

"Oil is a positive, but I think bigger than that is the earnings news is not as catastrophic as people were thinking. Some of the bellwethers are reporting earnings that are better-than-expected."
 - Noman Ali, portfolio manager, MFC Global Investment Management

Business

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S&P 500 1,284.26 ▲ +21.06	NASDAQ 2,329.72 ▲ +10.10	DOW 11,583.69 ▲ +186.13	6-MO T-BILLS 1.85% ▼ -.05	30-YR T-BONDS 4.64% ▲ +.02	GOLD \$902.90 ▼ -13.50	CRUDE OIL \$126.77 ▲ +4.58
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Today

Exxon Mobil and MasterCard are expected to post higher quarterly earnings, while an advance reading on the health of the economy should show a boost from the government's tax rebates.

Exxon Mobil earnings

The global oil titan is expected to blow past its previous record profit of \$11.66 billion in the fourth quarter. On the back of crude oil's own record gains, second-quarter earnings are pegged to rise near-

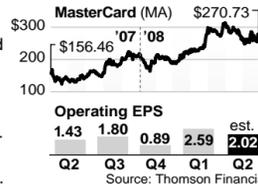


40 percent from a year ago to more than \$12 billion, the highest ever for a U.S. public company. But the stock has pulled back from recent highs on worries about higher costs and refining margins,

which haven't kept pace with crude prices, notes Standard & Poor's analyst Tina Vital. Last quarter's strong profit failed to meet analysts' expectations.

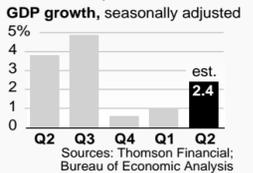
MasterCard earnings

The credit-card servicer is expected to see profit grow by about 40 percent from last year on strong revenue growth, analysts say. "We believe MasterCard is poised to deliver solid revenue and EPS upside in the second quarter," writes SunTrust Robinson Humphrey's Andrew W. Jeffrey. He points to growth in overall transactions, fueled by international volume. MasterCard does not lend money like credit-card issuers American Express Co. (AXP) and Discover Financial Services (DFS), but rather collects fees from card issuers and on transactions.



Healthier growth

The advance reading on second-quarter gross domestic product is expected to show an uptick in growth, due to tax rebates paid to consumers in May and June. However, Thomson Financial analysts warn that the chances of the economy showing negative GDP growth for at least one quarter of 2008 "remain meaningful." GDP measures the output of all U.S. goods and services. Negative growth in two consecutive quarters is commonly thought to indicate a recession.



Fed: Slow growth, high prices slam economy

BY JEANNINE AVERSA
THE ASSOCIATED PRESS

WASHINGTON — The country slogged through slower economic growth and rising prices during the summer, packing a double whammy to people and businesses alike.

The Fed's new snapshot of business conditions, released Wednesday, also underscored the challenges confronting Federal Reserve Chairman Ben Bernanke and his colleagues as they try to get the economy back on track.

For now, many economists predict the Fed probably will leave a key interest rate alone when it meets next on Aug. 5 — given all the economic crosscurrents. Boosting rates to fend off inflation would hurt the fragile economy and the already crippled housing market. On the other hand, the Fed isn't inclined to lower rates because that would aggravate inflation.

The report "supports our

notion that the Fed is firmly stuck on the horns" of a policy dilemma, said T.J. Marta, a fixed-income strategist at RBC Capital Markets.

Growth and inflation barometers turned worse in the summer, according to the Fed report. Some worry that the country may be headed for a bout of stagflation, that toxic combination of stagnant growth and stubborn inflation not seen in decades.

Bernanke has said, however, that he doesn't believe the economy will suffer from stagflation. That said, the report is consistent with the economic assessment Bernanke gave to Congress last week.

"It was decidedly downbeat," Joel Naroff, president of Naroff Economic Advisors, said of the report. "The economy remains in trouble."

Information from the Fed's 12 regional banks around the country suggested that "the pace of economic activity

slowed somewhat," the Fed reported.

Consumer spending — the economy's lifeblood — was reported as "sluggish or slowing" in nearly all the Fed regions, although the government's tax rebate checks spurred sales for some items, especially electronics. Sales at many other stores, particularly for housing-related goods, were typically characterized as "weak or falling," however.

Looking ahead, "the outlook for retail activity was also generally downbeat," the Fed report said.

Auto sales, meanwhile, were characterized as "almost uniformly weak" across all Fed regions. Sales were dismal for gas-guzzling SUVs, trucks and some minivans.

Wall Street, however, appeared unfazed by the Fed report. The Dow Jones industrials were up in afternoon trading.

On the manufacturing front,

activity declined in many Fed regions. Production of housing-related goods, such as construction equipment, wood products, home furnishings and heating and cooling systems were particularly hard hit. On the positive side, though, overseas demand for U.S. exports remained "generally high."

The drooping value of the U.S. dollar, which makes U.S.-made goods and services cheaper and more attractive to foreign buyers, has helped to boost export growth. That export growth has been a key force keeping the economy afloat.

Turning to inflation, all Fed regions described "overall price pressures as elevated or increasing," the Fed report said.

Businesses continued to be hit by rising prices for fuel, metals, food and chemicals, among other things. Many Fed regions said manufacturers planned to raise prices to customers as a

way of coping with the higher production costs.

Retail prices went up in several Fed regions. In the Kansas City region, for instance, companies reported higher prices at hotels, restaurant and resorts. Chicago retailers reported raising prices charged to consumers in response to higher wholesale prices.

The government last week reported that consumer prices in June rose at the second-fastest pace in a quarter century. Wholesale prices went up sharply, too.

Oil prices, which hit a high above \$147 a barrel less than two weeks ago, have retreated since then. On Wednesday, they dropped below \$125 a barrel for the first time since early June. Gasoline prices are just over \$4 a gallon.

On the jobs front, most Fed regions said employment conditions were about the same or slightly weaker. Employers have cut jobs for six straight months

amid the economic slowdown. Housing, credit and financial problems all have weighed on growth.

Wage pressures, meanwhile, were described as "generally modest." Economists look to wages for clues about inflation.

The Boston and Dallas regions said more workers were requesting higher wages to supplement cost of living increases.

Bernanke has said he doesn't see a repeat of the 1970s-style situation where workers demanded — and got — higher wages to keep up with ever-rising prices. But Charles Plosser, president of the Federal Reserve Bank of Philadelphia, has warned that the Fed shouldn't wait for signs of something like that to emerge before taking corrective action.

Plosser, an inflation hawk, has warned that the Fed might need to start to raise rates sooner rather than later to thwart inflation — even if the economy stays fragile.

Marketreview

Commodities			
FUELS	CLOSE	PVS.	%CHG
Crude Oil (bbl)	126.77	122.19	+3.75
Ethanol (gal)	2.46	2.46	...
Heating Oil (gal)	3.52	3.47	+1.44
Natural Gas (mm btu)	9.25	9.22	+0.33
Unleaded Gas (gal)	3.14	3.01	+4.32
METALS			
	CLOSE	PVS.	%CHG
Aluminum (lb)	1.35	1.34	+0.75
Copper (lb)	3.68	3.68	...
Gold (oz)	902.90	916.40	-1.47
Platinum (oz)	1738.10	1750.30	-0.70
Silver (oz)	17.42	17.33	+0.52
AGRICULTURE			
	CLOSE	PVS.	%CHG
Cattle (lb)	0.98	0.98	...
Corn (bu)	6.02	5.94	+1.35
Lumber (1,000 bd ft)	247.10	246.70	+0.16
Wheat (bu)	7.88	7.92	-0.51
FOODS			
	OPEN	SETTLE	CHG
Hogs-Lean	78.15	78.87	+85
Oats	384.50	385	-1
Rough Rice	16.735	16.625	-0.005
Interests			
	YEST	PVS	WK MO QTR
3-month t-bill	1.67	1.69	▲ ▼ ▼
6-month t-bill	1.85	1.90	▲ ▼ ▼
1-year t-note	2.29	2.25	▼ ▲ ▲
2-year t-note	2.63	2.62	▼ ▲ ▲
5-year t-note	3.37	3.36	▼ ▲ ▲
10-year t-note	4.04	4.04	▼ ▲ ▲
30-year t-bond	4.64	4.62	▼ ▲ ▲

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Regionalstocks							
Company	Div	Last	Chg	Company	Div	Last	Chg
AlliancB		2.59	-34	MeMarit		42.88	-12
BkOfAm	2.56	33.61	+1.39	MeadWvco	92	27.12	+76
BarbHb	1.04	28.35	+85	NatSemi	24	21.02	+19
CamdndN	1.00	29.15	+25	NoresB	36	10.27	-1.64
CenEurRus	10.266	47.11	+1.77	NyerMd		1.35	...
Cisco		22.17	-25	PNC	2.64	71.96	+68
DelHaize	2.276	57.15	+03	PeopHldf	60	16.95	+34
Domst of	5.33	24.04	+22	PlumCk	1.68	48.34	-22
EgyEast	1.24	24.98	-20	Sappi	32e	11.07	+45
FairchID		12.36	+13	StateStr	96f	72.13	-34
FairPoint	1.03m	7.13	+03	Sysco	88	28.70	-16
FedEx	781	18.86	+24	UstTech	1.28	66.25	+73
GenDynam	1.40	90.00	+06	UnumGrp	30	22.44	+31
GenElec	1.24	28.97	+57	VersoPap	n	5.38	+30
IndexLab		52.21	-05	WalMart	95	58.56	+11
Infratec		12	12.08	+16			
IntMap		1.00	24.32	+24			
Keycorp		75m	11.22	-23			
KimbCk		2.32	58.34	+88			
Consolidatedlistings							
Company	Div	Last	Chg	Company	Div	Last	Chg
AFLAC	96	55.24	-47	Matsush	33e	21.42	+66
AK Steel	20	58.35	+98	McDrids	1.50	60.45	+75
AT&T Inc	1.60	30.91	+21	Merck	1.52	32.97	+56
AtkLab	1.44	58.85	+91	MeriLyn	1.40	26.91	+66
Aerospis	...	32.23	+60	MetLife	74f	51.78	+03
Aethra	0.4	40.32	+60	Microsoft	44	26.23	+12
Allegran	20	51.75	-135	Monsanto	96f	123.65	+7.95
Alstate	1.64	46.53	+59	MorgStan	1.08	38.60	+2.10
Altra s	1.16	21.70	+33	Motorola	20	7.68	+17
AMovill	2.22e	50.59	+98	NewellRub	84	17.55	+30
AEP	1.64	40.15	+74	Nissan	74e	15.57	+25
Anadarko	36	58.86	+2.71	NoviCp	78e	27.72	-15
Anheuser	1.48f	67.77	-08	NorthropG	1.60	68.25	+71
Apache	80a	116.56	+8.93	ONEOK	4.16	54.45	+58
Apple Inc	...	159.88	+2.80	Oracle	...	21.31	-12
ApplMati	24	17.21	+21	PPL Corp	1.34	46.57	+60
AvidTch	...	23.32	+1.58	PrnNcm	34p	28.12	-99
BP PLC	3.11e	62.09	+1.85	Penny	80	31.35	...
BkNYMel	96	36.05	+64	PeppCo	1.08	24.74	+21
BeckCoul	88	73.63	+1.13	PepsiCo	1.70	66.91	-07
BestBuy	58f	40.39	-07	Pfizer	1.28	18.88	+35
Boeing	1.60	63.82	+61	PharMor	1.84	53.37	+03
BmlySq	1.24	21.51	-02	PhilSci	1.02e	33.11	+48
BridgAs	52	33.21	+05	Praxair	1.50	94.62	+38
CBS B	1.08f	16.88	-27	ProctGam	1.60	66.57	+1.03
CenterPar	1.68f	72.07	+1.08	ProgrsEn	2.46	42.00	+91
CenterPnt	73	15.60	+44	PrudntI	1.15f	66.68	+33
Chevron	2.60f	87.26	+4.42	QstDiag	40	52.82	+16
Cilgip	1.28	18.81	+36	Raymond	2.00	47.28	-12
CitComm	1.00	11.68	+15	Rayson	1.12	57.94	+11
CocaCl	1.52	51.31	-26	ReynlAm	3.40	55.06	+3.45
Coming	20	20.47	-85	RyCarb	60	25.70	-48
Covnan	88.60	+1.29	Target	64f	45.89	+21	
Danier	3.18e	23.32	-1.05	TelMeL	73f	25.18	-48
Deere s	1.12f	73.47	+2.67	Textron	32	44.73	+2.9
Dell Inc	...	24.00	-01	TimeWm	25	14.45	-12
DirectTV	...	26.97	+17	Toyot	89.05	-99	
Disney	31.67	+75	UHS	1.80	62.94	+63	
DowChem	1.68	33.68	+80	UPS B	1.80	62.94	-67
DuPont	1.64	42.47	+71	ValeroE	60	35.16	+83
DukeEngy	92f	17.52	+25	Wachovia	20m	17.08	+38
ExxonMl	1.60	84.36	+3.48	WellsFarg	3.6f	31.20	+7.4
FPL Grp	1.78	64.17	+42	Yahoo	...	20.03	-12
FedExCp	44f	79.66	+2.46	Zimmer	...	68.62	+95
FidNFn	1.20	12.80	-04				
FidWfnto	20	19.70	-41				
ForestLab	...	36.04	+04				
FMCG	2.00f	101.39	+5.76				
GlaxoKinz	20e	46.53	+19				
GoldmanS	1.40	186.17	+4.54				
Google	1.19	46.56	+20				
HewlettP	32	45.06	+93				
Hitachi	58e	71.02	+15				
Honda	93	23.74	-59				
HomeDep	62e	32.69	+78				
Intel	56	22.23	...				
Intell	66	24.80	+31				
IntBosh	...	128.86	+1.20				
JPMorgCh	1.52	41.57	+82				
Kohl's	42	12.00	-22				
Kraft	1.08	32.01	+55				
LehmanBr	88	18.23	+35				
LibEli	1.88	47.41	+85				
Lowes	25	45.42	+97				
Lowes	34f	20.51	-21				

Foreignexchange			
MAJORS	CLOSE	CHG.	