

US STOCK MARKET DAILY REVIEW

August 28, 2008

Better Durable Goods Orders Supported The US Market

US indices started the Wednesday session in a positive territory as favorable economic data fueled optimism among the investors. The July Durable goods orders rose by 1.3%, which was quite above the expected 0.1%. Same orders excluding transportation also advanced by 0.7%, at consensus of -0.5%. The reports appeared to be a good sign for the economy and contradicted the impression of a weak manufacturing sector. On the other hand, Crude oil inventories fell by 117 000 barrels in the previous week, while the estimates pointed an advance by 1.1 million barrels. The price of the oil headed higher due to the forming tropical storm in the Mexican Gulf, but that didn't reflect the market because of the temporary character of this rise.

The financial sector was among the main advancers for the day with its best performers the mortgage lenders Fannie Mae and Freddie Mac. Shares of the two companies rose by 15.3% and 19.7% respectively, as a lack of government intervention eased shareholder concerns that their investment would be wiped out.

The healthcare sector was under pressure after some bad results from the effect of the medicines of some companies. Shares of Amylin Pharmaceutical Inc sunk by whole 24.8% after news that four more users of its diabetes drug Byetta have died. In addition, Bristol-Myers Squibb Co announced that results from a phase three study of Apixaban, an anti-clotting medicine, did not meet expectations, which caused a drop of its stocks by 2.1%.

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

Dow Jones Industrial Average rose by 0.8% to 11502.51, S&P500 advanced by 0.8% to 1281.66 and Nasdaq Composite was up by 0.9% to 2382.46.

Trading volume on NYSE was 0.8 billion shares, with a ratio advancers/decliners 3 to 1, and volume on Nasdaq was 1.6 billion shares, with a ratio advancers/decliners 2 to 1.

TECHNICAL OVERVIEW

The short term picture remains neutral as Dow continues to consolidate in a narrow range near the level 11620, which is 23.6% retracement of the 14194-10827 drop. Probably we may witness a resuming of the upward movement in the next days, as a signal for this is given by the cross from the bottom of the 50-days SMA by the 26-days SMA. If so, main immediate goal would be the resistance at 11860, followed by the key 12100, which is 38.2% retracement of the mentioned drop. On the downside support is seen at 11260, followed by 11110 and 10815.



Support	11 260	11 110	10 815
Resistance	11 620	11 860	12 100

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.

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