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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8319 ↓	-196	-2.30%	14.1	-11.57%
FTSE 100	6271 ↓	-106	-1.66%	13.2	0.80%
DAX 30	7588 ↓	-134	-1.73%	14.2	15.02%
DOW	13305 ↓	-143	-1.07%	15.2	6.76%
NASDAQ	2606 ↓	-24	-0.92%	26.1	7.89%
S&P	1472 ↓	-17	-1.15%	15.9	3.81%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3664	0.6744	157.7400
Dollar	1.3664	1.0000	2.0255	115.4600
Sterling	0.6744	2.0255	1.0000	233.9100
Interest Rates (%)	4.0000	5.2500	5.7500	0.5000
Oil (Nymex)	75.7300			

This Week's Research
 Kingspan
 Kerry Group
 Paddy Power

Today's Research
 Anglo Irish Bank

Breaking News

Anglo (€13.80) Trading statement upgrades Stuart Draper
Target : €18 (08/03/07 ; previously €17.50, issued 02/02/07)

- **Earnings upgrade** : The pre-close period trading statement for the year ending 30/09/07, which Anglo Irish Bank released this week, upgraded the bank's current year eps guidance by 4% to €1.29, driven by stronger than expected loan growth and a more resilient than expected net interest margin. Full year loan growth of "mid 30%" is now guided, versus a previous consensus expectation of c.32%, with the H2 net interest margin stable on H1 at 1.94%, versus a consensus forecast for H2 margin erosion of c.0.02%. This implies that the bank's H2 loan growth will be close to the "exceptional" €9.3 bn of H1.
- **Liquidity excellent** : The trading statement also confirmed that the bank's credit quality remains "robust", and with c.40% growth in customer funding to €15 bn, its liquidity position is "excellent". This shows that the bank is not currently in the market paying a premium for its funding. With the year end work in progress figure expected to exceed the €9.2 bn as at 31/03/07, the consensus eps for the year ending 30/09/08 is likely to increase by c.3% from €1.48 to €1.53. Anglo has no direct or ABS sub-prime exposure, and its only potential exposure is through €300m of AAA/AA rated CDO's in its bond portfolio, which continue to perform well currently.
- **Sub-prime opportunity** : Indeed the current sub-prime panic would appear to be generating a particularly attractive competitive environment for Anglo in the US, with several of its international competitors having limited capacity to achieve further loan growth currently. Strong US and UK loan growth should continue to more than offset any slight slowdown in the rate of Irish loan growth in H1 2008.
- **Loan growth** : Such continued strong loan growth provides the basis for the consensus current year eps forecast of €1.29, representing 38% growth on the prior year comparative of 93.7c. Such continued stronger than sector average earnings growth warrants a premium rating of c.20%, and as a result our current 12 month price target of €18 (30% upside) rates the shares at 11.8x eps of €1.53 for the year ending 30/09/08. 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, significantly stronger than the European bank sector average as a result of Anglo's unique niche business model : **BUY**.

Breaking News

IFG report 10% rise in H1 profit

IFG reported that first half profit rose 10%, boosted by acquisitions that expanded its trustee and company administration division. Net income increased to €6.29m, or 8.81c a share, from €5.73m or 8.74c a year earlier. CEO Mark Bourke said the Group continues to go from strength to strength. The management team is further enhanced, the capital structure is robust and each Division continues the successful execution of its strategy even where the market has undergone rapid change. We are optimistic that we will continue this performance in the second half of 2007 and future years. He added that the Group's Irish Financial Services businesses have delivered a strong performance across life, pensions and our specialist credit insurance and policy broking business.

BA & Ryanair post strong August traffic figures

BA and Ryanair yesterday reported strong increases in passenger traffic in August from the same month last year, when data were affected by a major security alert in the UK. Ryanair said passenger numbers in August grew 21% against the same month a year ago. Ryanair added that its load factor in August was flat against a year ago at 91%. BA saw a 5.3% rise in passenger traffic with the load factor up 1.8% to 80%. Premium traffic, comprising first and business class, rose 13.6% with non-premium up 4.1%. Actual passenger numbers rose 6.6% to 3.09 million. The figures were flattered by poor August 06, when BA cancelled 1,280 flights in a week due to security arrangements at UK airports.

Petroceltic get approval for drilling permit in Italy

Petroceltic announced today that final ministerial approval has been granted for the Civitaquana exploration permit onshore Italy. The permit is located in the Marche-Abruzzi Basin of central Italy, west of the onshore Miglianico oil and gas discovery and close to Petroceltic's B.R268.RG Offshore Permit, in the Adriatic Sea. The block contains several potential oil and gas targets, including a shallow Pliocene gas play and possible extensions of the intra-Cretaceous Maiolica formation that yielded light oil and gas in the nearby Miglianico discovery well, drilled by ENI in 2001.

Business Press

- US broker liquidates €220m in CFDs (IT)
- Anglo raises profit target but shares fall (IT)
- Investors cool on Land split (FT)
- Grim housing and jobs data spark fresh fears (FT)

Investment Press

- **Console wars**: It is not being fought with sofa cushions, but the battle for the living room is hotting up

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