STOCK MARKET DAILY REVIEW

March 06, 2009

U.S. stocks sunk again

A weak close in the Wednesday session opened the door for sellers to regain control over U.S. stocks. The stock market had reversed the prior session's rally, touching fresh multiyear lows in the process, after Moody's said it may cut JPMorgan, Bank of America and Wells Fargo credit ratings and China quelled speculation the government will add to its stimulus plan. General Motors also had negative influence, after its auditors rekindled the threat of bankruptcy in the troubled automaker by calling out GM's recurring losses and inability to generate cash flow.

Weekly jobless claims were down more than expected from the prior week, but remain at elevated levels. Initial jobless claims for the week ended Feb. 28 totaled 639,000.

In other economic news, nonfarm productivity in the fourth quarter declined 0.4%, though it was expected to increase 1.2% after the prior reading showed a 3.2% increase.

Factory orders for January fell 1.9%, which was a less severe drop than the 3.5% decline that was widely expected. The prior reading was downwardly revised to reflect a decline of 4.9% for December.

On corporate level JPMorgan, the largest U.S. bank by market value, had its ratings outlook cut by Moody's to negative from stable. Moody's said it will review the long-term debt ratings of Wells Fargo, the second-largest U.S. bank, and Bank of America, ranked third, on concern that higher credit costs may damage capital ratios. JPMorgan finished the session with 14% drop to $16.65. Wells Fargo declined 16% to $8 and Bank of America lost 10% to $3.23 per share.

Citigroup took out all-time lows when it slipped below $1.00 per share, according to reports. In the end of the session Citigroup was trading at $1.02, which is 10% lower from the previous close price.

General Motors finished 16% lower at $1.85 per share.

Wal-Mart reported positive same-store sales results for February and increased its dividend. The retailer gained nearly 3% and close the session at 49.75.

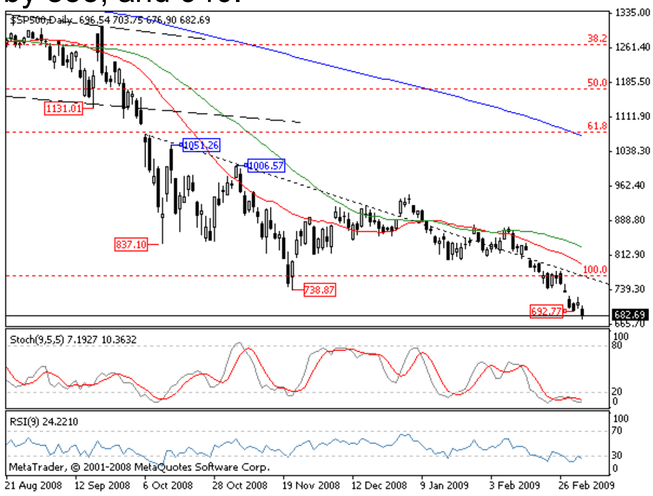
Adobe Systems rose with 4% to $17 per share. The world's biggest maker of graphic-design programs beat analysts' first-quarter profit estimates after cutting jobs to cope with slumping demand.

Yesterday the major indexes have reacheda new multiyear lows. Dow Jones Industrial Average lost 4% to 6594, S&P 500 declined 4.25% to 682 and Nasdaq Composite dropped 4% to 1299.

TECHNICAL OVERVIEW

S&P 500 – USA

The short-term picture remains negative, as S&P 500 fell below 700 points again. The downside trend will likely remain in the next days with first support expected at 650. If broken successfully next targets will be the supports at 600 and 570. On the upside, resistance is seen far-away at 800, followed by 855, and 940.



Support	650	600	570
Resistance	800	855	940

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DAX 30 – Germany

The short picture remains negative, as DAX's impressive gain of more than 5% marked through Wednesday's session was completely erased. If the negative trading continues in the next days, the downward movement will be limited by the support around 3600. If broken successfully next targets will be the supports at 3500 and 3200. On the upside resistance is seen at the psychological level 4000, followed by 4600 which is 23.6% retracement of the 7230-3790 drop, and 5120. In the mid-term, as long as the index holds below the key 4000, the downside risk remains and we may witness new declines.

Support	3600	3500	3200
Resistance	4000	4600	5120

Contact phone number: + 359 2 963 11 38, 359 2 963 11 40 e-mail: research@stsfinance.bg