

Where are Facebook's friends? Stock down after IPO (Update)

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(AP) -- Facebook's stock is tumbling well below its \$38 IPO price in the social network's second day of trading as a public company on Monday.

Investors and technology industry watchers are closely tracking the Menlo Park, Calif.-based company's shares. The world's largest online social network was one of the most anticipated initial public stock offerings ever, and now serves as a bellwether for other social media companies.

Facebook's market debut Friday suffered some hiccups, with trading on the Nasdaq delayed for a half hour and issues with traders' orders. The stock closed Friday just a few cents above where it priced Thursday night, when many investors had hoped for a big first-day pop. The shares opened Friday at \$42.05, and fluctuated throughout the day before closing at \$38.23.

Wedbush analyst Michael Pachter, who came out with an "Outperform" rating on Facebook before its IPO, said he thinks the underwriters overestimated demand for the company's stock. Last week, the underwriters, led by Morgan Stanley, increased the offering price range. On Wednesday, Facebook's early investors and other stockholders increased the number of shares they were selling in the IPO. Both had seemingly been signals that there was strong demand for shares.

"The late addition of 84 million shares to the offering overwhelmed demand, limiting the first day price," Pachter said in a note to investors.

On Monday, Facebook Inc.'s stock fell \$4.22, or 11 percent, to \$34.01 in late morning trading. Shares dropped as low as \$33 earlier.

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