## THE BEST OF MOMENTUM

Units strong despite higher prices. Nominal surging.


Given up for dead, this is again a 12\% grower.


Guns, ammunition and other "outdoor sports" gain.


Someday an airline will figure out how to make money.


Drug stores strong in most categories.


Still bouncing off bottom.
For-Profit Hospitals
Real Growth, 12 Month Moving Average


## THE WORST OF MOMENTUM



See Momentum Table for complete listing and charts on web at http://www.eaaresearch.com

CONSUMER SPENDING MOMENTUM

|  |  | Momenutm |  |  | Trend |  |  | Rank |  | Percentile |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | May, 2004 Data | Unit | Price | Nom | Unit | Price | Nom | Unit | Nom | Unit | Nom |
|  | Commodities Revenue | 2.3\% | 0.0\% | 2.3\% | - | Unch | - | 1 | 2 | 99\% | 98\% |
|  | Televisions | 2.0\% | -1.3\% | 0.6\% | - | + | - | 2 | 42 | 98\% | 64\% |
| Demand slows as discounts abate. | Computers \& Peripherals | 2.0\% | -1.1\% | 0.8\% | - | + | - | 3 | 21 | 97\% | 82\% |
| Euro doesn't seem to be a challenge. | Passenger Fares Foreign Travel | 1.8\% | -0.2\% | 1.6\% | + | - | + | 4 | 5 | 97\% | 96\% |
| Slowing but still strong. | Software | 1.6\% | -0.7\% | 0.9\% | - | + | - | 5 | 17 | 96\% | 86\% |
|  | Photographic Equipment | 1.5\% | -0.9\% | 0.6\% | - | - | - | 6 | 55 | 95\% | 53\% |
| lis is running @ $1 / 2$ rate of few months ago. | Broker Charges on Mutual Fund Sales | 1.5\% | 0.5\% | 1.9\% | - | + | - | 7 | 3 | 94\% | 97\% |
|  | Investment Advisory Svcs of Broker | 1.4\% | 0.2\% | 1.6\% | - | + | - | 8 | 4 | 93\% | 97\% |
|  | Video Eqpt \& Media | 1.4\% | -0.9\% | 0.4\% | - | + | - | 9 | 72 | 92\% | 39\% |
| Easing but remaining strong. | Tools, Hardware, \& supplies | 1.3\% | 0.1\% | 1.4\% | - | - | - | 10 | 7 | 92\% | 94\% |
| Growth down but enviable rate.. | Motorcycles | 1.3\% | 0.1\% | 1.4\% | - | - | - | 11 | 6 | 91\% | 95\% |
|  | Clocks, Lamps, \& Furnish | 1.1\% | -0.5\% | 0.5\% | - | + | - | 12 | 61 | 90\% | 48\% |
|  | Audio Eqpt | 1.1\% | -0.4\% | 0.7\% | - | - | - | 13 | 36 | 89\% | 69\% |
|  | New Foreign Autos | 1.1\% | -0.0\% | 1.0\% | + | + | + | 14 | 12 | 88\% | 90\% |
|  | Intrastate Toll Calls | 1.0\% | -0.7\% | 0.3\% | - | - | - | 15 | 87 | 87\% | 26\% |
| Well off peak but still strong. | Major Household Appliances | 1.0\% | -0.2\% | 0.8\% | - | + | - | 16 | 24 | 86\% | 80\% |
|  | Foreign Travel by U S Residents | 1.0\% | 0.4\% | 1.4\% | + | - | - | 17 | 8 | 86\% | 93\% |
| Still improving! | Cellular Telephone | 1.0\% | -0.1\% | 0.9\% | + | + | + | 18 | 20 | 85\% | 83\% |
|  | Video Cassette rental | 0.9\% | -0.1\% | 0.8\% | - | + | + | 19 | 22 | 84\% | 81\% |
|  | Film \& Photo Supplies | 0.9\% | -0.3\% | 0.6\% | - | + | - | 20 | 54 | 83\% | 54\% |
| Pricing remains a problem. | Small Electric Appliances | 0.9\% | -0.4\% | 0.5\% | - | - | - | 21 | 63 | 82\% | 47\% |
|  | Wine \& Brandy | 0.9\% | 0.0\% | 0.9\% | + | - | + | 22 | 19 | 81\% | 84\% |
|  | Used Autos | 0.9\% | -1.0\% | -0.2\% | + | + | + | 23 | 112 | 81\% | 5\% |
| Drug stores doing well. | Prescription Drugs | 0.8\% | 0.3\% | 1.2\% | + | + | + | 24 | 11 | 80\% | 91\% |
| Demand OK but prices weak. | Toys, Dolls, \& Games | 0.8\% | -0.4\% | 0.4\% | + | - | - | 25 | 77 | 79\% | 35\% |
|  | Recreational Vehicles | 0.8\% | 0.1\% | 0.9\% | - | + | - | 26 | 18 | 78\% | 85\% |
|  | Nondurable Toys \& Sport Supplies | 0.8\% | -0.3\% | 0.5\% | + | - | - | 27 | 69 | 77\% | 42\% |
| ter than PCE for 4 months; holding pattern. | Airlines | 0.8\% | 0.6\% | 1.3\% | - | + | + | 28 | 10 | 76\% | 92\% |
|  | Outdoor eqpt \& supplies | 0.8\% | -0.2\% | 0.5\% | - | - | - | 29 | 58 | 75\% | 51\% |
| Highest prices since late 2001. | New Domestic Autos | 0.7\% | -0.0\% | 0.7\% | + | + | + | 30 | 30 | 75\% | 75\% |
|  | Fuel Oil | 0.7\% | 0.7\% | 1.4\% | - | + | - | 31 | 9 | 74\% | 92\% |
|  | Casino Gambling | 0.7\% | 0.2\% | 1.0\% | + | + | + | 32 | 14 | 73\% | 88\% |
|  | Children's Clothing | 0.7\% | -0.3\% | 0.4\% | + | - | - | 33 | 81 | 72\% | 31\% |
|  | Semidurable House Furnishings | 0.7\% | -0.3\% | 0.3\% | - | + | - | 34 | 85 | 71\% | 28\% |
| gnificant slowing - growth back to early 03 rate. | Floor Coverings | 0.7\% | 0.1\% | 0.7\% | - | - | - | 35 | 31 | 70\% | 74\% |
|  | Pleasure Aircraft | 0.6\% | 0.1\% | 0.7\% | + | + | + | 36 | 32 | 69\% | 73\% |
| May slight + from April. | Pleasure Boats | 0.6\% | 0.1\% | 0.7\% | + | + | + | 37 | 33 | 69\% | 72\% |
| Prices hold nominal up. | Home Health Care | 0.6\% | 0.2\% | 0.8\% | - | + | + | 38 | 23 | 68\% | 81\% |
|  | Sporting Equipment | 0.6\% | 0.0\% | 0.6\% | + | - | - | 39 | 47 | 67\% | 60\% |
| Sustained growth. | Guns | 0.6\% | 0.0\% | 0.6\% | + | - | - | 40 | 48 | 66\% | 59\% |
| Load those guns! | Sport Supplies, including Ammo | 0.6\% | 0.0\% | 0.6\% | + | - | - | 41 | 45 | 65\% | 62\% |
| + Units, + price = ++ nominal. | Beer \& Ale | 0.6\% | 0.4\% | 1.0\% | + | + | + | 42 | 15 | 64\% | 87\% |
|  | Distilled Spirits | 0.6\% | 0.1\% | 0.7\% | + | - | + | 43 | 39 | 64\% | 67\% |
|  | Nonprescription Drugs | 0.6\% | 0.0\% | 0.6\% | - | - | - | 44 | 50 | 63\% | 58\% |
| Slowing still, but will improve in Fall. | Trucks | 0.6\% | -0.1\% | 0.5\% | - | + | - | 45 | 68 | 62\% | 42\% |
| Units are slowing but OK, price very weak. | Tires \& Tubes | 0.6\% | -0.1\% | 0.4\% | - | - | - | 46 | 71 | 61\% | 40\% |
|  | Investment Counseling Services | 0.6\% | 0.2\% | 0.7\% | + | + | + | 47 | 28 | 60\% | 76\% |
| Off bottom. | For-Profit Hospitals | 0.6\% | 0.4\% | 0.9\% | + | - | + | 48 | 16 | 59\% | 86\% |
|  | China, Glassware, Tableware,Utensils | 0.6\% | -0.0\% | 0.5\% | - | + | - | 49 | 62 | 58\% | 47\% |
|  | Bicycles | 0.5\% | 0.1\% | 0.6\% | - | + | - | 50 | 46 | 58\% | 61\% |
| Still + from yr ago but comps will toughen. | Furniture, incl Mattresses \& Bedsprings | 0.5\% | -0.1\% | 0.5\% | - | + | - | 51 | 65 | 57\% | 45\% |
|  | Equities Commissions Incl limputed | 0.5\% | -0.2\% | 0.3\% | - | - | - | 52 | 90 | 56\% | 24\% |
| Growth back to pre-Fall level. | Limited Service Restaurants | 0.5\% | 0.3\% | 0.8\% | - | + | - | 53 | 25 | 55\% | 79\% |
| Plateau @ high rate. | Cleaning Preparations | 0.5\% | -0.1\% | 0.4\% | - | + | - | 54 | 75 | 54\% | 36\% |
|  | Motion Picture Theaters | 0.5\% | 0.3\% | 0.7\% | - | - | - | 55 | 27 | 53\% | 77\% |
|  | Books \& Maps | 0.5\% | 0.0\% | 0.5\% | - | - | - | 56 | 64 | 53\% | 46\% |
|  | Gasoline and Oil | 0.5\% | 2.3\% | 2.7\% | + | + | + | 57 | 1 | 52\% | 99\% |
|  | Internet Service Providers | 0.5\% | -0.4\% | 0.1\% | - | - | - | 58 | 102 | 51\% | 14\% |
|  | Beauty Parlors | 0.5\% | 0.2\% | 0.6\% | - | - | - | 59 | 49 | 50\% | 58\% |
|  | Health Insurance | 0.4\% | 0.1\% | 0.5\% | + | - | - | 60 | 60 | 49\% | 49\% |
|  | Blinds, Rods, \& Other | 0.4\% | -0.1\% | 0.3\% | - | + | - | 61 | 84 | 48\% | 29\% |
| Surprising slowing. | Stationery \& Writing Supplies | 0.4\% | -0.4\% | 0.0\% | - | + | - | 62 | 107 | 47\% | 9\% |
|  | Newspapers | 0.4\% | 0.3\% | 0.7\% | + | + | + | 63 | 38 | 47\% | 68\% |
|  | Magazines \& Sheet Music | 0.4\% | 0.3\% | 0.7\% | + | + | + | 64 | 37 | 46\% | 69\% |

# CONSUMER SPENDING MOMENTUM 

|  |  | Momenutm |  |  | Trend |  |  | Rank |  | Percentile |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | May, 2004 Data | Unit | Price | Nom | Unit | Price | Nom | Unit | Nom | Unit | Nom |
|  | Shoes | 0.4\% | 0.1\% | 0.5\% | - | - | - | 65 | 59 | 45\% | 50\% |
| Growth eases; comps toughen. | Full Service Restaurants | 0.4\% | 0.2\% | 0.6\% | - | + | - | 66 | 43 | 44\% | 64\% |
| Units - but prices +. | Household Paper Products | 0.4\% | 0.2\% | 0.6\% | - | + | + | 67 | 52 | 43\% | 56\% |
|  | Cable TV | 0.4\% | 0.4\% | 0.7\% | + | - | - | 68 | 29 | 42\% | 75\% |
|  | Motor Vehicle Rental | 0.4\% | -0.2\% | 0.1\% | - | - | - | 69 | 98 | 42\% | 17\% |
|  | Auto Accessories \& Parts | 0.4\% | 0.1\% | 0.4\% | - | + | - | 70 | 70 | 41\% | 41\% |
| Nom surges on + price, strong units. | Food At Home | 0.4\% | 0.3\% | 0.7\% | - | + | + | 71 | 40 | 40\% | 66\% |
|  | Hotels \& Motels | 0.3\% | 0.4\% | 0.8\% | + | - | - | 72 | 26 | 39\% | 78\% |
|  | Nursery Schools | 0.3\% | 0.2\% | 0.6\% | + | + | + | 73 | 51 | 38\% | 57\% |
|  | Personal Consumption Expenditures | 0.3\% | 0.2\% | 0.5\% | - | + | + | 74 | 57 | 37\% | 52\% |
|  | Electricity | 0.3\% | 0.0\% | 0.4\% | + | - | + | 75 | 79 | 36\% | 33\% |
| Strengthening. | Records, Tapes, \& Disks | 0.3\% | 0.1\% | 0.4\% | + | + | + | 76 | 83 | 36\% | 30\% |
|  | Women's Clothing | 0.3\% | 0.1\% | 0.5\% | - | + | - | 77 | 67 | 35\% | 43\% |
|  | Men's Clothing | 0.3\% | 0.1\% | 0.4\% | - | + | - | 78 | 78 | 34\% | 34\% |
|  | Pet Food | 0.3\% | 0.4\% | 0.7\% | - | + | - | 79 | 35 | 33\% | 70\% |
|  | Film Developing | 0.3\% | -0.0\% | 0.2\% | - | - | - | 80 | 91 | 32\% | 23\% |
|  | Soap | 0.3\% | 0.1\% | 0.4\% | - | + | - | 81 | 76 | 31\% | 36\% |
|  | Tax Return Prep Services | 0.3\% | 0.3\% | 0.6\% | - | - | - | 82 | 44 | 31\% | 63\% |
|  | Ophthalmic Products \& Orthopedic Appliancı | 0.3\% | 0.1\% | 0.4\% | - | - | - | 83 | 82 | 30\% | 31\% |
|  | Spectator Sports | 0.3\% | 0.3\% | 0.6\% | - | - | - | 84 | 56 | 29\% | 53\% |
|  | Greeting Cards | 0.3\% | -0.4\% | -0.2\% | - | + | - | 85 | 110 | 28\% | 7\% |
|  | Bank Service Charges, Trust Services, \& Sa | 0.2\% | 0.4\% | 0.6\% | - | - | - | 86 | 41 | 27\% | 65\% |
| Higher prices crush demand. | Jewelry \& Watches | 0.2\% | 0.3\% | 0.6\% | - | + | - | 87 | 53 | 26\% | 55\% |
| Slowing still. | Long Distance Telephone | 0.2\% | -0.8\% | -0.5\% | - | - | - | 88 | 114 | 25\% | 3\% |
|  | Com Bank Service Charges on Deposit Accc | 0.2\% | 0.2\% | 0.5\% | + | - | - | 89 | 66 | 25\% | 44\% |
|  | Employment Agency Fees | 0.2\% | -0.0\% | 0.1\% | + | - | + | 90 | 100 | 24\% | 15\% |
|  | Lotteries | 0.1\% | 0.2\% | 0.4\% | - | + | + | 91 | 80 | 23\% | 32\% |
|  | Medical Laboratories | 0.1\% | 0.1\% | 0.2\% | - | - | - | 92 | 97 | 22\% | 18\% |
|  | Eye Examinations | 0.1\% | 0.1\% | 0.2\% | - | - | - | 93 | 95 | 21\% | 19\% |
|  | Elementary \& Secondary Schools | 0.1\% | 0.2\% | 0.3\% | + | + | + | 94 | 88 | 20\% | 25\% |
|  | Cosmetics \& Perfumes | 0.1\% | 0.1\% | 0.2\% | - | + | - | 95 | 94 | 19\% | 20\% |
|  | Toilet Articles \& Preparations | 0.0\% | 0.0\% | 0.1\% | - | + | - | 96 | 101 | 19\% | 14\% |
| Terrorism? Bad data? | Amusement Parks | 0.0\% | 0.1\% | 0.2\% | - | - | - | 97 | 96 | 18\% | 19\% |
|  | For-Profit Nursing Homes | 0.0\% | 0.3\% | 0.3\% | + | - | - | 98 | 89 | 17\% | 25\% |
|  | Gynecological Goods | 0.0\% | -0.0\% | 0.0\% | - | + | - | 99 | 105 | 16\% | 11\% |
|  | Funeral \& Burial Expense | 0.0\% | 0.4\% | 0.4\% | Unch | + | + | 100 | 73 | 15\% | 38\% |
|  | Flowers, Seeds, \& Potted Plants | -0.0\% | 0.4\% | 0.3\% | - | - | - | 101 | 86 | 14\% | 27\% |
|  | Sightseeing | -0.0\% | 0.1\% | 0.1\% | - | - | - | 102 | 99 | 14\% | 16\% |
|  | Private Higher Education | -0.0\% | 0.2\% | 0.2\% | + | + | + | 103 | 92 | 13\% | 22\% |
|  | Medical Supplies | -0.0\% | 0.0\% | 0.0\% | - | - | - | 104 | 106 | 12\% | 10\% |
|  | LPG \& Other Fuel | -0.1\% | 0.5\% | 0.4\% | - | + | - | 105 | 74 | 11\% | 37\% |
|  | Trust Services of Com Banks | -0.1\% | 1.1\% | 1.0\% | - | - | - | 106 | 13 | 10\% | 89\% |
|  | Commercial \& Vocational Schools | -0.1\% | 0.8\% | 0.7\% | + | + | + | 107 | 34 | 9\% | 71\% |
| Better -- almost back to 0 . | Local Telephone | -0.2\% | 0.2\% | -0.0\% | + | + | + | 108 | 108 | 8\% | 8\% |
|  | Classified Ads | -0.2\% | 0.2\% | 0.0\% | - | - | - | 109 | 104 | 8\% | 12\% |
|  | Writing Eqpt | -0.2\% | 0.4\% | 0.2\% | - | - | - | 110 | 93 | 7\% | 21\% |
|  | Tobacco Products | -0.2\% | 0.1\% | -0.1\% | - | + | + | 111 | 109 | 6\% | 8\% |
|  | Interstate Toll Calls | -0.2\% | -0.8\% | -1.1\% | - | - | - | 112 | 117 | 5\% | 1\% |
|  | Gas | -0.3\% | 0.3\% | 0.1\% | - | + | - | 113 | 103 | 4\% | 13\% |
|  | Sporting \& Recreational Camps | -0.3\% | 0.1\% | -0.2\% | - | - | - | 114 | 111 | 3\% | 6\% |
|  | Photo Studios | -0.4\% | -0.0\% | -0.5\% | - | + | + | 115 | 113 | 3\% | 4\% |
|  | Truck Leasing | -0.6\% | -0.4\% | -1.0\% | + | - | + | 116 | 116 | 2\% | 2\% |
|  | Trading Profits on Debt Securities | -0.8\% | -0.1\% | -0.9\% | - | + | - | 117 | 115 | 1\% | 3\% |
|  | Auto Leasing | -0.8\% | -0.4\% | -1.2\% | + | - | + | 118 | 118 | 0\% | 0\% |

