

Intel shares shine on surprising PC strength

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SAN FRANCISCO (MarketWatch) — Shares of Intel Corp. traded up Wednesday, defying the downward slide in the tech sector, a day after the chip giant posted results that showed surprising strength in personal computers.

Intel [INTC, -0.03%](#) rose 3.6% to close at \$24.24, even as most of the tech sector retreated. The stock was one of the top gainers on the Dow Jones Industrial Average [DJIA, +0.17%](#) which fell 72 points.

Late Tuesday, the Santa Clara, Calif.-based semiconductor company reported adjusted profit of 69 cents a share, on revenue of \$14.23 billion, beating Wall Street expectations of 61 cents a share, on sales of \$13.9 billion, according to data from FactSet Research.

The company also said it expects revenue of \$14.7 billion, plus or minus \$500 million in the current quarter, a stronger-than-expected forecast.

“Given the volume of negative pre-announcements throughout the tech sector and the growing degree of consumer and corporate caution related to economic uncertainty that has resulted in a continual ratcheting down of PC growth estimates, we were surprised by Intel’s results and relatively strong guidance,” Williams Financial analyst Cody Acree said in a note.

Throughout most of this year, analysts had been puzzled by Intel’s notably more upbeat view of PCs in the wake of signs of a weakening market.

But Intel again surprised the industry by posting a 22% year-over-year revenue growth in its PC chip business. Its server chip business grew 15%.



Intel
Paul Otellini, president and chief executive, Intel Corp.

Intel did say that consumer PCs in the developed markets remained soft, but the company said this weakness was being offset by strengths in the corporate and emerging markets. Chief Executive Paul Otellini noted that China is now the world’s No. 1 PC consumption market.

The push toward cloud computing and companies embracing newer, more power-efficient data center technologies, especially in the wake of the rapid growth of mobile computing, also boosted sales for Intel’s server chip products.

“Enterprise, emerging markets, smartphones and cloud computing power Intel through double-dip and debt panic in developed countries,” Charter Equity Research analyst

Edward Snyder said in a note. “The strength of emerging markets on the spread of PCs and cell phones more than offset weak economies and financial panic in the old world.”



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