

## US STOCK MARKET DAILY REVIEW

August 14, 2008

### The Decline of The US Indices Continues

Wall Street's negative moods from Tuesday spread around in the next day and the US indices opened in red again. The catalysts of the decline were the drop in the July Retail sales by 0.1%, the ongoing financial sector worries and the cautious earnings outlooks from Deere & Co, Liz Claiborne and Macy's. In addition, the new rally of the crude oil above \$117 a barrel also weighed on the market. The price of the commodity rose due to the report of its inventories, which surprisingly fell by 316 000 barrels, while expected to advance by 300 000 barrels.

Financials led the blue chips decline after new downgrades of some of the biggest US banks. Shares of Bank of America and Citigroup Inc fell by 7.3% and 4.4% respectively, and those of American Express were down by 3.0%.

Deere & Co warned that rising raw materials will impact margins in the current quarter. That caused a drop of the tractor maker shares by 3.2%. Liz Claiborne also cut its earnings outlook and saw its stocks falling significantly by 11.5%.

Shares of Macy's managed to add 1.9% to their value, although it said second-quarter profit dipped due to the worsened economic conditions. The department stores chain lowered its full year projection, saying it's difficult to forecast future results with certainty against the current market backdrop.

During the day CVS Caremark (-1.2%) announced it will buy Longs Drug Stores (+30.8%) for \$2.9 billion, or \$71.50 a share, a 32% premium over Longs' closing price on Tuesday.

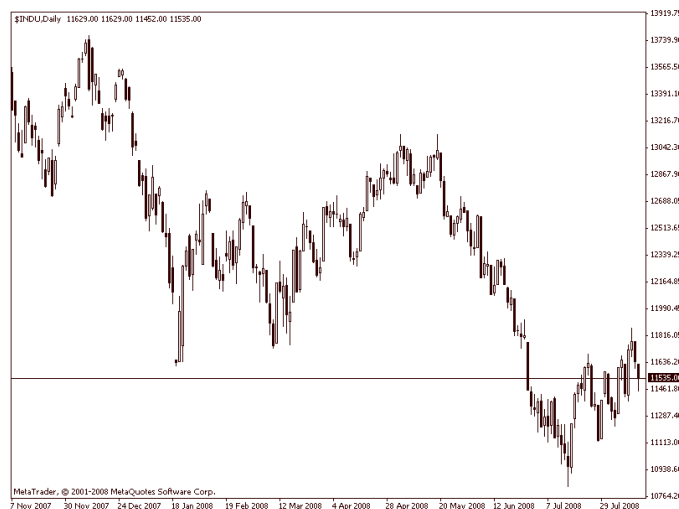
In a average trading volume session all the three indices closed in red.

Dow Jones Industrial Average fell by 1.0% to 11532.96, S&P500 declined by 0.3% to 1285.83 and Nasdaq Composite was down by 0.1% to 2428.62.

Trading volume on NYSE was 1.2 billion shares, with a ratio decliners/advancers 17 to 13, and volume on Nasdaq was 2.0 billion shares, with a ratio advancers/decliners 14 to 13.

### TECHNICAL OVERVIEW

The decline of Dow continues and after an overcoming of the support at 11620 the index headed down towards the next support at 11400. If broken successfully next targets would be 11215 and 11115. On the upside resistance is seen at 11680, followed by 11870 and the psychological 12000.



<b>Support</b>	<b>11 400</b>	<b>11 215</b>	<b>11 115</b>
<b>Resistance</b>	<b>11 680</b>	<b>11 870</b>	<b>12 000</b>

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