



January 5, 2005

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EQUITIES	Close	Change	% +/-	P/E '04	YTD
ISEQ	6305 ↑	95	0.00%	11.0	n/a
FTSE 100	4847 ↑	33	0.00%	13.5	n/a
DAX 30	4291 ↓	-1	0.75%	15.0	n/a
DOW	10631 ↓	-99	-0.92%	19.5	n/a
NASDAQ	2108 ↓	-44	-2.06%	15.6	n/a
S&P	1188 ↓	-14	-1.17%	21.0	n/a

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3281	0.7060	138.8000
Dollar	1.3281	1.0000	1.8805	104.5000
Sterling	0.7060	1.8805	1.0000	196.5900
Yen	138.8000	104.5000	196.5900	1.0000

This Week's Research  
IL&P

Today's Research  
CRH

Today's Recommendations

## Breaking News

### Next cuts forecasts

Fashion group Next has cut its full-year profit forecasts on the back of slower sales at Christmas. The forecast from the company - selling mid-price fashion and homewares through more than 350 stores and its Directory catalogue business comes despite firm sales growth. Same-store sales in the period between August and the end of December rose 2.9%, with total retail sales up 12.1%. The company cut its target for full-year pre-tax profits by £5m to a range of between £415m and £425m. "Clearance rates in our end-of-season sale have been below our expectations, on stock levels that were higher than originally planned," CEO Simon Wolfson said. "We think the prospects for like-for-like growth in the coming year will be subdued," Wolfson told reporters, but added the company expected margins to be broadly unchanged. Next's comments echo downbeat statements from House of Fraser and Woolworths yesterday and analysts are increasingly concerned about how groups such as Marks & Spencer have fared. Next shares outperformed the FTSE retailers' index by about 30% in 2004.

### Stocks tumble on rate fears

After a bright start, US stocks plunged mid afternoon as oil prices surged and minutes from the Federal Reserve's December meeting raised fears of further interest rate hikes. The minutes of the Fed's meeting on 14 December showed an increasing number of committee members were concerned about inflation, leading many to predict further rate rises in the coming months. The Dow Jones closed down 98 at 10,630, the S&P 500 ended 14 lower at 1,188, while the tech-laden Nasdaq Composite slumped 44 points to finish at 2,107. A 4% jump in crude prices to just under \$44 also hit stocks on continuing violence in Iraq ahead of this month's elections and as Saudi Arabia said it has carried out its pledge to cut production by 1/2m barrels per day as part of OPEC's 1m barrel per day cut.

### Qualceram appoints Arsenal MD

Qualceram have appointed Mr Keith Edelman as non executive director with effect from 1st January 2005. His appointment brings the number of non exes to 3 at the company. Mr Edelman joined Arsenal in 2000 from Storehouse where he had been chief executive. He is also a non executive Chairman at Glenmorangie

### CRH (€20.10) Trading statement released Stuart Draper

- Trading statement : This morning, CRH released a trading statement prior to going into its year end close-period. Details of bolt-on acquisitions completed during the 6 months ended 31/12/04 were also announced, and the 2004 full year results will be issued on 01/03/05.
- Underlying growth : The statement indicated that the company is on course to report profit before tax of over €1 bn for the first time, which would represent high teen growth on the €864m reported for 2003. This full year growth rate would be over 20% if the €40m estimated USD FX effect is excluded.
- Acquisition expenditure : Such growth is being driven by an upturn in CRH's main markets, particularly the US and the UK. The €309m of H2 acquisition activity, on 25 different projects, reported in conjunction with the trading statement, may also lead to upgrades of c.1% to consensus 2005 earnings forecasts.
- US growth : The US residential market remains very strong, infrastructural demand there is stable and the slowdown experienced over the last number of years in the non-residential market is expected to improve in 2005. CRH will also benefit from any announcement on the new federal infrastructure spending programme, SAFETEA. It is expected that this new programme will be announced in late 2005 and should be close to the \$280 bn House of Representatives' proposal.
- European recovery : European construction markets have started to recover, with the European divisions of CRH posting excellent performances in H1 2004. Organic growth was strong in both the Materials and Products & Distribution divisions. The performance of the Materials division was principally driven by the cost cutting implemented over the past 2 years. Acquisitions added to performance at the Products & Distribution division, particularly Cementbouw, which contributed €42m to earnings before interest and tax. European demand is expected to continue to improve through 2005 and 2006.
- Further upside : We view CRH as a core portfolio play for 2005, with a 12 month price target of €23 (14% further upside), which is based on 12.5x consensus 2006 earnings per share of €1.828 : BUY.

## Business Press

- Woolworths left wondering after weak festive season (FT)
- Kingspan gets \$36m as Tate legal battle ends (II)
- Base Metals Drop in LME trading after dollar rises (WSJE)
- AIB shareholders could be in for M&T stake windfall (IE)
- Oil rebounds over violence and output cut (IT)

## Investment Press— Lex

When the Asian tsunami struck last month, global insurance shares initially plunged. Since then however the sector has outperformed global stock markets, even as the death toll soared. This is because the hit to insurers seems modest, insurable losses are estimated at \$5-10bn....



DOLMEN SECURITIES

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