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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6731 ↑	44	0.67%	11.0	8.60%
FTSE 100	5432 ↑	73	1.37%	13.5	12.84%
DAX 30	5011 ↑	56	1.13%	15.0	17.74%
DOW	10523 ↑	50	0.48%	19.5	-2.42%
NASDAQ	2160 ↑	16	0.74%	15.6	3.41%
S&P	1220 ↑	5	0.43%	21.0	0.66%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.1939	0.6756	140.4500
Dollar	1.1939	1.0000	1.7738	117.6200
Sterling	0.6756	1.7738	1.0000	207.4500
Yen	140.4500	117.6200	207.4500	1.0000
Oil (Nymex)	61.7800			

This Week's Research

HBOS
CRH
Eircom

Today's Research

DCC

Breaking News

BA reports solid Q2

British Airways has posted a better-than-expected 6.5 percent rise in second-quarter operating profits today on the back of higher fares and demand for first-and-business class travel. BA also raised its forecast for the current year, saying it expected revenues to rise 6-7 percent as fuel surcharges and higher passenger numbers helped offset higher fuel prices. It had previously forecast revenues to rise 5.5-6.5 percent. BA said operating profit for the three months to end-September was 261 million pounds compared to 245 million pounds a year ago. This was higher than consensus forecasts of 236 million pounds.

BSkyB Q1 net adds lower-than-expected

BSkyB has reported first-quarter profit and revenue growth but said subscriber growth had fallen as customer cancellations rose. The company posted a 15% increase in net profit for the three months ended September 30 to 140 million pounds from 122 million pounds the previous year, while revenue was up 8% to 1.02 billion pounds. But net subscriber additions fell 8% to 57,000, compared with 62,000 in the same period a year earlier and slightly below analysts' forecasts. Churn, or the number of customers who don't renew their subscriptions, rose to 11.7% from 10.5% in the fourth quarter of 2004. The company also admitted that its "churn rate" for the full year ending June 2006 was likely to be 11%, higher than the 10% goal the company had set.

Jury finds Merck not liable over Vioxx

In a major victory for Merck & Co Inc., a jury on Thursday decided the drugmaker provided adequate warning to doctors about health risks associated with its withdrawn painkiller Vioxx and did not commit consumer fraud in marketing the drug. The case brought by a 60-year-old man, who claimed Vioxx caused his heart attack, was being closely watched as a potential indicator of future Vioxx litigation as Merck is facing more than 6,500 lawsuits from former Vioxx users who claim to have been harmed by the drug.

DCC (€15.50)

BUY ahead of results

Stuart Draper

- Results preview : On Monday, DCC will announce its results for the 6 months ended 30/09/05. We are forecasting H1 group adjusted earnings per share of 42.3c, a year on year decrease of 10%. This would be in line with the company's profit-warning of 12th September, with the year on year decline caused by a 45% fall in the contribution from the IT division.
- Growth resuming : However, DCC's 4 other major businesses, Energy, Healthcare, Food & Beverage and Homebuilding are all performing well this year, and are expected to contribute c.85% of current year operating profit. As a result, overall group earnings growth of 5% to €1.44 is still likely to be achieved for the 12 months ending 31/03/06 as double digit group earnings growth resumes in the seasonally more important H2 in which DCC generates c.two thirds of its full year profits.
- Attractive upside : With further group earnings growth of c.8% to €1.55 likely to be generated in the 12 months ending 31/03/07, our current 12 month price target of €17 (10% further upside) is based on 11x forward earnings per share of €1.55. With attractive upside now to this level, we recently upgrade our DCC recommendation from NEUTRAL to BUY ahead of Monday's H1 results.
- IT discounted : Our view is that following the further almost 20% fall in the DCC share price since early September, the current difficult trading conditions for the group's IT Distribution division and the current litigation risk surrounding the Fyffes' legal case may now both be largely discounted by the current share price. But what may not be fairly discounted by the current share price is the continued strong earnings growth prospects of the group's 4 other major businesses.
- Legal risk : Also even though there is a significant risk of further legal costs being incurred this year from the Fyffes' legal case, with the share price having reached a high of €18.93 in early August without any resolution of the case, the market would appear to consider such costs exceptional in nature and very manageable given the group's negligible net debt of €8m as at 31/03/05. The removal of this long-running uncertainty in the coming months may even act as a positive catalyst for the share price : BUY.

Business Press

- Ryanair to run daily Dublin-Riga service (IT)
- BT pays €15m for Cara Technology group (IT)
- ECB keeps rates at 2%, warns of price pressures (IT)
- Empire talks spark gaming shake-up (FT)

Investment Press— Lex

- Eircom: As acquisition mania grips its big telecommunications peers, Ireland's Eircom, the smallest incumbent, has been approached. The likely bidder is Swisscom.



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