

IBM stock falls on signs of slowdown in demand

October 17 2012

(AP)—IBM's stock fell more than 5 percent Wednesday, after the company [reported disappointing third-quarter revenue](#) and suggested that demand in key markets may be slowing.

Shares ended the trading session down \$10.69, or 5.1 percent, at \$200.31. The [earnings report](#) was released after the market closed on Tuesday.

The Armonk, New York, company blamed global economic deterioration and a drop in the value of the euro for the 5 percent drop in its revenue in the July-September period. It came to \$24.7 billion, \$700 million less than analysts expected.

Revenue in its region that includes Europe declined 9 percent, more than any other part of the world. The weaker euro contributed to the erosion. That's because sales made in Europe are converting into fewer U.S. dollars than a year ago.

IBM management also raised the specter of slowing demand for the company's technology-consulting services and business-software products, as [corporate customers](#) become more cautious and debt-laden government agencies deal with [budget cuts](#).

Janney analyst Joseph Foresi cut his rating for the company to "Neutral" from "Buy." He said the 40 percent gain in IBM's stock since the end of 2010, to an all-time high of \$211.79 earlier this month, made it too

expensive given tough [economic conditions](#). He also said that the company has "execution issues" in its global technology services division, which makes up 40 percent of revenue. He has a [price target](#) of \$209 on the shares.

Despite worries about IT demand, IBM Corp. stood behind its earnings forecast for the year, saying it will get a boost in the fourth quarter from completing several business software deals that didn't get done during the summer.

Citi analyst Jim Suva backed his "Buy" rating for IBM, saying it was "impressive" that the company maintained its profit guidance. He has a \$250 price target on the stock.

Sterne Agee analyst Shaw Wu said the problems "appear short-term in nature where a few larger software deals closed after quarter end and likely pause ahead of new hardware refreshes."

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Citation: IBM stock falls on signs of slowdown in demand (2012, October 17) retrieved 19 April 2024 from <https://phys.org/news/2012-10-ibm-stock-falls-slowdown-demand.html>

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