



June 1, 2006

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| EQUITIES | Close | Change | % +/- | P/E '06 | YTD |
|----------|-------|--------|-------|---------|--------|
| ISEQ | 7606 | ↑ 11 | 0.15% | 11.0 | 3.28% |
| FTSE 100 | 5724 | ↑ 72 | 1.27% | 13.5 | 1.87% |
| DAX 30 | 5693 | ↑ 70 | 1.25% | 15.0 | 5.26% |
| DOW | 11168 | ↑ 74 | 0.67% | 19.5 | 3.57% |
| NASDAQ | 2179 | ↑ 14 | 0.65% | 15.6 | -1.20% |
| S&P | 1270 | ↑ 10 | 0.81% | 21.0 | 2.02% |

| CURRENCIES | Euro | Dollar | Stg | Yen |
|-------------|----------|----------|----------|----------|
| Euro | 1.0000 | 1.2764 | 0.6850 | 143.8800 |
| Dollar | 1.2764 | 1.0000 | 1.8630 | 112.7000 |
| Sterling | 0.6850 | 1.8630 | 1.0000 | 209.9300 |
| Yen | 143.8800 | 112.7000 | 209.9300 | 1.0000 |
| Oil (Nymex) | 71.2900 | | | |

This Week's Research
Ryanair
Vodafone
Bank of Ireland

Today's Research
GSK

Today's Recommendation

GSK (1,470p) Key cancer data presentation Owen Turner

- ASCO conference: GSK is to present important data for some of its late stage products at a high-profile cancer conference this w-e and we believe that this event could act as a major catalyst for GSK's share price. Data for Tykerb will dominate the American Society of Clinical Oncology (ASCO) meeting in Atlanta, and together with four other oncology assets will result in a high profile for the company. Although oncology has not been a traditional area of strength, we expect GSK to feature strongly at the conference with data expected on a number of its late stage assets, namely Tykerb and Cervarix (consensus currently indicates combined 2010 sales of c.£1bn).
- Cancer data: First Phase III data is expected for Tykerb (breast cancer), for which positive headline data has already been presented. The data is expected to support regulatory submission in the second half of this year. First Phase III Cervarix (cervical cancer vaccine) data is also expected to be presented.
- Q1 Results: In late April GlaxoSmithKline reported better than expected results for the three months ended March 31st 2006, driven by strong sales of its key drugs and vaccines. The key drivers of the results were strong performances of GSK's major products. Sales of its Avandia/diabetes (+24% to £384m vs £320m exp.), Coreg/heart disease (+53% to £225m vs £170m exp.) and Vaccine products (+44% to £366m vs £312m exp.) beat expectations.
- Product launches: GSK possesses one of the most exciting R&D outlooks in the sector. The next 12 months will see a host of key updates hitting the market, including 8 new products expected to enter Phase III development, 7 regulatory filings and 7 important product launches.
- Further upside: Given that the sector is currently trading at 19x 07 EPS we believe that no more than a 10% discount for GSK is appropriate to reflect its slightly slower than average earnings growth and therefore, our 12-month price target price of 1,650p is based on 17x 07 EPS of 97p. The strength of GSK's pipeline remains the key driver of our investment case, and we expect to receive further positive newsflow over the coming months. **BUY**

Breaking News

FOMC minutes reveal inflation concerns

FOMC minutes released last night have shown that the U.S. Federal Reserve officials were concerned about inflation at their May policy meeting but were unsure how far they needed to lift rates to control it. Fed members debated policy approaches that ranged from doing nothing to raising interest rates a half-percentage point at the May 10 meeting, the minutes said. In the end, the policy-setting Federal Open Market Committee decided raising its benchmark rate a quarter-percentage-point to 5 percent, its 16th consecutive hike, would be enough to cap inflationary pressures and promote a sustainable economic expansion.

Grafton sells Sandyford site for €35m

Grafton Group has sold a two-acre site in Sandyford for €35 million, comfortably above the reported advised minimum value of €25m. The Atlantic Homecare retail outlet on the site is to be closed as part of a review of its sales outlets following the takeover of the Heiton Group. The sale will boost Grafton's cash flow and help fund the group's expansion either organically, or by way of acquisition.

HSBC trading update

On Tuesday HSBC gave an upbeat trading update, saying revenues growth is continuing to outpace costs and credit quality among corporate customers remains good. The bank said results from HSBC's corporate and investment banking division for the first half of the year will reflect the favorable trading conditions for most of the period. The company added that corporate credit quality remains "very strong" but consumer credit could still deteriorate further. The company also said that it is pursue a strategy of organic growth as acquisition opportunities appear to be too expensive currently.

Business Press

- Credit rises at fastest rate for six years (IT)
- Tullow Oil gives positive outlook (IT)
- AgCert in \$325m deal with US power giant (IT)

Investment Press

- London Metal Exchange: Rumoured sign-on bonuses of \$2m for senior commodity traders provide a clue as to where the big money is being made these days. From Thursday, those traders may have to work harder for it.



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