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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9408 ↓	-34	-0.36%	11.0	27.76%
FTSE 100	6221 ↓	-20	-0.32%	12.4	10.71%
DAX 30	6597 ↓	-16	-0.24%	15.0	21.98%
DOW	12463 ↓	-38	-0.31%	19.5	15.58%
NASDAQ	2415 ↓	-10	-0.42%	15.6	9.52%
S&P	1418 ↓	-6	-0.45%	21.0	13.92%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3273	0.6736	157.3600
Dollar	1.3273	1.0000	1.9679	118.8300
Sterling	0.6736	1.9679	1.0000	233.4300
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	#N/A	ND		

This Week's Research

Today's Research CRH

Breaking News

CRH (€31.54) Trading statement tomorrow Stuart Draper
Target : €34 (02/01/07 ; previously €33.50, issued 19/12/06)

- European markets : Tomorrow, CRH will release its year end trading statement, which should be very upbeat for the following reasons. Its European markets, particularly The Netherlands, recovered strongly in 2006, with further strong growth expected in 2007.
- Non-residential buoyant : Also, in the US, both the group's non-residential (industrial and commercial), and infrastructure businesses continued to perform well, with market conditions for both expected to remain buoyant in 2007. Peer results and recent trading statements have all confirmed that higher energy prices have continued to be successfully passed on in the form of higher cement prices.
- US housing : CRH's H1 2006 results showed that its Americas distribution division, which has a 65% exposure to the US residential RMI market, is continuing to experience strong growth. As a result, it is only the group's Americas products division, which has an exposure to new US housing representing c.13% of total group operating profit, which suffered from the weak US housing market in 2006.
- Sentiment boost : As US mortgages continue to be refinanced at lower long term interest rates, and as housing supply adjusts in line with demand, there is the potential for the US housing market to start to recover by the end of 2007. As evidence of such a recovery materialises in 2007, it should provide an important sentiment boost to further re-rate the share price.
- Acquisition growth : CRH completed €1.9 bn of acquisitions during the 12 months ended 30/06/06, in addition to its largest ever deal, the \$1.3 bn APAC acquisition. As these acquisitions start to feed through into group earnings in 2007 and as increased synergies start to be generated in 2008, our forecasts are that 2007 and 2008 earnings per share of €2.35 and €2.58 respectively will be achieved.
- Further upside : Deals in the cement sector in 2006, such as Cemex's \$12.8 bn takeover of Rinker Group, took place in the range of 14x to 16x forward earnings. As a result, our view is that 13x forward earnings is a fair multiple for CRH, particularly given the group's prospects for continued double digit earnings growth. As a result, our new 12 month price target of €34 (8% further upside) is based on 13x 2008 eps of €2.58. When combined with a dividend yield of c.2%, this provides sufficient further upside to justify re-iterating our **BUY** recommendation.

Breaking News

Glanbia sells the Cheese Company for £47.2m

Glanbia announced on Friday the sale of its 25% interest and £35m interest bearing Loan Notes in The Cheese Company Holdings Limited, to the majority shareholder, Milk Link Limited, for a total consideration of £47.207m, payable in cash. These proceeds will be used to fund the growth strategy of the Glanbia Group. This sale will result in an exceptional charge of €9.2m in the financial statements for the year ended 31 December 2006, relating to the discounting of the 2008 - 2018 Loan Notes to current values. For the period ended 1 April 2006, TCCH generated profits before tax of £5.6m. At 1 April 2006, the net assets of TCCH were £32.2m.

Aer Lingus's November load factor fell 4.4% year on year

Aer Lingus announced on Thursday that it filled fewer seats in November on both its long and short-haul flights than it did a year ago. The group said scheduled passengers increased by 2.4% last month to 671,000 passengers, compared with 655,000 passengers in November 2005. Short-haul passengers increased by 2.5%, with short-haul traffic measured in revenue passenger kilometres up by 4.0% and passenger capacity measured in available seat kilometres 10.5% higher. However, the short-haul passenger load factor, the proportion of available seats filled was 69.8%, down 4.4% points compared with November 2005. The long-haul passenger load factor was 86.2%, down 1.0% points compared with November 2005.

Fyffes announces board changes

Fyffes has announced a number of changes to its board due to the demerger of its general produce and distribution business. Chairman Carl McCann, general produce and distribution division MD Rory Byrne and finance director Frank Gernon will resign from the Fyffes board with effect from the December 30. Carl McCann, Rory Byrne and Frank Gernon have been appointed to the board of Total Produce plc as chairman, chief executive and finance director respectively. Following their resignations, David McCann will become chairman of Fyffes, Jimmy Tolan will become chief executive and Coen Bos will become chief operating officer.

Business Press

- Kingspan, C&C in Standard Life's top 2007 picks (IT)
- Small Island's bib impact on airline industry (IE)
- RBS offloads 47 Marriott hotels to Israel's Delek (FT)

Investment Press

- Commodities outlook: Believe it or not, 2006 was a miserable year for many a commodities speculator. Hedge fund Amaranth springs to mind but those employing more mainstream strategies suffered too



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