

## STOCK MARKET DAILY REVIEW

September 03, 2008

### US Indices Failed To Maintain The Gains From The Open

As the US markets remained closed on Monday for the Labor Day, the major indices started the first session of the week on Tuesday with solid gains. The catalyst for the good beginning was the sharp drop in the commodities prices in particular the crude oil, which fell below \$110 a barrel, after Hurricane Gustav did not cause any major structural damage around the Mexican Gulf coasts. The fundamental data released during the day cause little reaction of the market. The ISM manufacturing index for august scored a very slight contraction to 49.9, at 50.0 consensus, while the July Construction spending fell by 0.6%, more than the expected -0.4%. After lunch time the moods strongly worsened and major indices pared gains with the energy sector acting as the main laggard hurt by the lower oil prices.

The best performing blue-chip was General Motors Corp with its shares rising by 6.5% to \$10.65, while the decliners were led by Alcoa Inc falling by 5.2% to \$30.46.

There wasn't much of corporate news during the day. Investors focus was on Lehman Brothers as Korea Development Bank confirmed that it is in talks to acquire a stake of the bank. Shares of Lehman, which is among the hardest hit Wall Street firms in the credit crisis, advanced by 0.3% to \$16.13.

Google Inc announced the release of its new Web browser later in the day, in an attempt to compete with Microsoft's Internet Explorer for market share. Stocks of the internet giant rose by just 0.4% to \$465.25, while those of the Windows maker fell by 0.7% to \$27.10.

In an average trading volume session all the three indices closed in red.

Dow Jones Industrial Average fell by 0.2% to 11516.92, S&P500 declined by 0.4% to 1277.58 and Nasdaq Composite was down by 0.8% to 2349.24.

Trading volume on NYSE was 1 billion shares, with a ratio decliners/advancers 1 to 1, and volume on Nasdaq was 1.8 billion shares, with a ratio decliners/advancers 5 to 4.

### TECHNICAL OVERVIEW

#### S&P 500 – USA

The short term picture remains unchanged as S&P 500 continues to consolidate in a narrow range near the key resistance level at 1290, which is 38.2% retracement of the 1439-1199 drop. The sentiment is still positive as a signal for this is given by the cross from the bottom of the 50-days SMA by the 26-days SMA. The main target of the index is the resistance at 1315, followed by 1370. On the downside a strong support is seen at 1270, which coincides with the 50-days SMA, followed by 1250, which is 23.6% retracement of the mentioned drop and 1230.



<b>Support</b>	1 270	1 250	1 230
<b>Resistance</b>	1 290	1 315	1 370

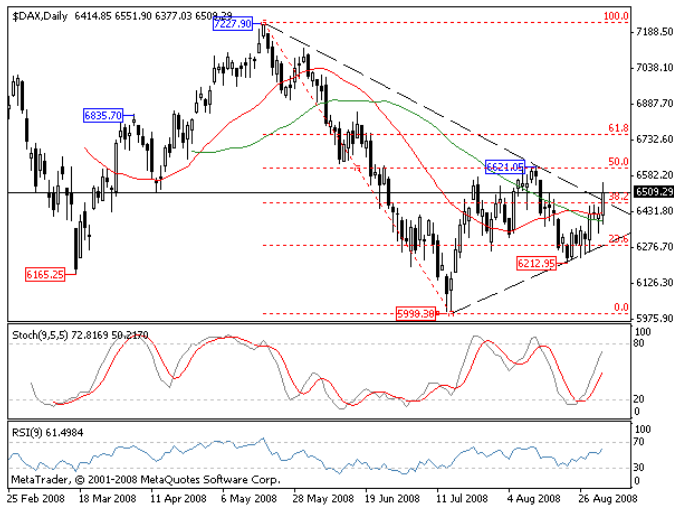
#### DAX 30 - Germany

DAX's upward movement continues but for the moment the level at 6550 shows resistance to the rise. During the next days we would probably witness a break of that level as the main target would be the key resistance at 6620, which is 50% retracement of the 7229-

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5997 drop. The positive sentiment remains as the oscillators show a presence of momentum, and the index managed to settle above the 26-days and the 50-days SMA. On the downside support is seen at 6320, followed by 6210 and 6165.



<b>Support</b>	6 320	6 210	6 165
<b>Resistance</b>	6 550	6 620	6 800

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