

Intel warns 3Q results will miss expectations

August 27 2010, By ANDREW VANACORE , AP Business Writer



In this Sept. 5, 2006 file photo, the Intel Corp. company logo is displayed at its headquarters in Santa Clara, Calif. The big chip-maker Intel Corp. is cutting its sales forecast for the current quarter, adding fresh evidence Friday, Aug. 27, 2010, that a rickety economy is putting a damper on the back-to-school shopping season. (AP Photo/Paul Sakuma, file)

(AP) -- Chip-maker Intel Corp. is cutting its sales forecast for the quarter, adding fresh evidence that a rickety economy is putting a damper on the back-to-school shopping season.

Intel is the world's biggest provider of [microprocessors](#) for PCs and a bellwether for the broader technology industry.

In a statement Friday, the company said it is seeing "weaker than expected demand for consumer PCs in mature markets," including the U.S. and Europe.

The warning comes a little more than a month after Intel reported its biggest [quarterly profit](#) in a decade. But those results were fueled by a rebound in technology spending at corporations, many of which held off replacing older computers during the recession.

Home computer purchases are another matter. Uncertainty about jobs is still keeping people's spending in check.

Intel said it now expects revenue of \$10.8 billion to \$11.2 billion for the fiscal third quarter, which ends in September. That compares with a previous forecast of \$11.2 billion to \$12 billion.

On average, analysts surveyed by Thomson Reuters expected \$11.5 billion.

[Intel](#) is scheduled to report results on Oct. 12 and plans to update its fourth-quarter and full-year outlook then.

Despite the downward third-quarter outlook, the company's shares rose 7 cents to \$18.25 in morning trading Friday, amid a general lift on Wall Street.

Last week, PC makers Dell Inc. and Hewlett-Packard Co. also raised red flags about what is normally a robust season for sales. Dell Chief Financial Officer Brian Gladden said in a conference call that the back-to-school shopping season has been "a little weaker than we would have expected."

Todd Bradley, head of HP's PC division, told investors the company saw some "softness" in the consumer laptop market and that back-to-school shopping started "somewhat late for us."

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Citation: Intel warns 3Q results will miss expectations (2010, August 27) retrieved 6 May 2024
from <https://phys.org/news/2010-08-intel-3q-results.html>

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