

US STOCK MARKET DAILY REVIEW

August 21, 2008

Wall Street rose modestly on optimistic Hewlett Packard Co. results

US stocks traded in range on Wednesday, as crude-oil prices fell after data showed a surprisingly large weekly supply, while upbeat results from Hewlett-Packard helped investors to partly forget the ongoing concerns about financial firms. The focus still remains on Freddie Mac and Fannie Mae and the financials in general. Fannie Mae shares tumbled nearly 25.29% while Freddie Mac shares lost about 21.34% and were two of the biggest losers. Results from Hewlett Packard Co. gave investors hope that sectors like technology may fare better than financials. HP rose 5.65% to 46.16 dollars per share after posting better-than-expected quarterly results. Technically the company reached levels right around the key resistance level at 46.50 by 200MA and by 61.8% fibo-retracement of downward movement of 49.93 – 40.88. Overcoming of this level will open potential for testing of next resistance at 47.75 and 49.93. On downside, support is seen around 45.40, which is 50% fibo-retracement of motioned movement followed by 44.35 and 43.00. Meanwhile, the sentiment oscillators RSI and Stochastic remain in neutral territory.

Among tech stocks in the spotlight, EBay dipped 1.69% after reducing fixed-price listing fees in better compete with Amazon.com. Novatel Wireless dropped 22% after the wireless modem maker's earnings came in well short of analyst expectations.

In acquisition news, Monsanto Co. said it agreed to sell its Posilac brand to drug maker Eli Lilly & Co. for at least 300 million dollars. Monsanto rose 4.7 % to 118.11 dollars per share. Elsewhere, Ericsson is paying 1.1 billion dollars into a new venture with STMicroelectronics to produce microchips for wireless devices in a move that challenges Texas Instruments.

Gainers

VeriFone Holdings Inc. rose more than 30% after SunTrust Robinson Humphrey raised its price target from 22 dollars to 30 dollars and maintained a Buy rating after the company forecasted better than expected earnings for 2008 and 2009. The company is a global provider of technology that enables electronic payment transactions. Among the gainers were BPZ Resources, Inc. and Canadian Solar Inc., which rose around 15%.

Losers

Excluding of Freddie Mac and Fannie Mae, which both have been leading the losers recently, UAL Corporation the parent of United Airlines, and US Airways Group Inc. declined more than 10%, due to the high fuel prices.

TECHNICAL OVERVIEW

The short term picture remains unchanged as Dow continued its consolidation movement remaining below the 11470 level. On the downside, supports are seen at 11220, followed by 11080 and 10 970. So far, the resistance at 11470 will limit the rise. If broken, next targets will be 11680 and 11870.



Support	11 220	11 080	10 970
Resistance	11 470	11 680	11 870



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