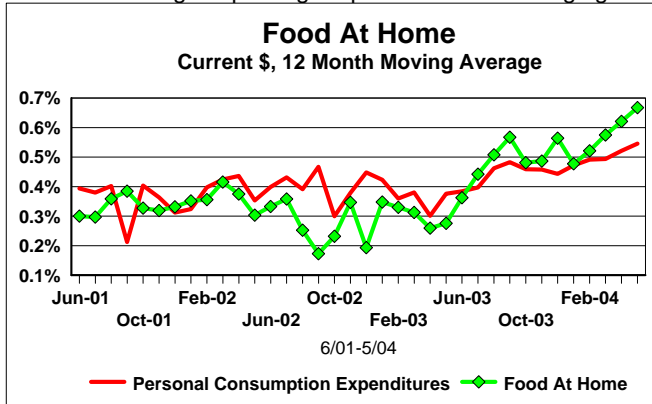
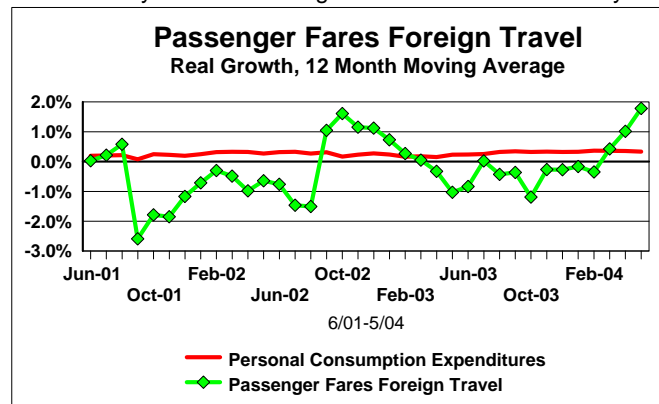


**THE BEST OF MOMENTUM**

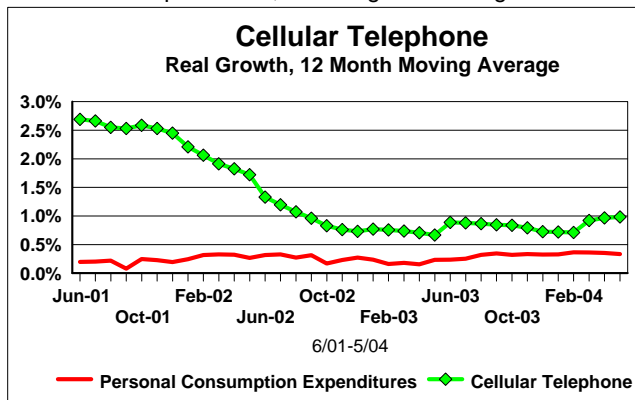
Units strong despite higher prices. Nominal surging.



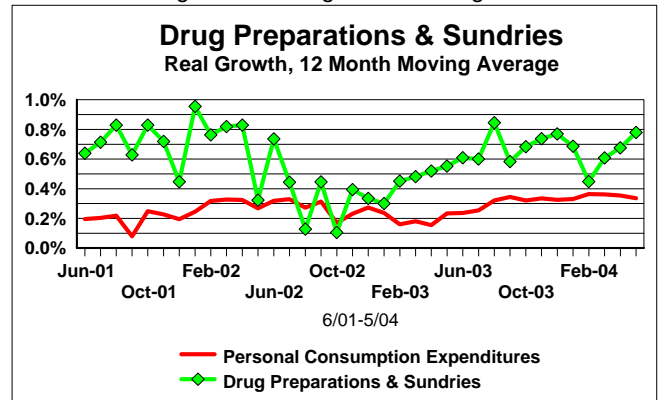
Someday an airline will figure out how to make money.



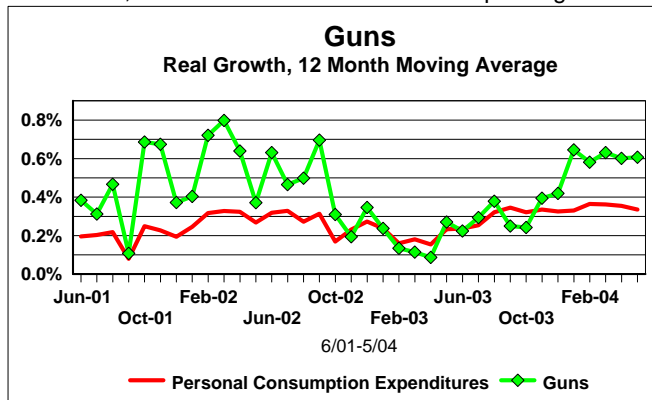
Given up for dead, this is again a 12% grower.



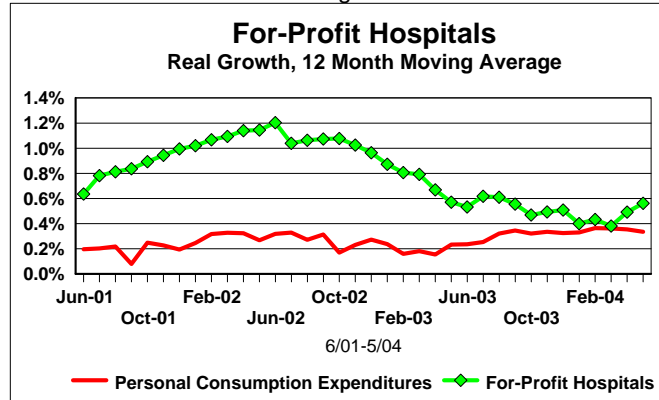
Drug stores strong in most categories.



Guns, ammunition and other "outdoor sports" gain.

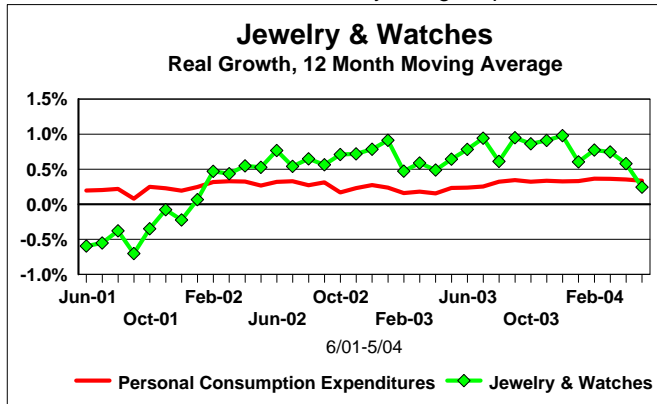


Still bouncing off bottom.

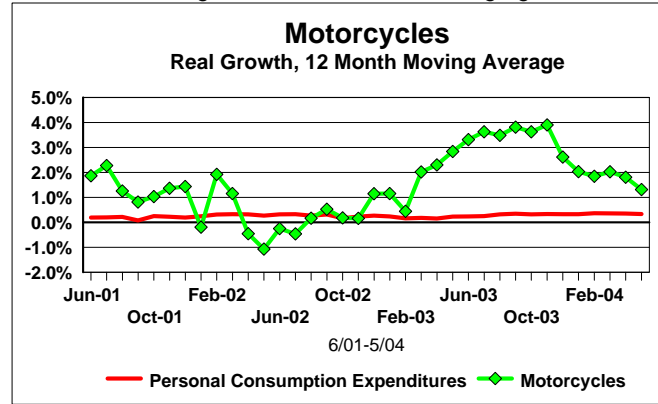


### THE WORST OF MOMENTUM

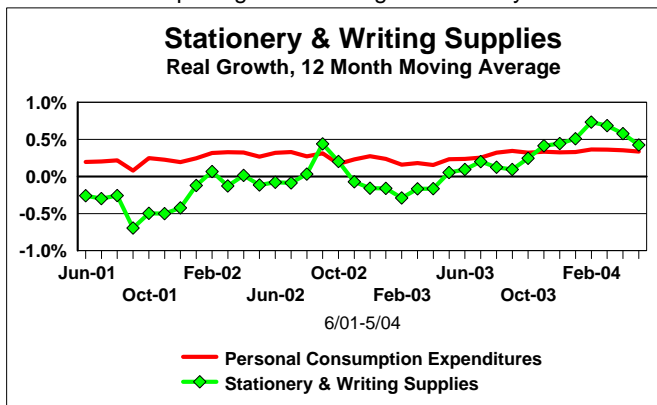
Could this show sensitivity to higher prices?



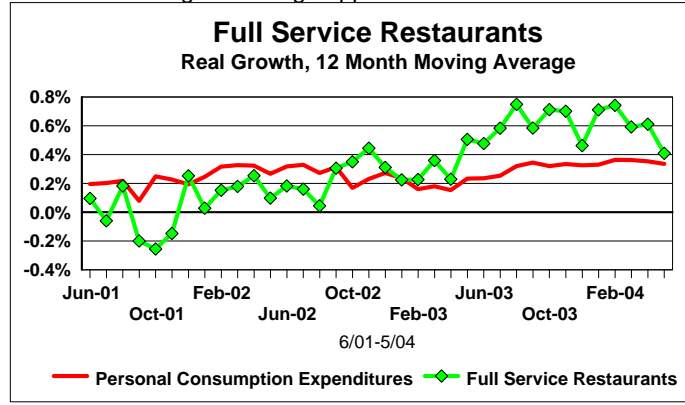
Still slowing, but still well above average growth.



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

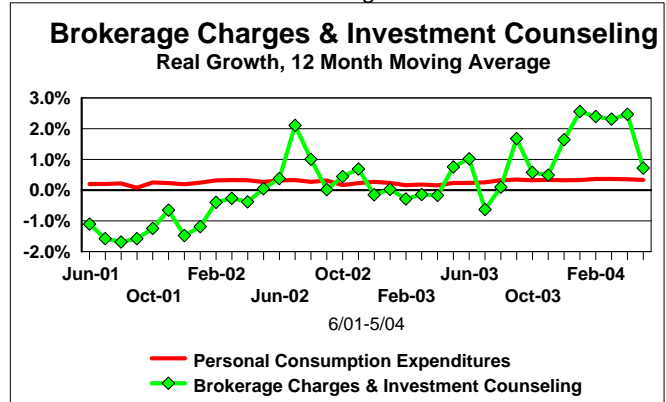
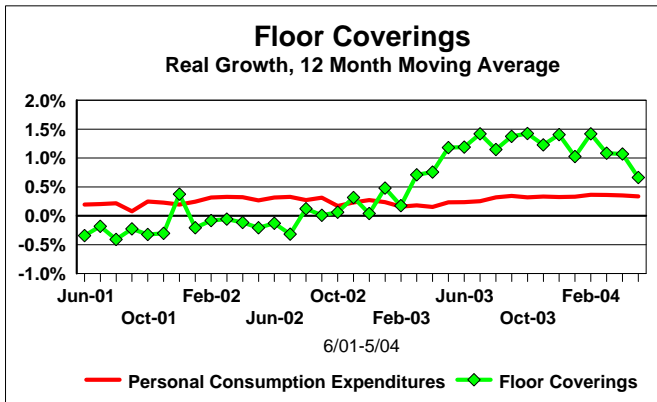


03 growth surge appears to be over.



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

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

		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%
	<b>Euro doesn't seem to be a challenge.</b> 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%
	<b>is is running @ 1/2 rate of few months ago.</b> 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%
	<b>Easing but remaining strong.</b> Tools, Hardware, & supplies	1.3%	0.1%	1.4%	-	-	-	10	7	92%	94%
	<b>Growth down but enviable rate..</b> 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%
	<b>Well off peak but still strong.</b> 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%
	<b>Still improving!</b> 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%
	<b>Demand OK but prices weak.</b> 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%
	<b>ter than PCE for 4 months; holding pattern.</b> 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%
	<b>Load those guns!</b> 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%
	<b>Slowing still, but will improve in Fall.</b> Trucks	0.6%	-0.1%	0.5%	-	+	-	45	68	62%	42%
	<b>Units are slowing but OK, price very weak.</b> 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%
	<b>Plateau @ high rate.</b> 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%
	<b>Surprising slowing.</b> 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

	May, 2004 Data	Momentum			Trend			Rank		Percentile	
		Unit	Price	Nom	Unit	Price	Nom	Unit	Nom	Unit	Nom
	Shoes	0.4%	0.1%	0.5%	-	-	-	65	59	45%	50%
<b>Growth eases; comps toughen.</b>	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%
<b>Strengthening.</b>	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 Appliances	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%
<b>Slowing still.</b>	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%
<b>Terrorism? Bad data?</b>	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%
<b>Better -- almost back to 0.</b>	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%