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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8738 ↑	46	0.53%	11.0	18.66%
FTSE 100	6086 ↑	36	0.60%	12.4	8.32%
DAX 30	6373 ↑	78	1.23%	15.0	17.83%
DOW	12332 ↑	48	0.39%	19.5	14.36%
NASDAQ	2452 ↑	4	0.16%	15.6	11.20%
S&P	1415 ↑	6	0.40%	21.0	13.64%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3301	0.6744	152.7300
Dollar	1.3301	1.0000	1.9719	114.8300
Sterling	0.6744	1.9719	1.0000	226.4300
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	62.4300			

This Week's Research
INWS
Greencore

Today's Research
Anglo Irish Bank

Breaking News

Anglo (€14.35) Strong results announced Stuart Draper
Target : €16.25 (06/12/06 ; previously €15, issued 13/11/06)

- **Strong growth :** This morning, Anglo Irish Bank announced very strong results for the year ended 30/09/06. Profit before tax and eps of €850m and 93.7c respectively were c.2% ahead of consensus forecasts of €837m and 92c, and were year on year increases of 38% and 32%. This earnings growth was driven by Anglo's usual combination of stable margins (lending margin stable at 2.01% versus 2.0% in prior year), robust credit quality (impaired loans only 0.52% of total loans with 103% coverage), and better than expected 45% loan growth.
- **Accelerating momentum :** However, the analyst meeting stated that the group is now strongly positioned for further future earnings growth. The bank's work in progress (WIP) figure (loans accepted by customers not yet drawn down) is currently €8.7 bn, 7% higher than even the top end of the forecast range, and it has increased staff numbers by 227 over the past year to target new loan growth, particularly in the UK and US. The US loan growth of 85% contained in these results is particularly encouraging, as is the fact that the bank's cost / income ratio was kept at 27% despite the 16% growth in staff numbers.
- **Earnings upgrades :** This better than expected WIP figure, when combined with the improving second half loan growth momentum, now provides the scope for significant earnings upgrades. We see the consensus current year eps being raised by c.5% to €1.11 (19% further earnings growth), and the consensus forward eps being raised by c.3% to €1.25.
- **Sector out-performer :** As a result, we upgrade our current 12 month price target to €16.25 (13% further upside), which is based on 13x consensus forward eps of €1.25. Given the size of the bank's growth opportunity in both the UK and US markets, sustainable average earnings growth of 15% per annum appears achievable over the next 5 years, which is significantly stronger than the European bank sector average as a result of Anglo's unique niche business model.
- **Premium deserved :** Such sustainably strong earnings growth means that the high growth / high multiple UK banks, such as Standard Chartered (STAN), are more relevant valuation peers for Anglo than the UK mainstream retail banks. Given that STAN currently trades at 14.8x consensus 2007 eps, it appears reasonable that Anglo should trade at a similar rating : **BUY**.

Breaking News

Demerger approved by Fyffes shareholders

Fyffes' shareholders yesterday approved the demerger of the group's general produce business from its tropical fruit division, in a move the company claims will create more value for shareholders. Currently Fyffes has two distinct businesses, the general produce and distribution unit and the tropical produce section. Under the terms approved yesterday, shareholders will receive one share in the new company, to be known as Total Produce, for every one Fyffes share currently held. Fyffes will delist from Dublin and London's main markets and both companies will list their shares on the AIM and IEX starting early next year. Mr McCann said he believes each company's shares should be valued at about €1. This compares with a €1.64 closing price yesterday for the combined group. Unlike the Blackrock spin-off, Fyffes won't hold shares in Total Produce.

Petroceltic completes flow testing

Petroceltic has announced that flow testing has just been completed on the first of three separate geological horizons through 9 5/8 casing. Gas has been flowed and the initial evaluation of the test data is promising. It is planned to announce further details of test results once all the testing operations have been completed and the procedures relating to the PSC have been observed.

RBS on track to beat forecasts

RBS said its 2006 profits should beat analysts' expectations due to strong organic income growth and a buoyant corporate markets unit. RBS said yesterday that its profit before tax and one-off items should be "slightly ahead" of the consensus forecast of £9.16bn, up 11% from £8.25bn in 2005. The bank said its bad debt charges are expected to represent a slightly lower proportion of all loans this year. Bad debts on UK unsecured loans continued to rise but the rate of growth was moderating and impairments were within expectations. RBS said demand for consumer credit was likely to remain weak, but its Retail Markets achieved good growth in income, particularly for savings and bancassurance, and it had seen stronger mortgage lending in the second half.

Business Press

Bad debts harm HSBC's performance (FT)
Carphone Warehouse rises as Vodafone relents on withdrawal (FT)
Greencore to look at US convenience food move (IT)

Investment Press

- **Fairfax/Rural Press: Man bites dog.** John Fairfax Holding, Australia's second biggest newspaper publisher has swooped on Rural Press, offering A\$2.7bn in a mixture of shares, cash, and a special dividend.



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