

US STOCK MARKET DAILY REVIEW**August 26, 2008****Hard start of the week on Wall Street**

U.S. stocks fell for the first time in four days as a Kansas bank's failure and speculation American International Group Inc. will post a loss heightened concern that credit write-downs will keep rattling the financial system.

AIG, the world's largest insurer, tumbled after Credit Suisse Group said the company may lose \$2.41 billion this quarter on mortgage-related write-downs. Lehman Brothers Holdings Inc. fell on concern a Korean bank will abandon a potential investment in the fourth-biggest U.S. securities firm.

Morgan Stanley cut its year-end forecast for the S&P 500 on concern banks will report more credit-related write-downs and the global economic slowdown will curb profits at technology and industrial companies.

Stocks fell even after a report showed sales of previously owned homes in the U.S. rose in July from a 10-year low as declining prices helped stabilize demand.

July existing home sales rose 3.1% month-over-month to a seasonally adjusted 5.00 million annual rate, which follows the 2.8% decline in June. Economists expected sales to increase 1.1% to 4.91 million. Existing home sales were down 13.2% year-over-year, and have an inventory supply of 11.2 months, compared to the 2007 average inventory supply of 8.9 months. The median sales price fell 1.3% month-over-month to \$212,400, and is down 7.1% compared to last year.

On corporate level shares of Fannie Mae and Freddie Mac gained 6% and 18% to \$5.30 and 3.35 respectively, after the second-largest U.S. mortgage-finance company sold \$2 billion of short-term notes in a weekly auction,

generating better demand compared with last week.

American International Group Inc. slid the most in the Dow Jones Industrial Average, losing 5.7% to a 13-year low of \$18.75.

Among the hardest hit, shares of Lehman Brothers Holdings Inc. lost 6.4% and closed at \$13.45.

The major indexes remained on the "red" side through the entire session. The blue chip index, Dow Jones Industrial Average, lost 2.1% and closed the day at 11 390. The Wide Standard & Poor's 500 fell 2.0% to 1 266, after all of its 10 industry groups posted losses. Nasdaq Composite also lost 2.0% and finished the session at 2 365.

TECHNICAL OVERVIEW

Dow Jones started the week with a huge drop of 240 points, which almost erased the last 3day gain. Today first support of the index is expected at 11 370, as break below it could move the target under 11 000. Short-term support is seen at 11 200, before the key levels at 11 100 and 10 950. On the opposite direction resistance is seen at 11 600, followed by 11 700 and 11 865, as the second one is 38.2% Fibo retracement of the 13 130- 10 827 movement.

Support	11 370	11 200	10 100
Resistance	11 600	11 700	11 865

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