

## STOCK MARKET DAILY REVIEW

January 27, 2009

### US Indices Continue To Consolidate

US indices started the first session of the week in positive territory as relatively good data from the housing market and news about takeover in the drug industry fueled optimism among the investors. Existing home sales surprisingly rose to 4.74 million in December, while a decline to 4.40 million was expected. Despite the good news, the median home prices fell by 9.3%, which is their biggest drop since the 1930s. During the day several US and overseas companies announced roughly 50 000 job cuts. Planned lay-offs reached total of 128 600 from the beginning of the year, which gives a signal for another month with loss of more than 500 000 people workforce.

Caterpillar Inc offered disappointing quarterly results and outlook and announced 20 000 job cuts. The company was among the main Dow laggards after the news, with its shares down by 8.5% to \$32.64. More lay-offs were announced also by General Motors Corp (-3.1, \$3.38) – 2000, Home Depot Inc (+4.7%, \$22.73) – 7000 and Sprint Nextel Corp (+1.2%, \$2.49) – 8000.

During the day Pfizer Inc announced it will acquire its rival Wyeth for \$68 billion. In addition, the pharmaceutical giant intends to cut 19 000 jobs. Shares of Pfizer fell 10.3% to \$15.65 after the news.

In a thin trading volume session all the three indices closed in green.

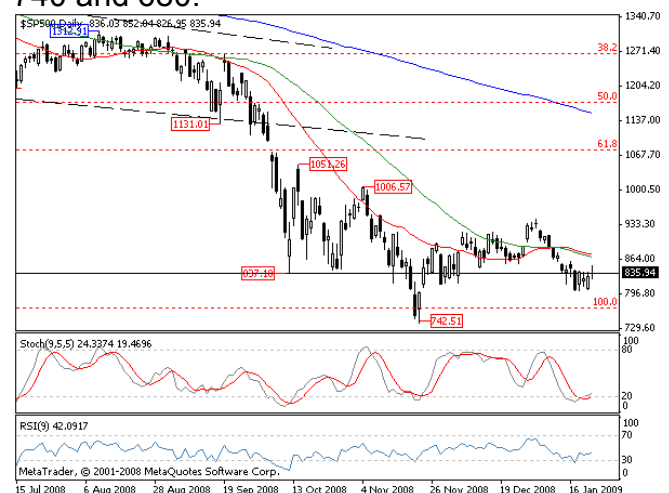
Dow Jones Industrial Average rose by 0.5% to 8116.03, S&P500 advanced by 0.6% to 836.57 and Nasdaq Composite was up by 0.8% to 1489.46.

Trading volume on NYSE was 1.3 billion shares, with a ratio advancers/decliners 2 to 1, and volume on Nasdaq was 1.9 billion shares, with a ratio advancers/decliners 8 to 5.

### TECHNICAL OVERVIEW

#### S&P 500 – USA

The short term picture remains neutral as the index continues to consolidate in a narrow range near the psychological level of support at 800. So far the upward movement is limited by the resistance at 850, and if broken successfully, next targets will be the resistances at 940 and the psychological 1000. In the mid-term, as long as the index holds below the key level at 1075, which is 61.8% retracement of the 768-1576 rise, the downside risk remains and we may witness new downward movements. On the downside, support is seen at 800, followed by 740 and 680.



<b>Support</b>	800	740	680
<b>Resistance</b>	850	940	1000

#### DAX 30 – Germany

The short term picture improves as the level at 4060 showed support to DAX and pushed the index higher. So far the upward movement is limited by the resistance at 4360, and if broken successfully next targets will be the resistances at 4750, which is 23.6% retracement of the 7230-4011 drop, and 5120. In the mid-term, as long as the index holds below the key 5230, which is 38.2% retracement of the mentioned drop,

## STOCK MARKET DAILY REVIEW

January 27, 2009

the downside risk remains and we may witness new declines. On the downside, support is seen at 4300, followed by 4060 and the psychological 4000.



<b>Support</b>	4300	4060	4000
<b>Resistance</b>	4360	4750	5120

The data in this daily analysis is collected from different sources and should serve only for informative purpose. Bulbrokers shall not be held responsible for the validity of the presented information. No part of this analysis recommends the purchase or sale any financial instrument. Contact phone number: + 359 2 963 11 38, 359 2 963 11 40 e-mail: [research@stsfinance.bg](mailto:research@stsfinance.bg)