

# REUTERS

## US STOCKS-Wall St set to open lower on oil, credit worries

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- \* S&P 500 index futures below fair value
- \* Price of oil rises above \$115 per barrel
- \* Existing home sales data for July on tap

By Kristina Cooke

NEW YORK, Aug 25 (Reuters) - U.S. stock index futures slipped on Monday, with Wall Street set to give back some of Friday's sharp gains, as the price of oil rebounded and credit concerns nagged.

Worry about the impact of higher fuel costs on consumer spending and profits flared up again as the price of oil rose. Shares of retailers such as Wal-Mart and airlines, including Continental Airlines, fell before the bell.

Lehman Brothers shares fell 4.2 percent before the open after a top South Korean regulator voiced concern about state-run Korea Development Bank's interest in buying a global bank.

Shares of Lehman Brothers, which has been hard hit by the credit crisis, had soared on Friday after KDB said it was open to the acquisition of an overseas financial institution, naming Lehman as one option.

Any news on when and whether the U.S. Treasury will take steps to rescue mortgage finance giants Fannie Mae and Freddie Mac could determine market direction, analysts said.

Further fueling concerns about more fallout from the credit crisis, bank regulators closed Columbian Bank and Trust Company late on Friday, the ninth U.S. bank to fail this year as the weakening economy and falling home prices take their toll on financial institutions.

"Everything is hinging on the commodity prices and financials-- we are still stuck in this up and down pattern. Maybe once we get some of the smoke surrounding Fannie and Freddie clearing, that might help people make a bit of a better bet," said **Joe Saluzzi**, co-manager of trading at **Themis Trading** in Chatham, New Jersey.

S&P 500 futures fell 7.50 points and were below fair value, a formula that evaluates pricing by taking into account interest rates, dividends and time to expiration on the contract.

Dow Jones industrial average futures fell 61 points and Nasdaq 100 futures slipped 11.50 points.

Existing home sales data for July are due at 10 a.m. (1400 GMT) and will be scrutinized for clues on the state of the housing market, **Saluzzi** said.

"No matter how you cut it, this whole problem is centered around housing. We really need to see inventory being worked off and some money coming into the market," he said.

Fannie Mae's shares fell more than 5 percent and Freddie Mac's shares fell more than 3 percent before the bell.

Among financial shares, insurer American International Group Inc fell 3 percent and Bank of America Corp lost 1.2 percent.

Adding to concerns about the global economy, the International Monetary Fund trimmed its forecasts for 2008 and 2009 world economic growth in a note prepared for a meeting of the Group of 20 nations, a G20 finance official told Reuters.

Oil rose 85 cents to \$115.44 as some investors saw buying opportunities after prices posted the biggest one-day slide in percentage terms since 2004 in the previous session.

(Editing by Kenneth Barry)