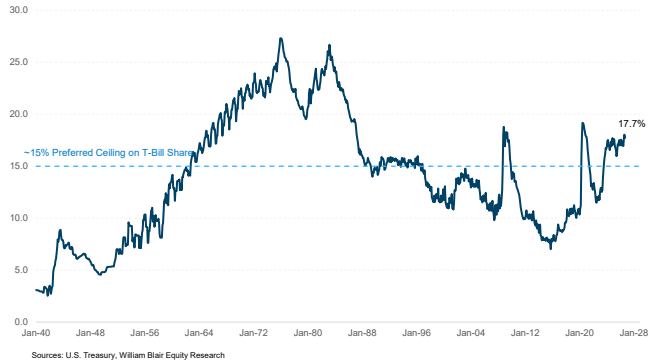
So, What Did This Week's QRA Tell Us?

The Treasury's message from the latest QRA was one of continuity, rather than any dramatic change in strategy. It left nominal coupon and floating-rate note auction sizes unchanged for the November-to-January quarter. The November refunding itself totals $125 billion and will raise approximately $28 billion of new cash.

Most importantly, the QRA did not deliver the feared cut in long-bond issuance, nor did it reveal an explicit attempt to cap yields. The market was concerned that the Treasury was further attempting to twist the yield curve by reducing longer-term debt issuance in favor of more T-bill issuance.

While there is no hard-and-fast rule around what share of total issuance T-bills should represent, the market's rough rule of thumb has been not to go over 15%. That share temporarily increased sharply under former Treasury Secretary Mnuchin during the pandemic, but then increased again sharply under Treasury Secretary Yellen during her term.

Exhibit 2
T-Bill Share of Total Marketable Debt Outstanding, %



Sources: U.S. Treasury, William Blair Equity Research

This week's QRA revealed that the Treasury will preserve the existing coupon schedule, but also keep bills, cash balances, and buybacks available as flexible tools. This should be mildly reassuring for the long end in the near term. However, with borrowing needs remaining large and more price-sensitive private investors required to absorb the supply, the direction of travel still points toward a more-active Treasury role in managing market liquidity and the maturity profile of the debt. The line between prudent debt management and financial repression has not yet been crossed, but it is becoming increasingly important to watch.

The amount of funding also tells us that the Treasury is gearing up for another debt ceiling standoff. It now expects to borrow $618 billion in the fourth quarter, followed by $800 billion in the first quarter of 2027. The slightly lower fourth-quarter estimate mainly reflects a larger starting cash balance rather than a meaningful improvement in the underlying fiscal position; excluding that effect, the estimate was $24 billion higher than in August. The first-quarter figure also assumes that the Treasury General Account rises to $1 trillion, which is expected to provide a substantial cash buffer to be deployed when the ceiling is reached. However, it also increases near-term funding needs.

Much like the Fed, the language around the Treasury's QRA is increasingly being scoured for meaning. The latest statement indicated that it expects to maintain coupon and floating-rate note auction sizes "for the next several quarters," removing the words "at least," which appeared in August. This is a subtle but important change. It does not signal an imminent cut in long-dated issuance, but it gives the Treasury more flexibility to adjust the maturity mix if demand or market conditions deteriorate.

With coupon sizes unchanged, fluctuations in financing needs will continue to be absorbed mainly through regular bill auctions and cash-management bills. The Treasury expects benchmark bill sizes to remain broadly stable through late November, decline in December as tax receipts arrive, and then rise again in January. This approach limits the immediate pressure on longer-term yields. However, investors are concerned that a sustained increase in the bill share would leave the government more exposed to rollover risk and short-term interest rates.

Lastly, buybacks are becoming an increasingly familiar tool. The Treasury is now scheduled to undertake roughly $70 billion of liquidity-support buybacks over the quarter, alongside up to $25 billion for cash management. The stated purpose remains to improve liquidity in older, less traded securities and manage cash more efficiently. Even so, the larger program reinforces the sense that the Treasury is becoming more willing to intervene at the margin when market functioning deteriorates.

Conclusion

With government debt soaring—and with it the risk of fiscal dominance—questions about the management of that debt are becoming increasingly important to financial market participants. From that perspective, the Treasury's QRA could soon become as significant a market event as the FOMC meetings are today.

The latest QRA was reassuring in the narrow sense. In the end, the Treasury did not reduce long-dated issuance or overtly manage the yield curve, which should limit any immediate upward pressure on the long end and was likely an additional contributor to the strong bond rally we saw this week after the midterms. However, it does little to alter the underlying fiscal arithmetic: deficits remain large, refinancing needs are rising, and an increasingly price-sensitive private sector will be required to absorb more of the supply.

The relatively short maturity of U.S. debt compared to other developed market economies makes that challenge more pertinent. Around one-third of the current debt must be refinanced over the next year, compared with less than half that share in countries such as France and Italy. Many other sovereigns are therefore still benefiting from a larger stock of low-cost debt issued before rates rose in 2022. In the U.S., by contrast, the shorter maturity profile means the post-2022 rate shock is now feeding into the government's interest bill much more quickly than in most other major economies.

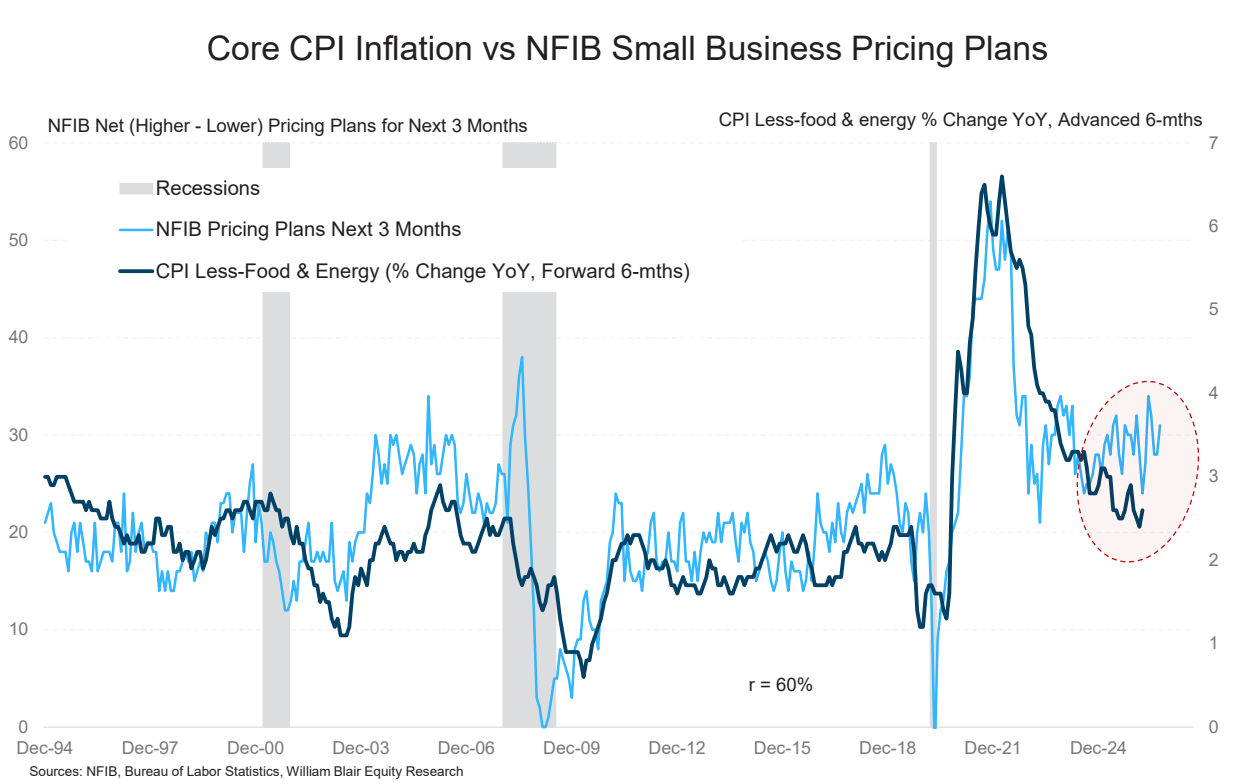
As a result, future QRAs will increasingly matter across asset classes. While greater reliance on bills may ease pressure on long-term yields today, it also raises rollover risk and leaves the fiscal position more exposed to short-term rates. If growth and productivity fail to improve quickly enough, the Treasury may face stronger incentives to manage the maturity mix, support market liquidity, or cultivate a more captive domestic investor base. This week's QRA did not cross the line into financial repression, but the speed at which higher rates are passing through to the interest bill means that line deserves much closer attention.

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
10 Nov	7:00 a.m.	NFIB Small Business Survey (Oct)	97.9	NA	NA	
10 Nov	8:30 a.m.	Consumer Price Index (Oct)	0.6%	0.3%	0.3%	
		CPI Less-Food & Energy	0.3%	0.2%	0.3%	
13 Nov	8:30 a.m.	Producer Price Index (Oct)	1.3%	0.4%	0.4%	
		PPI Less-Food & Energy	0.3%	0.2%	0.2%	

Sources: Bloomberg, William Blair Equity Research

Indicators of the Week: Consumer Price Index



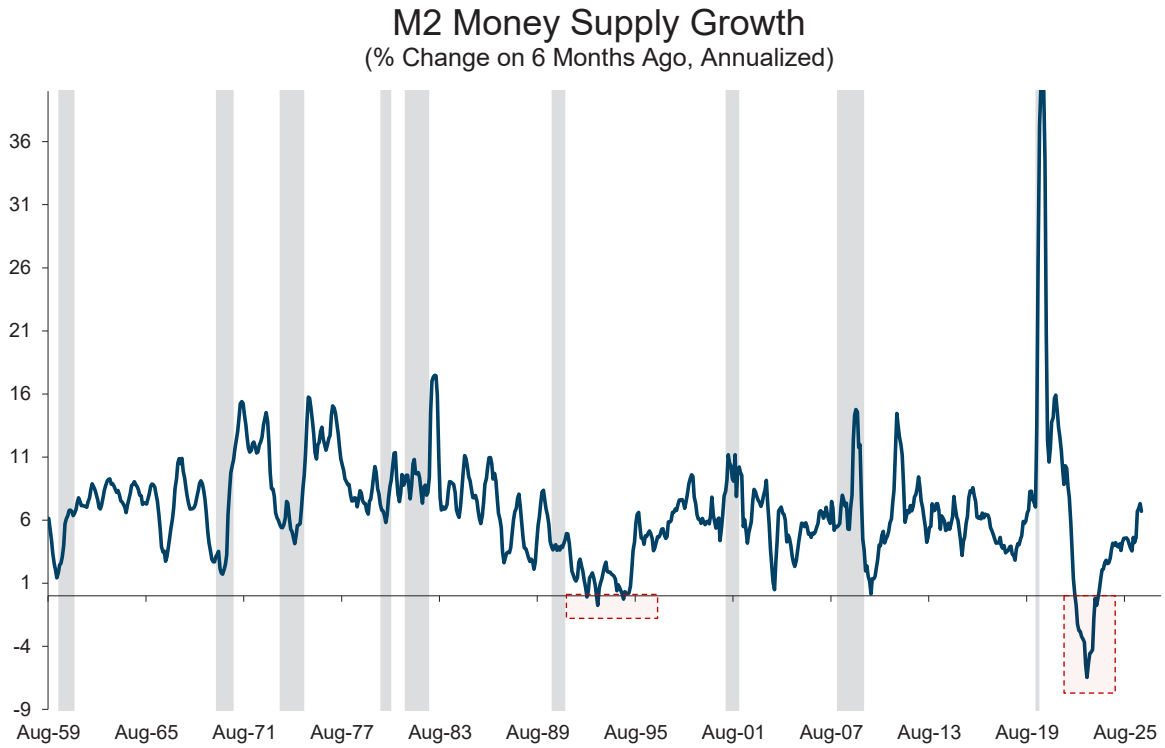
Economic Scorecard

	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	Aug-26	Sep-26	Oct-26	Nov-26
Growth																			
US Leading Indicators	-3.7	-3.8	-3.4	-3.5	-3.2	-3.1	-3.7	-3.7	-3.6	-3.1	-3.0	-1.6	-1.4	-1.1	-0.9	-0.6	-0.5		
US Coincident Indicators	1.1	1.1	1.4	1.2	1.2	1.0	0.8	0.6	0.9	0.8	0.3	0.3	0.7	0.8	0.6	0.8	1.1		
US Lagging Indicators	-0.1	-0.3	-0.5	-0.4	0.2	0.3	0.3	0.7	0.9	0.6	1.1	1.3	0.7	0.7	1.1	1.2	1.5		
Consumer																			
Total Retail Sales	2.7	3.9	3.7	4.4	3.7	2.8	2.9	2.1	2.2	3.5	3.6	4.1	6.7	5.9	4.5	5.6	6.3		
Personal Income	4.9	4.8	5.1	5.3	5.4	4.9	4.8	4.8	4.8	4.5	4.4	3.7	4.8	4.7	4.5	4.4	4.1		
Real Disposable Personal Income	1.4	1.2	1.6	1.7	1.8	1.4	1.4	1.4	2	1.8	1.3	0.2	1.2	1.5	1.5	1.3	1		
Real Personal Consumption	2.4	2.5	2.7	2.9	2.4	2.5	2.3	1.5	2	2.3	1.9	2.2	2.7	2.7	2.4	2.7	2.5		
Personal Saving Rate (%)	5.7	5.5	5.3	5.2	5.1	4.9	4.9	5	5.6	5.3	5.1	4.4	4.4	4.4	4.5	4	3.8		
Consumer Confidence (Conference Board)**	98.4	95.2	98.7	97.8	95.6	95.5	92.9	94.2	89	91	92.2	93.8	90.6	92.2	90.2	88.6	84.2	91.7	
Employment																			
Employment Growth	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	0.3	0.2	0.3	0.3		
ASA Temporary Staffing Index	-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	2.5	6.3	5.3	2.6	
ISM Employment Index Manufacturing*	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	52.8	51.2	52.7	52.4	
ISM Employment Index Services*	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	47.4	47.8	50.1	51.4	
Unemployment Rate, %	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	4.1	4.1	4.2		
Average Hourly Earnings	4	3.9	4	4	3.8	3.9	3.9	3.7	3.7	3.7	3.4	3.6	3.3	3.4	3.2	3.1	3		
Initial Jobless Claims (avg. wkly. chg. '000s)	233	239	222	231	234	226	221	219	213	216	208	208	215	223	199	208	201	195	
Jop Openings	-6.1	-2.9	-4.5	-8.0	3.3	-2.8	-9.5	-10.2	-2.6	-4.4	-0.9	6.9	3.1	-0.3	3.5	3.9	4.9		
Layoff Announcements	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	-46.1	-38.5	-19.9	-71.3	
Housing Market																			
Housing Starts	-3	4.6	12.8	-7.4	-2.8	-7.1	1.5	-7.8	2.4	-9.7	13.1	1	-8.3	4.4	-4.4	-0.2	-7.4		
New Home Sales	-7.2	-2.6	-11.5	1.6	-0.1	3.2	13.2	3	-13.4	-1.7	0.5	-8.6	2.3	2.3	-0.2	-2.6	-5.3		
Existing Home Sales	-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	3.8	0.7	-2.5	-2.2		
Median House Price (Existing Homes)	2.5	-1.2	-7.4	3	-1	-5.2	1.2	1.4	-3.1	-0.7	-3.4	0.5	-2.5	0.2	-0.8	-7.8	-3.9		
Existing Homes Inventory (Mths' supply)	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	4.3	4.3	4.5	4.6		
New Homes Inventory (Mths' supply)	9.7	9	9.2	8.5	8.2	9	7.7	7.9	9.9	9.3	8.7	9	9.2	8.5	8.9	8.5	8.4		
NAHB Homebuilder Sentiment*	34	32	33	32	32	37	38	39	37	37	38	34	37	36	34	35	32		
Inflation																			
Consumer Price Index	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	3.4	3.4	3.7		
CPI Less-food & energy	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	2.5	2.4	2.6		
Producer Price Index	2.7	2.4	3.2	2.7	3	2.8	3.1	3.1	3.1	3.4	4.3	5.7	5.9	5.6	4.9	5.6	6.3		
PPI Less-food & energy	3.2	2.7	3.5	2.9	3	3	3.2	3.4	3.7	3.8	3.9	4.9	4.5	4.8	4.4	4.8	5		
PCE Price Index	2.5	2.6	2.6	2.7	2.8	2.7	2.7	2.8	2.7	2.8	3.4	3.6	3.8	3.5	3.4	3.4	3.6		
PCE Prices Less-food & energy	2.8	2.8	2.8	2.9	2.8	2.7	2.7	2.9	2.9	3.0	3.1	3.1	3.2	3.0	3.0	3.0	3.1		
Business Activity - US																			
Industrial Production	0.1	0.6	1.9	1.2	1.9	1.8	1.8	1.2	1.0	0.8	0.7	1.4	1.7	1.5	1.3	1.6	2.3		
New Cap Gds Orders less-aircraft & parts	2.2	4.5	4.4	2.5	5.3	6.2	4.1	8	2.9	5.9	10.8	11.1	10	14.9	13.4	14.7	13.9		
Business Inventories	1.9	1.4	1.4	1.2	0.8	1.1	1.2	1.1	1.4	1	1.3	2.3	2.9	3.3	3.2	4	4.6	0	
ISM Manufacturing PMI*	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	55.6	54.6	54.5	55.5	
Markit US Manufacturing PMI*	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	53.9	53.9	55.9	54.9	
ISM Services Index*	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	54.1	55.4	54.9	54.5	
Markit US Services PMI*	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	54.6	56.5	58.8	56.1	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	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	52.2	54.3	53.9	54.2	
Japan Manufacturing PMI Jibun Bank*	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	54.5	54.9	54.1	53.3	
Caixin China Manufacturing PMI*	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	50.9	51.5	52.1	52	
China Manufacturing PMI*	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	49.2	49.8	50.1	49.3	
UK Manufacturing PMI Markit/CIPS*	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	51.9	51.7	51.9	52.8	
France Manufacturing PMI Markit*	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	49.8	51.1	50.6	49.5	
Currencies* **																			
Euro (EUR/USD)	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	1.0	-0.6	-3.4	-3.3	
Renmimbi (USD/CNY)	-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	-6.2	-5.8	-5.8	-6.5	
Yen (USD/Yen)	-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	4.4	8.6	6.4	2.3	
Sterling (GBP/USD)	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	2.1	0.3	-1.3	1.8	
Canadian $ (USD/CAD)	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	1.2	0.8	2.2	-0.3	
Mexican Peso (USD/MXN)	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	-8.1	-8.9	-1.3	1.3	
US Equities																			
S&P 500	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	18.1	19.0	14.4	10.8	
S&P 400 Midcap	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	19.3	15.6	10.2	12.8	
S&P 600 Smallcap	-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	31.5	22.1	14.2	18.9	
Russell 2000	-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	32.5	24.9	14.8	13.4	

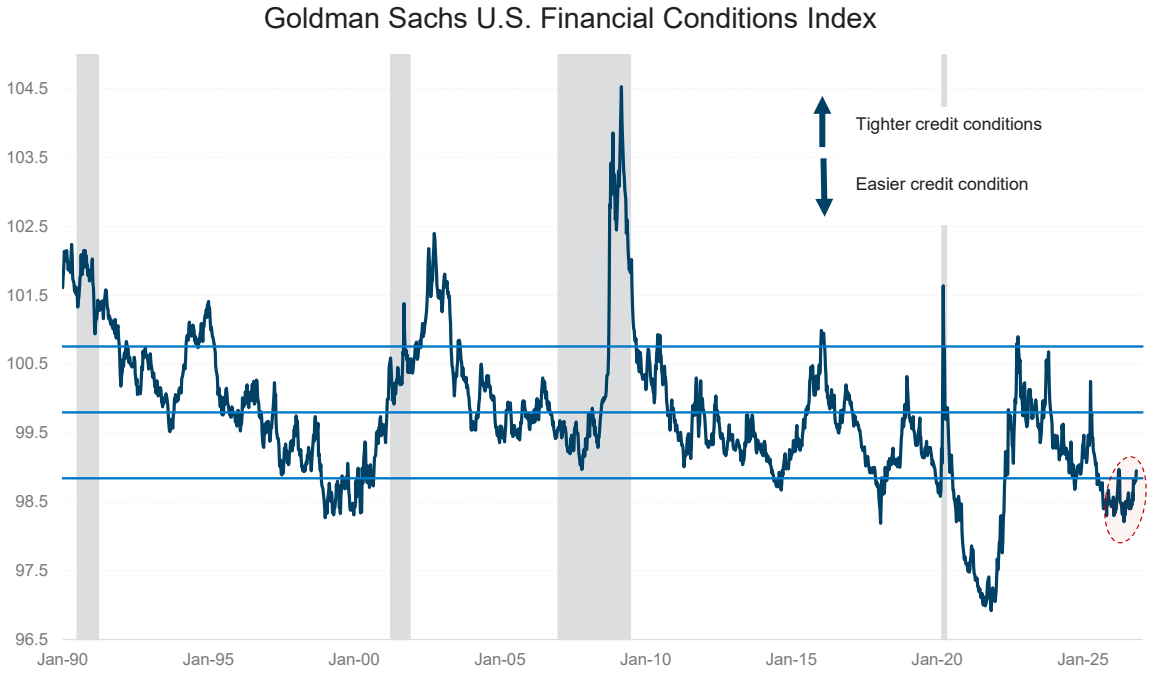
* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar

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

Other Economic Indicators

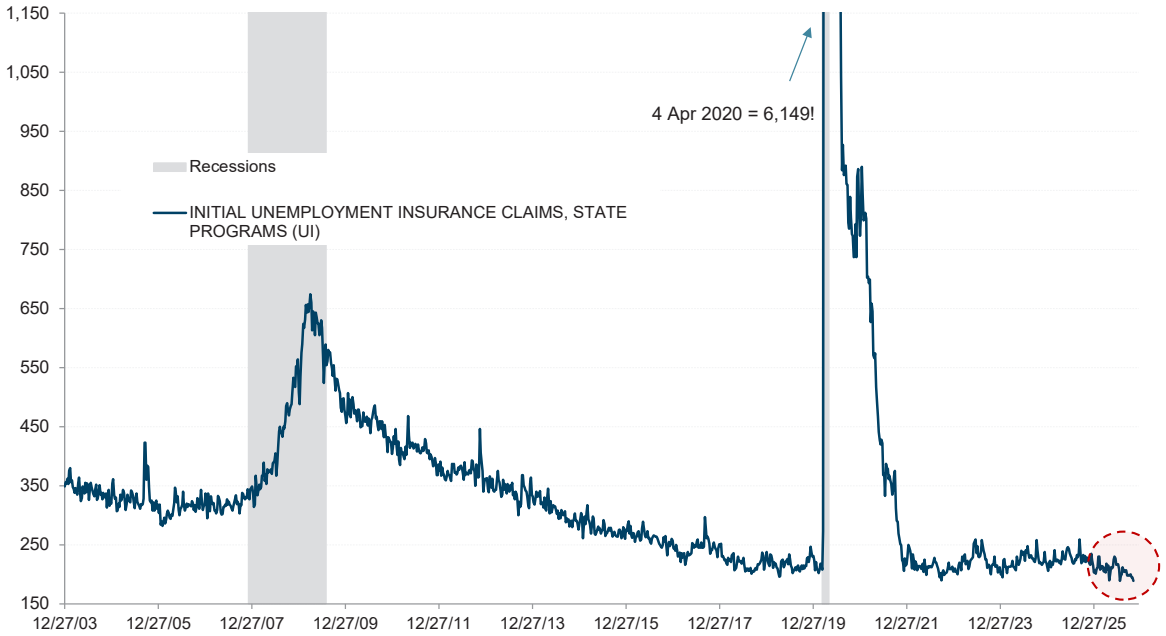


Sources: Federal Reserve, William Blair Equity Research



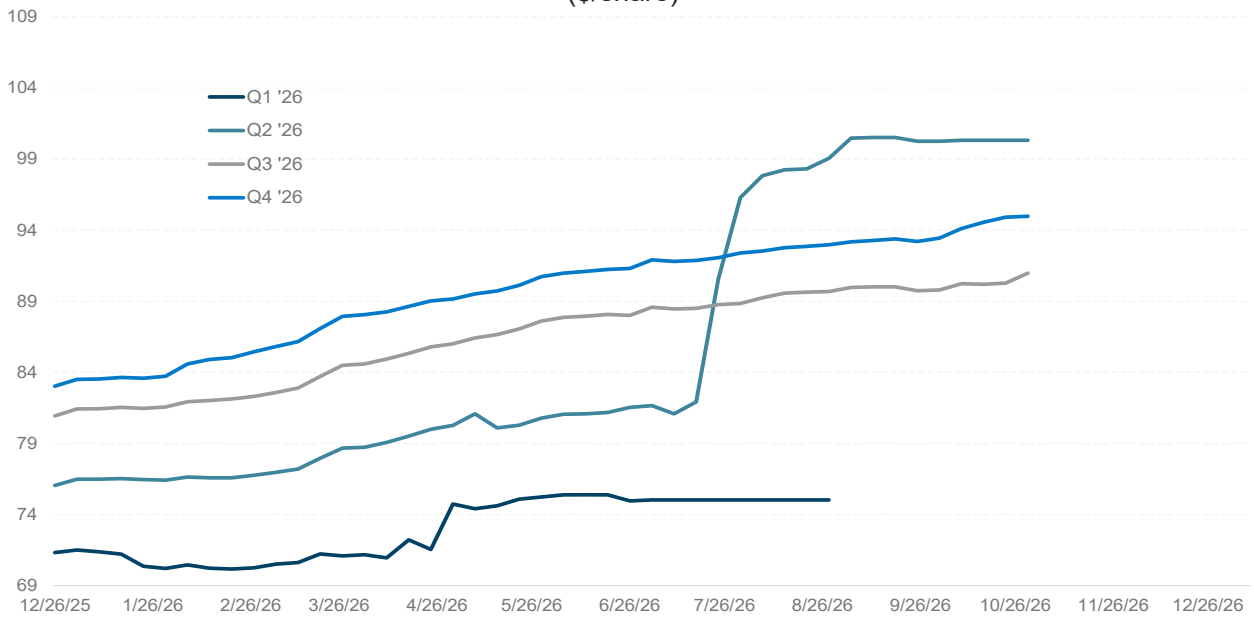
Sources: Bloomberg, William Blair Equity Research

Initial Jobless Claims
('000s, Seasonally Adjusted)



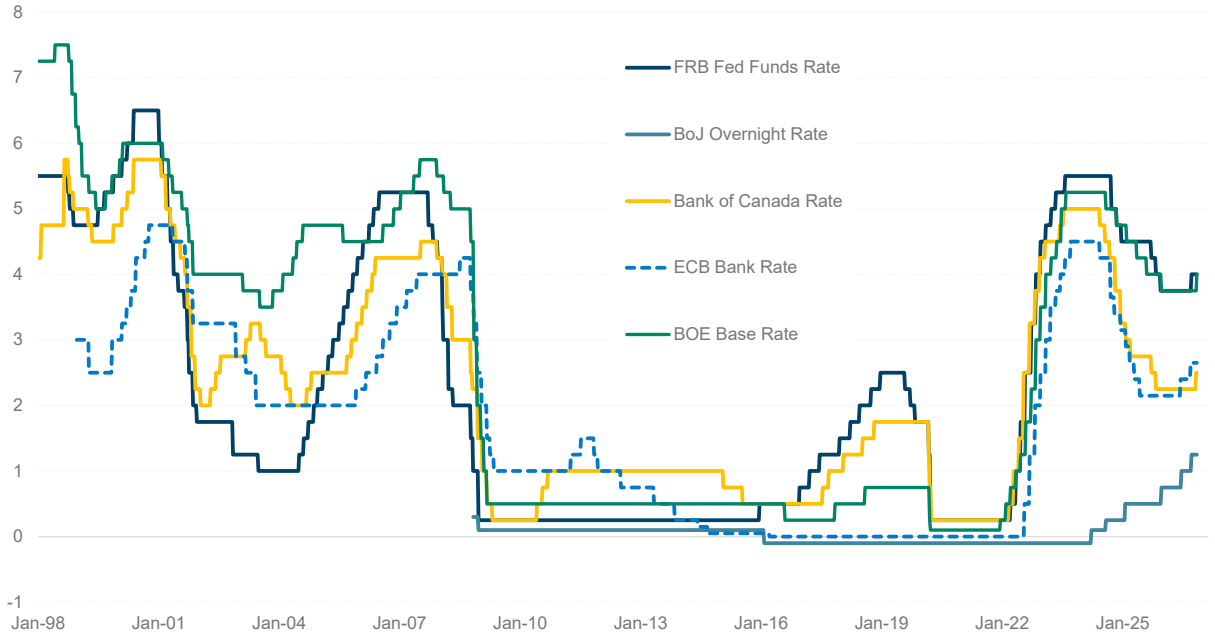
Source: Department of Labor, Bloomberg, William Blair Equity Research

S&P 500 EPS Estimates for 2026 by Quarter
($/share)



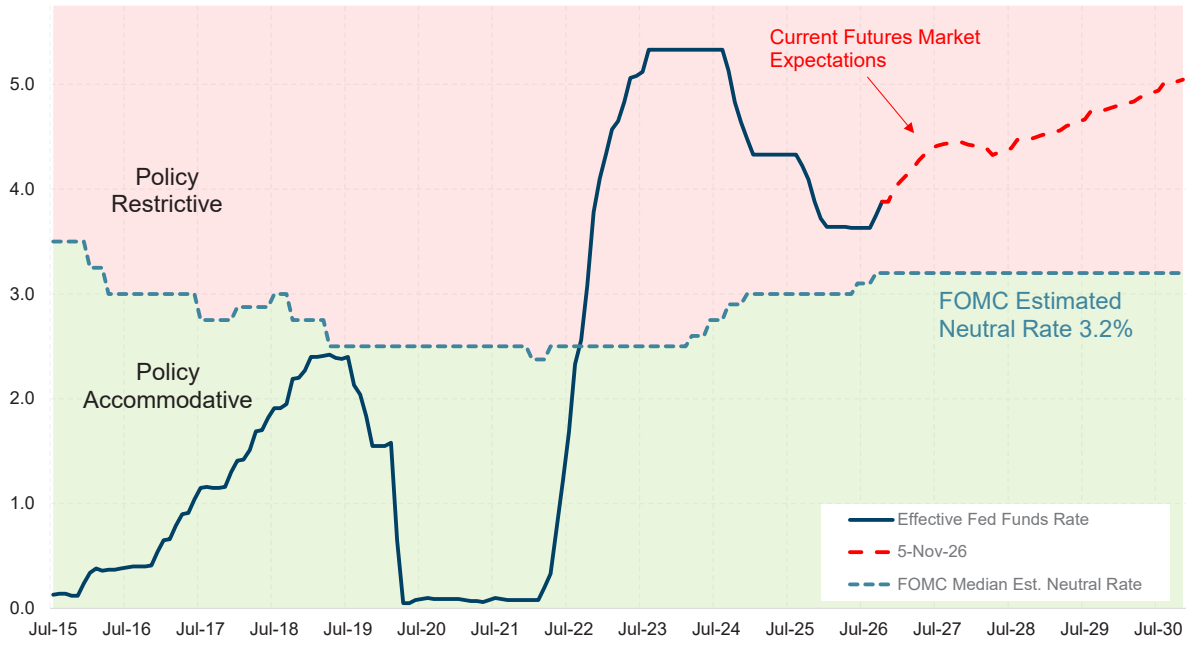
Sources: LSEG, I/B/E/S, William Blair Equity Research

Central Bank Target Short-Term Interest Rates, %



Sources: Bloomberg, William Blair Equity Research

Fed Funds Rate, Futures Market Expectations & FOMC's Estimated Neutral Rate, %



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 05-Nov-26	Week Ago 29-Oct-26	Month Ago 05-Oct-26	Qtr-to-Date 30-Sep-26	Year-to-Date 31-Dec-25
S&P 500 Index	**100.00**	**-4.75**	**-5.41**	**-3.89**	**7.42**
S&P 400 MidCap Index		**-3.37**	**-2.61**	**-0.38**	**8.39**
S&P 600 SmallCap Index		**-3.14**	**-0.98**	**1.10**	**13.99**
Dow Jones Industrials		**-1.57**	**0.50**	**1.21**	**7.20**
Nasdaq Composite		**-7.14**	**-11.51**	**-9.48**	**4.62**
Communication Services	**8.83**	**0.61**	**-14.41**	**-13.72**	**-10.32**
Advertising	0.19	31.87	24.05	21.72	-27.59
Broadcasting	0.10	4.56	7.48	7.01	-8.97
Cable & Satellite	0.04	3.17	3.41	7.03	-31.25
Integrated Telecommunication Services	0.63	6.41	-0.81	-1.23	-2.40
Interactive Home Entertainment	0.06	10.33	4.87	2.82	-12.70
Interactive Media & Services	6.77	-1.32	-18.40	-17.37	-9.61
Movies & Entertainment	0.77	5.46	3.58	1.67	-14.21
Publishing & Printing	0.02	-10.05	-8.78	-7.87	0.40
Wireless Telecommunication Svcs	0.25	9.03	-2.46	-1.52	-20.91
Consumer Discretionary	**9.91**	**1.72**	**4.97**	**6.62**	**-0.09**
Apparel Retail	0.33	-0.93	3.37	3.40	0.51
Apparel & Accessories & Luxury Goods	0.08	5.50	12.80	13.91	-12.76
Auto Parts & Equipment	0.01	-8.06	-6.92	-5.05	-38.28
Automobile Manufacturers	2.18	-13.03	-7.53	-1.68	-21.11
Automobile Retail	0.26	4.83	12.75	12.23	-5.06
Broadline Retail	4.21	6.64	3.70	4.64	13.21
Casinos & Gaming	0.06	10.11	8.28	5.03	-31.32
Computer & Electronics Retail	0.03	-0.99	13.74	12.65	48.51
Consumer Electronics	0.08	2.31	0.31	-0.15	41.19
Distributors	0.03	1.67	-1.43	-1.04	0.71
Footwear	0.09	3.57	14.99	11.86	-34.20
Home Furnishings	0.01	16.08	20.77	20.98	38.05
Home Improvement Retail	0.70	7.22	25.03	23.09	-0.42
Homebuilding	0.15	7.61	17.24	13.09	2.16
Hotels, Resorts & Cruise Lines	0.81	4.87	11.69	11.91	5.43
Leisure Products	0.02	-0.02	29.40	36.34	45.78
Restaurants	0.76	5.34	13.05	14.20	-1.38
Other Specialty Retail	0.07	3.54	18.41	18.17	-9.62
Consumer Staples	**5.66**	**3.62**	**13.23**	**13.81**	**18.50**
Agricultural Products	0.14	-5.12	-9.82	-7.29	22.91
Brewers	0.01	7.70	15.63	15.79	-9.53
Consumer Staples Merchandise Retail	2.52	5.32	16.84	17.79	18.71
Distillers & Vintners	0.05	10.80	25.49	25.78	7.31
Food Distributors	0.05	-8.82	-1.49	-3.49	2.10
Food Retail	0.10	3.88	15.51	16.38	7.69
Household Products	0.84	4.42	14.97	15.46	17.61
Packaged Foods & Meats	0.32	7.43	13.82	13.95	4.16
Personal Care Products	0.04	-1.58	12.37	11.60	7.52
Soft Drinks	1.10	4.22	12.01	12.68	22.24
Tobacco	0.65	-2.10	8.53	8.23	28.12
Energy	**3.33**	**-10.18**	**-2.53**	**0.44**	**38.03**
Integrated Oil & Gas	1.69	-9.18	1.48	2.56	38.18
Oil & Gas Equipment & Services	0.21	-10.83	-8.03	-4.68	16.25
Oil & Gas Exploration & Production	0.61	-11.16	-0.63	2.76	25.31
Oil & Gas Refining & Marketing & Transportation	0.44	-10.46	-12.69	-5.81	112.58
Oil & Gas Storage & Transportation	0.38	-12.30	-5.73	-1.39	17.41

Financials	**11.93**	**1.02**	**6.70**	**7.66**	**4.94**
Asset Management & Custody Banks	0.97	-0.26	5.21	5.35	1.30
Consumer Finance	0.53	-1.02	5.63	6.17	-13.59
Diversified Banks	2.85	-2.17	-0.60	-0.46	0.31
Diversified Financial Services	7.11	1.86	8.36	9.68	5.36
Financial Exchanges & Data	0.91	3.49	13.80	14.43	2.49
Insurance Brokers	0.44	6.85	23.98	23.28	5.79
Investment Banking & Brokerage	1.21	-4.49	-7.46	-6.97	-4.15
Life & Health Insurance	0.30	1.25	6.07	7.00	17.59
Multi-Sector Holdings	1.18	5.61	13.50	14.94	13.86
Property & Casualty Insurance	0.95	2.55	12.18	14.23	13.65
Regional Banks	0.25	-1.09	3.60	3.96	2.16
Reinsurance	0.02	4.29	13.90	14.41	23.12
Transaction & Payment Processing	2.21	3.75	14.72	17.80	15.27
Health Care	**10.22**	**0.43**	**10.41**	**9.75**	**19.35**
Biotechnology	1.98	0.97	12.08	10.80	36.56
Health Care Distributors	0.38	6.62	13.59	20.14	21.04
Health Care Equipment	1.51	7.03	15.18	16.36	-7.93
Health Care Facilities	0.17	6.87	16.20	18.30	6.23
Health Care Services	0.37	-4.19	3.41	4.12	14.00
Health Care Supplies	0.06	4.46	7.33	6.43	-5.84
Life Sciences Tools & Services	1.00	-6.36	-0.78	-0.02	14.67
Managed Health Care	0.78	-1.73	5.80	9.11	26.12
Pharmaceuticals	3.90	-0.34	12.36	9.03	27.31
Industrials	**7.76**	**-4.49**	**-4.48**	**-2.72**	**4.70**
Aerospace & Defense	1.94	-3.36	2.04	1.79	-3.69
Agricultural & Farm Machinery	0.26	0.50	-2.77	-1.23	42.47
Air Freight & Logistics	0.29	1.92	9.93	10.58	18.36
Building Products	0.38	-8.94	-9.75	-6.42	1.97
Cargo Ground Transportation	0.11	1.94	-1.42	1.30	12.37
Construction & Engineering	0.20	-20.75	-30.72	-27.29	10.88
Construction Machinery & Heavy Trucks	0.61	-11.19	-26.46	-23.96	-2.02
Data Processing & Outsourced Services	0.03	8.86	21.90	20.37	-13.11
Diversified Support Svcs	0.18	5.34	16.28	16.83	7.26
Electrical Components & Equipment	0.60	-15.30	-18.13	-15.61	-0.56
Environmental & Facilities Services	0.32	6.37	18.30	19.90	8.05
Heavy Electrical Equipment	0.37	-15.69	-26.87	-23.95	11.43
Human Resource & Employment Services	0.24	7.81	18.43	19.56	16.90
Industrial Conglomerates	0.27	2.18	8.91	9.31	16.74
Industrial Machinery	0.59	0.14	2.33	4.76	3.62
Passenger Airlines	0.17	4.13	2.63	2.22	11.31
Passenger Ground Transportation	0.21	4.63	-1.01	0.40	-15.82
Railroads	0.51	-2.23	6.69	8.79	28.11
Research & Consulting Svcs	0.12	3.85	22.22	22.46	-8.78
Trading Companies & Distributors	0.35	-2.79	4.57	8.31	31.82
Information Technology	**33.32**	**-11.99**	**-16.50**	**-14.35**	**9.50**
Application Software	1.72	-10.32	-7.10	-4.27	-19.45
Communications Equipment	1.09	-15.12	-20.40	-16.50	18.83
Electronic Components	0.44	-16.84	-28.26	-24.40	3.37
Electronic Equipment & Instruments	0.13	-17.46	-22.26	-19.28	24.28
Electronic Manufacturing Services	0.16	-15.40	-20.93	-17.18	-20.73
Internet Software & Services	0.17	-9.64	-17.39	-14.75	-11.25
IT Consulting & Services	0.64	0.13	19.49	22.54	-12.89
Semiconductor Equipment	1.04	-24.66	-42.21	-38.74	13.89
Semiconductors	12.30	-19.28	-27.00	-24.63	6.07
Systems Software	7.41	-2.36	-3.49	-1.10	9.62
Technology Distributors	0.03	-4.12	18.28	23.60	16.29
Technology Hardware, Storage & Peripherals	8.20	-5.76	-4.53	-4.55	30.46
Materials	**1.69**	**0.18**	**4.81**	**6.66**	**14.71**
Commodity Chemicals	0.06	-5.23	8.72	12.32	39.03
Construction Materials	0.20	2.71	14.00	14.36	-15.98
Copper	0.12	-12.46	-20.25	-17.29	14.00

Fertilizers & Agricultural Chemicals	0.04	5.81	2.95	10.24	31.08
Gold	0.18	7.07	3.36	3.79	19.89
Industrial Gases	0.45	2.60	8.64	10.13	22.92
Metal & Glass Containers	0.03	3.74	17.16	19.42	26.32
Paper Packaging	0.15	-0.44	8.01	6.21	7.13
Specialty Chemicals	0.34	2.72	9.18	8.91	11.38
Steel	0.13	-11.36	-4.33	3.31	43.10
Real Estate	**1.80**	**2.70**	**8.40**	**7.64**	**10.60**
Data Center REITs	0.24	-4.07	-2.68	-1.06	23.29
Health Care REITs	0.37	5.69	8.97	5.53	26.76
Hotel & Resort REITs	0.02	-4.16	9.76	10.00	43.05
Industrial REITs	0.18	0.41	0.37	-1.00	0.69
Multi-Family Residential REITs	0.00	4.23	6.22	5.87	-1.05
Office REITs	0.02	3.52	9.89	6.76	-3.32
Other Specialized REITs	0.09	-4.94	1.58	1.45	6.54
Real Estate Service	0.08	7.91	7.82	8.65	-29.22
Retail REITs	0.25	4.24	11.49	10.98	15.21
Self-Storage REITs	0.14	7.18	20.74	20.90	27.88
Single-Family Residential REITs	0.14	7.18	20.74	20.90	27.88
Telecom Tower REITs	0.22	3.85	23.08	22.99	6.65
Timber REITs	0.02	9.53	16.98	13.54	-8.69
Utilities	**2.02**	**0.34**	**8.33**	**9.78**	**1.39**
Electric Utilities	1.33	0.93	8.83	10.27	0.87
Gas Utilities	0.04	2.30	10.73	11.86	4.40
Independent Power Producers & Energy Traders	0.07	-16.25	-17.93	-14.81	-24.37
Water Utilities	0.04	7.18	19.23	17.73	16.80
Multi-Utilities	0.53	0.76	10.58	11.89	5.92

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

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DOW JONES: 51523.10
S&P 500: 7353.73
NASDAQ: 24315.00

Additional information is available upon request.

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