

# Boston Scientific touts cost savings, promotes stents

By ANTONIO PEREZ  
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Medical device maker Boston Scientific Corp. unveiled the results from a new study last week showing its heart stents as more effective and cheaper than artery bypass surgery, pointing to a bigger market for the heart device as the Obama Administration seeks to cut healthcare expenditures over the next several years.

The "Syntax" trial, sponsored by Boston Scientific, found that in most cases, stents were more cost effective and lessened patient discomfort compared to bypass surgery. The study also showed that using stents is \$5,700 cheaper than bypass surgery in hospitalization costs.

The study tracked also 2,000 people living in 17 countries who have coronary blockages.

Both procedures were deemed to be effective by the researchers but stents were less costly—a sign that health insurers may push for stent procedures as President Obama aims to cut wasteful healthcare spending in the coming years.

Stents procedures, commonly called Percutaneous Coronary Intervention, implant stents to enlarge clogged arteries. Bypass surgery, on the other hand, aims to move blood vessels from the other parts of the body to bypass the clogged arteries.

According to Bloomberg, the market for stent devices has grown to about \$2 billion. Boston Scientific is the largest manufacturer, and other players include Johnson & Johnson, Medtronic, and Ab-

bott Laboratories.

Analysts believe that any large shift in using the device would likely require more data, testing, and approval from the medical community. But the latest data is a sign of positive potential for stents, the study said.

The Natick, Mass.-based Boston Scientific has seen its shares increase 6 percent year-to-date. But its shares decreased late last week as news surfaced that the company's heart-regulating devices could cause electric jolts in patients implanted with the device.

According to a company letter dated March 23, up to 8,000 patients could be at risk due to faulty wires that connect the heart defibrillator to the heart. No deaths have been reported due to the problem.

Boston Scientific first entered the heart regulator business after its much-publicized acquisition of Guidant Corporation in 2006 after a fierce bidding war with Johnson & Johnson. Guidant manufactures pacemakers, defibrillator implants and stents.

Last week, credit rating agency Standard & Poor's raised Boston Scientific's credit outlook from "negative" to "positive" and affirmed its rating of BB+. S&P's decision was due to Boston Scientific's continued debt paydowns, market leadership in heart stents, and potential for product growth.

"We will continue to focus on strengthening our profit margins, free cash flow, debt repayment and financial discipline," Sam Leno, Boston Scientific Chief Financial Officer, said in a recent statement.



Boston Scientific believes it has the right product for the times. JOE RAEDLE/GETTY IMAGES



Things are looking up for NYSE traders as techs and banks lifted the market. MARIO TAMA/GETTY IMAGES

## Banks, techs set stocks up for best month in 6 years

NEW YORK (Reuters)—U.S. stocks rose Tuesday, setting the stage for the market's best month in six years as positive news from European financial institutions lifted bank shares and Microsoft jumped following a broker's upgrade.

Major U.S. banks rose on improving sentiment after Barclays declined to take part in a British government asset-protection plan and Fortis outlined its future as a viable insurance group following a 2008 loss of 28 billion euros.

After Monday's sharp sell-off in banking shares, JPMorgan Chase rose 6.4 percent to \$26.45, while Bank of America shares jumped 9.3 percent to \$6.59.

"We are seeing some positive news here from Barclays and Fortis," said Tim Ghriksy, chief investment officer at Solaris Asset Management in New York.

"People believe there are bargains in financials. And as the industry begins to right itself, we could see some good earnings coming out of the banks. I think that is causing more buying in the sector."

Technology shares also helped drive the market's gains as brokerage Davenport upgraded Microsoft Corp to "buy" from "neutral," citing increased demand for personal computers in China and the United States, and potential restocking of inventories in Europe.

Microsoft shares added 6.5 percent to \$18.61 and contributed the most to the Nasdaq's advance.

The Dow Jones industrial average gained 138.43 points, or 1.84 percent, to 7,660.45. The Standard & Poor's 500 Index rose 15.64 points, or 1.99 percent, to 803.17. The Nasdaq Composite Index added 37.69 points, or 2.51 percent, to 1,539.49.

The broad S&P 500 was on track to end March as the best month since April 2003 after a rally that has driven stocks up more than 17 percent from 12-year lows hit on March 9.

The S&P financial index rose 6.1 percent, bouncing back from a sell-off on Monday when it was hurt by anxiety over the banking sector's health.

Alcoa shares shot up 11.4 percent to \$7.45 after Deutsche Bank upgraded the aluminum company's stock to "hold" from "sell" and raised its price target.

And on Nasdaq, shares of Autodesk shot up 13.6 percent to \$17.31 after UBS upgraded the design software and services company.

On the economic front, the picture remained dark although investors appeared to pay scant attention to the data. Prices of U.S. single-family homes dropped a record 19 percent in January from a year earlier, while March U.S. consumer confidence came in barely above the record monthly low.

The Institute for Supply Management-Chicago index of business activity fell in March at a rate that was more severe than expected.

## Daily Wealth—Weekly: A lesson in commodities

By TOM DYSON

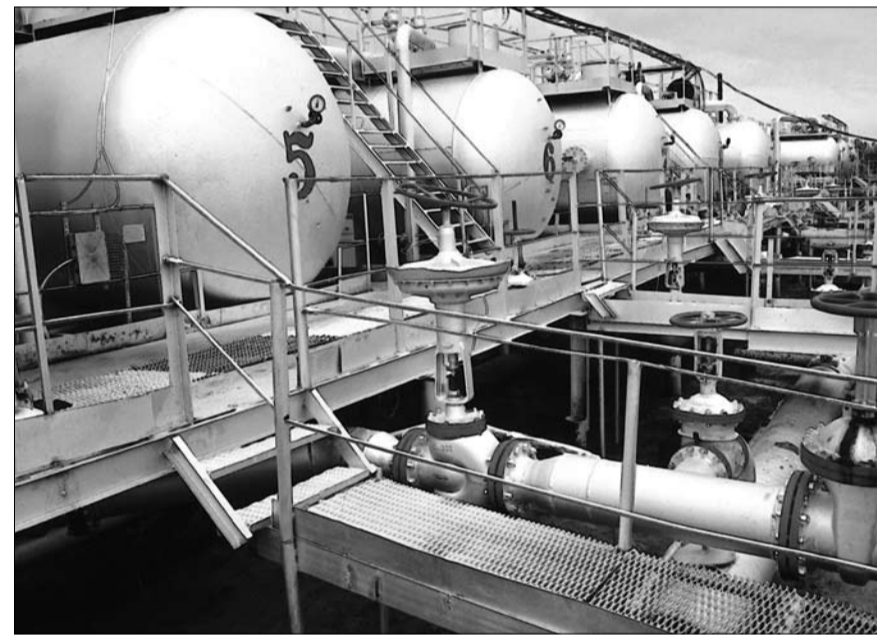
Commodities have taken a beating this year.

But one commodity has performed worse than any other: natural gas. Since last July, the price of natural gas has fallen 75%, from \$13.50 to \$3.50. Natural gas is still testing new lows, while most other commodities—including oil—have bounced significantly from their bear-market bottoms late last year.

Natural gas is so cheap right now, it's not economical for drillers to bring it from the ground. Major gas producers, like Chesapeake Energy and Devon Energy, are idling rigs and slashing drilling budgets.

Last summer, when natural gas prices were at \$14 per thousand cubic feet (mcf), 1,600 gas rigs in the United States were pumping gas onto the market. As of early March, only 884 rigs were operating. This means supplies will soon start to shrink.

Meanwhile, low prices are stimulating demand. Last week, AT&T announced it was spending \$565 million on 15,000 natural gas-powered vehicles. It'll save millions per year in fuel costs and earn millions in tax credits. Other companies will follow. Taxis and buses will convert



Low prices on Natural Gas are stimulating a heightened demand for the commodity and could likely result in significant price increases during the coming weeks & months. PHOTOS.COM

next. Then, we'll see 18-wheelers begin to run on gas.

But the big driver of natural gas demand will be the electric industry. The new government is pushing alternative energies like solar, wind, and hydroelectricity and

taxing traditional power industries like coal. The more the government funds alternative energy, the more important natural gas becomes to the economy.

The decline in rig counts will soon lead to a shortage of natural

gas, and prices will shoot back up again just like they always do. Seven years ago, for example, producers cut their drilling rig count at a similar pace to today's cuts. Natural gas prices rose 86% the following year.

I expect the rise in gas prices is imminent. Gas prices track oil prices. Oil has risen 43% since Christmas. Gas has to catch up. Also, speculators have bet so heavily against natural gas prices, they're breaking historic records. Right now, speculators have huge positions against the commercials (or the actual fuel users). When speculators are all on the same side of the trade, a violent reversal is near.

Here's the bottom line: When a commodity is unprofitable for producers, you need to invest in it immediately. When a commodity is unprofitable, the industry shrinks, leaving only the most efficient firms in operation. Supply collapses. Prices rise. This is what we're currently seeing in the natural gas business.

*Daily Wealth—Weekly* is written by the analysts and editors of *DailyWealth.com*, a daily investment newsletter focused on the market's best contrarian investment opportunities.

## New gov't resource helps with financial depression

By JOSHUA PHILIPP  
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A new online government resource released March 31 provides "practical advice and hope" for anyone suffering from financial-related depression or other emotional health issues amid the financial crisis.

The guide, "Getting Through Tough Economic Times" was released by the Substance Abuse & Mental Health Services Administra-

tion (SAMHSA) in collaboration with other government agencies and the Suicide Prevention Center.

It provides information on how economic conditions can affect people's physical and mental health, while giving advice on identifying health concerns and developing coping skills.

Also given are ways for people to find help if needed.

Among the outlined subjects is how economic-related woes such as mortgage foreclosure, unemploy-

ment, and loss of investment value can pose problems to both emotional and physical health.

The guide is based on scientific literature and findings from the past 20 years. It warns that for many people, economic hardships can lead to conditions such as depression, anxiety, excessive gambling, and substance abuse.

Advice is also provided. One point of advice states, "Acknowledge that economic downturns can be frightening to everyone, but that

there are ways of getting through them—from engaging in healthy activities, positive thinking, supportive relationships, to seeking help when needed from health professionals."

To help weather the financial storm, it also encourages working "together to help all members of the community build their resiliency and successfully return to healthy and productive lives."

The guide can be found at: <http://www.samhsa.gov/economy/#other>

## Sony cuts price of entertainment system

NEW YORK (Reuters)—Sony Corp. said it cut the price of its older video game console, the PlayStation 2, by 23 percent to \$99.99, in an attempt to woo budget-minded families.

The price cut, effective April 1, could sustain the life of the PS2, which has sold more than 136 million units since its debut in 2000, making it the world's most popular gaming system, Sony said Tuesday.

The news follows—and momentarily puts to rest—rumors on video gaming Web sites and blogs that Sony might cut the price of the PlayStation 3, its more powerful console. The PS3's least expensive model sells for about \$400.

Sony said that the sub-\$100 PS2

price will draw in a new wave of customers ranging from lower-income families to gamers who may have passed on pricier new systems. In addition, it may give incentive to retailers to keep the PS2 on store shelves.

Sony dominated the global video game industry for a decade starting in the mid-1990s, but sales of the PS3 have lagged behind those of Nintendo Co. Ltd.'s Wii console and Microsoft Corp.'s Xbox 360.

Microsoft's sales got a boost in September after it cut prices on some Xbox 360 models by about \$50. The company said it sold 28 million units worldwide in 2008, outpacing the PS3 by over 8 million units.

While still considered pricey, video game consoles continue to

post robust sales even as consumers think twice about discretionary spending amid the recession.

Most generations of new consoles are retired after about a decade, when developers move on to focus on more advance machines. Not true for the PS2, which sold some 2.5 million units in the U.S. alone last year and remains profitable for Sony even at the new price level, according to John Koller, hardware marketing director at Sony Computer Entertainment.

He said that developers are making plans for the system as much as 3 years out, with up to 80 new games in the works for the system this year and another 70-80 due in 2010.

"There is no reason to slow down

any of the momentum on the console now," he said. "There is no retirement tour or clock on the wall. As long as it continues to sell at the viable levels that it is, we are going to sell and market the platform."

Asked to comment on any plans that Sony has for cutting the price of the PS3, Koller said: "We feel good about where PlayStation 3 is. We continue to monitor the business."

Despite the resilience of the PS2, so-called "next generation" consoles are still the industry's first priority. The PS3, Xbox 360, and Wii are often centerpieces in the home that can deliver many hours of disc-based, online and collaborative gaming. All but the Wii play DVDs and can stream Internet movies.

Accordingly, Microsoft said Sony's PS2 price cut does not address the future of the video game industry.