

STOCK MARKET DAILY REVIEW

October 14, 2008

Sharp Rise Of The US Indices After The Coordinated Rescue Plans Around The World

US indices started the Monday session with solid gains after the difficult previous week, when the Dow Jones fell 1,874.19 points, or a weakly loss of 18% - its' worst ever performance in its 112-year history. Some kind of relief was brought by the coordinated actions of the countries around the world for saving the financial sector from the spreading crisis. Fed and other central banks announced plans to provide as much dollar liquidity as needed in short-term funding markets. The 15 euro-zone countries said they will guarantee new bank debt until the end of 2009. In addition, several European countries announced plans to guarantee interbank lending and directly inject capital in financial firms. The U.K. government plans to inject up to \$63 billion in three U.K. banks. The U.S. is expected to announce measurements of its own, which will be pretty much the same as those in the old continent.

During the day Morgan Stanley and Mitsubishi UFJ confirmed a deal that will allow the Japanese company to acquire 21% of the bank for \$9 billion in preferred stocks with a 10% dividend. After the news, shares of Morgan Stanley surged by 87.0% to \$18.10.

General Motors and Ford Motor Co were also among the best performers with their stocks up by 33.7% to \$6.51 and 20.1% to \$2.39 respectively. The jump was caused by speculations for mergers between the struggling automakers, supported by rumors that GM has been in talks with its rivals Chrysler and Ford.

General Electric Co was the only blue chip that closed in red with its shares down by 2.3% to \$21.00.

In a big trading volume session all the three indices closed in green with Dow scoring its biggest one-day gains in points. Dow Jones Industrial Average rose by 11.1% to 9387.61, S&P500 advanced by 11.6% to 1003.35 and Nasdaq Composite was up by 11.8% to 1844.25.

Trading volume on NYSE was 1.8 bln. shares, with a ratio advancers/decliners 15 to 1, and volume on Nasdaq was 2.6 bln. shares, with a ratio advancers/decliners 11 to 2.

TECHNICAL OVERVIEW

S&P 500 – USA

The short term picture becomes strongly positive as S&P 500 scored a serious rise. Probably the upward movement will remain in effect during the next days with its first target the resistance at 1020. If broken successfully next targets would be the resistances around 1040 and the key level at 1080, which is 61.8% retracement of the 768-1576 rise. The oscillators are in the oversold area, giving indications that a near term bottom is probably reached. On the downside support is seen at 960, followed by 940 and 910.



Support	960	940	910
Resistance	1020	1040	1080

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DAX 30 – Germany

The short term picture becomes strongly positive as DAX scored a serious rise and even managed to close the big gap from the previous session. Probably the upward movement will remain in effect during the next days with its first target the resistance at 5130. A successful break of that level could open a potential for a significant rise as next more serious resistances are seen as far as the levels at 5550 and 5725. The oscillators are in the oversold area, giving indications that a near term bottom is probably reached. On the downside support is seen at 4780, followed by 4500 and 4300.



Support	4780	4500	4300
Resistance	5130	5550	5725

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