

Tech Wreck Watch: Texas Instruments

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03/10/09 - 10:11 AM EDT

Chip stocks got a slight lift Tuesday after **Texas Instruments (TXN)** delivered new guidance that rose above the more pessimistic assumptions Monday on Wall Street.

The Dallas chipmaker says its midpoint for first-quarter sales will be about \$1.92 billion, comfortably more than the \$1.86 billion analysts had forecast.

That TI didn't report a disaster represents a reprieve for the chip sector, hard hit by the dramatic slowdown in consumer electronics, PCs and mobile phones. Texas Instruments is one of the top chip suppliers to phone makers like **Nokia (NOK)**.

In early trading Tuesday, **Intel (INTC)**, **AMD (AMD)** and wireless chipmaker Skyworks were all up 2%. Shares of **Qualcomm (QCOM)**, perhaps the largest wireless chip supplier, rose 3% after TI's report.

The solid outlook from Texas Instruments however, is just a glimpse ahead at what looks to be a tough stretch for tech suppliers. There's a glut of inventory ahead, warns Charter Equity Research analyst John Dryden.

"The pace of order declines has slowed, but excess inventory will result in shipments below consumption in the first half of 2009," Dryden wrote in a note Tuesday.

Texas Instruments was up 36 cents or 2.5%, to \$15.05 in pre-market trading.

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