

Intel expected to post sales jump, muted view

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SAN FRANCISCO (MarketWatch) — Intel Corp. is expected to post a 17% gain in sales when it reports results after Tuesday's closing bell, but Wall Street's focus will likely be on the chip giant's outlook amid concerns about a softening tech market.

As the world's biggest semiconductor vendor, Intel's [INTC, -0.03%](#) results typically offer clues as to where the sector is headed. The chip giant already confirmed fears of a slowing market when it recently cut its sales forecast.

"As usual Intel's earnings will set the trend for earnings this season," Sterne Agee analyst Vijay Rakesh said in a note.

Microsoft's handset hopes

(8:40)

Microsoft unveils a lineup of smart phones using its revamped Windows Phone 7 mobile-operating system, the software giant's boldest move to remain a player in the mobile business.

The most worrisome trend is the weakening consumer market as the economy remains fragile, and its potential impact on the coming holiday shopping season.

But the industry is seen getting a boost from a resurgent corporate market, as companies replace aging machines, including PCs and servers, and embrace new, more energy-efficient data-center technologies.

Intel's report is expected to shed light on this dynamic.

"We believe the market has priced in moderate weakness, and while there is downside risk if guidance points to signs of a deeper slump ahead, we think enterprise spending driven by savings from upgrading aged equipment will offset much of the consumer weakness," Charter Equity Research analyst Edward Snyder said in a note.

Analysts expect Santa Clara, Calif.-based Intel to report earnings of 50 cents a share, on revenue of \$11 billion, according to a consensus survey by Thomson Reuters. For the year-earlier period, the company had reported earnings of 33 cents a share, on revenue of \$9.4 billion.

In August, Intel cut its sales forecast to \$11 billion, plus or minus \$200 million, from a previous range of between \$11.2 billion and \$12 billion, citing "weaker-than-expected demand for consumer PCs in mature markets."

"Given significant promotions in the channel in September, key to watch will be inventory and Intel's gross margins," Rakesh said in a note. "Nonetheless, we believe September notebook, desktop and graphic shipments were stronger than prior expectations."

However, Rakesh noted that, “Given a stronger September month for notebooks-desktops with the possibility of a pull-in, we believe calendar fourth quarter could be weaker especially with desktops.”

Wedbush analyst Patrick Wang said in a note, “While a weak back to school period is clearly priced in, we remain cautious of forthcoming PC demand.”



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