

IBM and Intel Earnings 'Enormously Important': Strategist

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Anticipation is building over a trio of important tech earnings. This week **IBM**, **Intel** and **Google** release third quarter results, providing what could be a critical view on whether the economic rebound has taken root both in the U.S. and around the world.

Mark Stahlman, partner at Signal Lake Ventures, and Aaron Kessler, tech analyst at Kaufman Brothers, provided their earnings outlook.

“Earnings estimates are still a bit too low,” Stahlman told CNBC.

“We have a long ways to go and I think we’re going to have some surprises...It’s going to be an EPS story—we have a very weak dollar, so the dollar is going to mess with the topline—the Street is not going to get the topline right under these dollar conditions.”

Stahlman said the sector still has significant room left to the upside and large-cap tech companies are entering a “golden age,” based on emerging market growth.

“Intel is probably the most important in this quarter. The problem with enterprise is that they’re on an annual budgeting basis so we’re not going to see any enterprise spending pickup until 2010,” he said.

“However, IBM is an infrastructure play on global markets and they’re clearly going to continue to raise earnings expectations. So IBM and Intel are enormously important. And then we get to **Microsoft** —Windows 7 is going to be a huge lift as well.”

Stahlman expects many M&A activities going forward and said they will be “hugely important.”

“We’re here in a period in the tech business where the leaders are known: it’s Microsoft, Intel and IBM and they’re all going to show us good results,” he said.

In the meantime, Kessler said there is a return to growth for Google and other Internet companies.

“In second quarter, it was all about cost cutting and you saw a rally based on that,” he said. “In third quarter, we do think we’ve seen an improved revenue growth and the recent increase in stock prices is legitimized by the improved fundamental outlook we have seen over the last couple of months in the fundamentals of Internet companies.”

Kessler agreed that there will be continued M&A dealsm but he sees them in the Internet space. He said that “companies with a lot of data intensity will continue to be acquisition candidates.”