

TECH STOCKS: Intel Powers Tech Rally

By Benjamin Pimentel
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The tech sector staged an early rally on Wednesday, powered by Intel Corp.'s upbeat earnings report.

Intel (INTC), the world's biggest semiconductor company, reported a lower profit, but reported better-than-expected sales and a fourth quarter outlook that exceeded Wall Street expectations.

The Santa Clara, Calif.-based chip behemoth's shares were up more than 2% in early trading.

"Absent a double-dip recession, expect above-average financials well into 2010," Charter Equity Research analyst Edward Snyder said in a note.

And Intel's momentum is good news for the personal computer manufacturers, Kaufman Bros. analyst Shaw Wu said.

"The takeaway for many PC vendors is positive," he said in a note, citing such players as Hewlett-Packard and Apple.

Shares of H-P (HPQ) were up 2.4%, while Apple (AAPL) gained 0.8% and Dell Inc. (DELL) rose 2.2%.

Riding on Intel's upbeat view of the near future, shares of other chip companies also rose. Intel's arch-rival Advanced Micro Devices (AMD), which reports its results on Thursday, saw its shares jump nearly 3%.

These gains helped set the stage for a sector-wide rally that pushed the Nasdaq Composite Index (RIXF) up about 1% to 2,160.

The Morgan Stanley High Tech 35 Index (MSH) was up 1.1%, while the Philadelphia Semiconductor Index (SOX) added 0.7%.

Other gains came from major tech players including Amazon.com (AMZN), Google Inc. (GOOG) and Oracle Corp. (ORCL).

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