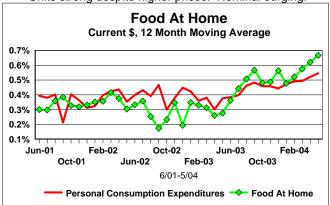
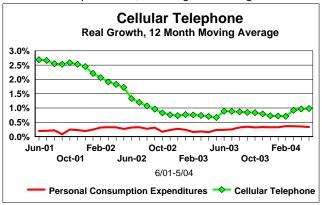
## THE BEST OF MOMENTUM

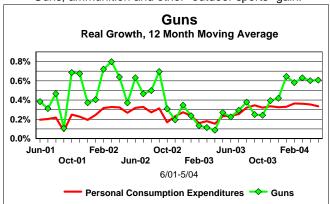
Units strong despite higher prices. Nominal surging.



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



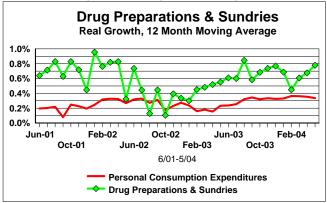
Guns, ammunition and other "outdoor sports" gain.



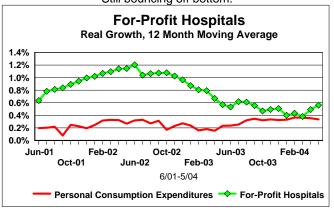
Someday an airline will figure out how to make money.



Drug stores strong in most categories.



Still bouncing off bottom.

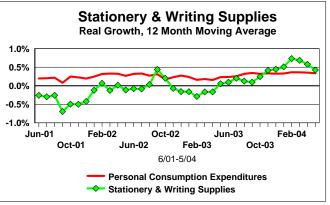


## THE WORST OF MOMENTUM

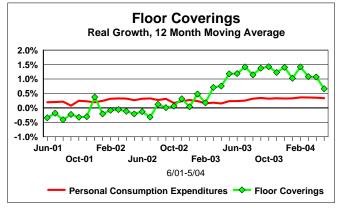
Could this show sensitivity to higher prices?



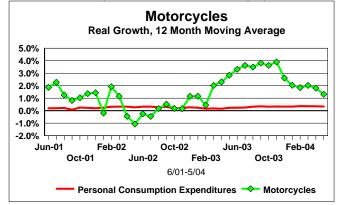
Traditionally a good indicator for stocks like SPLS, but this is surprising in the resurgent economy.



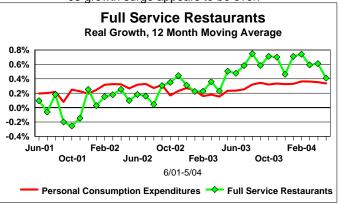
Many durables have lost the initial surge but are still strong relative to this decade.



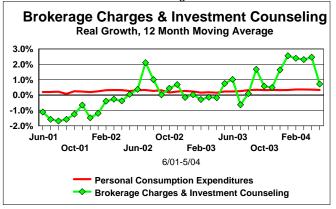
Still slowing, but still well above average growth.



03 growth surge appears to be over.



Maintaining momentum through the stalled rally is a challenge.



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

## **CONSUMER SPENDING MOMENTUM**

	CONCOMEN OF END	)   U	Anmonutm	.1410	7 I V I	and		Do	nde	Doro	ontilo
	May, 2004 Data	Unit	Nomenutm Price	Nom	Unit	end Price	Nom	Unit	nk Nom	Unit	entile 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%
Clowing but dail disoring.	Photographic Equipment	1.5%	-0.9%	0.6%	_		_	6	55	95%	53%
is is running @ 1/2 rate of few months ago.	0 1 1 1	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 Egpt & 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%
Growin down but onviable rates.	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!	•	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.	• •	0.9%	-0.4%	0.5%	-	-	-	21	63	82%	47%
3	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.		0.8%	0.3%	1.2%	+	+	+	24	11	80%	91%
Demand OK but prices weak.		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.		0.8%	0.6%	1.3%	-	+	+	28	10	76%	92%
3,	Outdoor eqpt & supplies	0.8%	-0.2%	0.5%	-	-	-	29	58	75%	51%
Highest prices since late 2001.		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.	-	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 Iimputed	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**

CONSUMER SPENDING MOMENTUM											
	M 0004 B 4		Momenutm		Tre				ank		entile
	May, 2004 Data	Unit	Price	Nom	Unit	Price	Nom	Unit	Nom	Unit	Nom
O	Shoes	0.4%	0.1%	0.5%	-	-	-	65	59	45%	50%
Growth eases; comps toughen.		0.4%	0.2%	0.6%	-	+	-	66	43	44%	64%
Offits - 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%
Name and a second and a second as a second as	Auto Accessories & Parts	0.4%	0.1%	0.4%	-	+	-	70	70	41%	41%
Nom surges on + price, strong units.		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 74	51	38%	57%
	Personal Consumption Expenditures	0.3%	0.2%	0.5%	-	+	+		57	37%	52%
Strengthening.	Electricity	0.3%	0.0%	0.4%	+	-	+	75 70	79	36%	33%
	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 Appliance		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%	0.5%	+	-	-	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%		-1.2%	+	-	+	118	118	0%	0%
		3.5,0	3 70	,0			•	5		0,0	0 70