

RIM plunge weighs down tech stocks

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Published: June 17, 2011 4:12 p.m. ET

SAN FRANCISCO (MarketWatch) — Research In Motion Ltd. shares slid deeper Friday, weighing down the rest of the tech sector that got an initial early boost from a broad market upswing.

Will RIM's black eye heal?

(6:12)

Spencer Ante and Dan Gallagher discuss the outlook for RIM and its BlackBerry and Playbook products after the company issues a dire outlook, sending its stock tumbling.

By the closing bell, the Nasdaq Composite Index [COMP, +0.29%](#) was down 0.3% to 2,616 at last check, while the Morgan Stanley High-Tech Index [MSH, +0.20%](#) fell 0.7%.

The sector got an early boost from a strong market uptick on encouraging news surrounding the debt crisis in Greece. The Dow [DJIA, +0.17%](#) was up more than 100 points initially, but cooled later, closing with a gain of 42 points.

Weighing on techs was Research In Motion [RIMM](#) (RIM), whose U.S. shares plunged more than 21% to close at \$27.75 — setting the stock's lowest level in nearly five years.

The drop came after the company reported disappointing revenue for its first fiscal quarter and slashed its forecast for the remainder of the year. Half a dozen brokers downgraded the stock following the results. [Read full story on RIM's results.](#)

“We see the next few quarters as a potentially tough period for RIM characterized by further product delays,” wrote Rod Hall of J.P. Morgan, who cut the shares to the equivalent of a neutral rating.

The chip sector also came under selling pressure, with the Philadelphia Semiconductor Index [SOX, +0.05%](#) down 1.4% by the close.

RIM's results hit some smaller chipmakers. Ed Snyder of Charter Equity wrote that the problems facing RIM are likely to have the greatest impact on Triquint Semiconductor [TQNT, -1.45%](#), Skyworks Solutions [SWKS, -0.11%](#), Avago Technologies [AVGO, +0.24%](#) and Anadigics [ANAD, +3.23%](#). Triquint was down more than 4% by the close, while Avago fell by 2.6%.

Another company that may be hurt by RIM is Celestica Inc. [CLS, +0.00%](#), a Canadian electronics manufacturer whose shares lost 6.5% on Friday. Louis Miscioscia of Collins Stewart said in a note to clients that RIM accounts for about 20% of the company's overall business.

“Celestica is ramping large new RIM programs in Europe, so over the next few quarters, the ramp of this new

business will mute most of the impact of negative trends elsewhere,” he wrote.

Shares of Nvidia [NVDA, +1.81%](#) fell 2.3% to \$15.81 after Needham & Co. cut its earnings estimates on the chip maker, citing “reduced expectations for core GPU revenues and a potential Tegra overbuild.” Sector leader Intel [INTC, -0.03%](#) was off by 1%.

Advanced Micro Devices [AMD, +0.24%](#) shares fell 2.6% to \$7. The Wall Street Journal reported that two top executives have resigned from Globalfoundries, the chip fabrication company that AMD spun off but maintains a minority ownership stake in as well as a manufacturing relationship.

Pandora Media [P, -0.22%](#) , the Internet radio provider that went public Wednesday at \$16 a share, closed trading up 1% at \$13.40. The stock remains below its IPO price of \$16 from Wednesday.

Gainers by the close included Oracle [ORCL, +0.24%](#) , IBM [IBM, +0.96%](#) and Amazon.com [AMZN, +2.34%](#) Stocks in the red included Apple [AAPL, -0.64%](#) , Cisco Systems [CSCO, +0.45%](#) and Google [GOOG, -0.40%](#)

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