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EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	7640	↓ -14	-0.19%	11.0	3.75%
FTSE 100	5772	↑ 13	0.23%	13.5	2.73%
DAX 30	5667	↑ 10	0.17%	15.0	4.78%
DOW	10798	↑ 5	0.04%	19.5	0.14%
NASDAQ	2259	↓ -4	-0.17%	15.6	2.43%
S&P	1265	↑ 1	0.08%	21.0	1.61%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.1968	0.6846	142.0100
Dollar	1.1968	1.0000	1.7487	118.5900
Sterling	0.6846	1.7487	1.0000	207.3900
Yen	142.0100	118.5900	207.3900	1.0000
Oil (Nymex)	65.1100			

This Week's Research

Ryanair

Today's Research

GSK

Breaking News

Aviva new sales figures

Aviva has reported better-than-expected full-year sales, buoyed by a continued strong performance in continental Europe, and signs of faster growth in the UK market. Aviva said that total life and pensions new business sales for the year to Dec 31 2005 came in at £22.2bn, up 7 percent from £20.66bn the previous year. That was better than the consensus forecast of £22.1bn. The improvement was driven by Aviva's overseas operations, with international sales up 16 percent on the year at £14.4bn. Aviva also pointed to signs of a recovery in the UK market, where intense competition has been holding back growth.

BP Q4 results fall short of expectations

BP has promised to return between \$50bn and \$65bn to shareholders up to 2008 after it unveiled strong full year earnings but Q4 numbers that fell short of market expectations. 'With the Brent oil price at about \$41 a barrel, the amount of expected future cash distribution between 2006 and 2008 would be about \$50bn,' said chief executive Lord Browne. The amount could rise to around \$65bn if oil prices stay above \$60 per barrel, he added. Browne unveiled the plans after the group reported record profits of £19.3bn for 2005, up 25 percent. In the fourth quarter, replacement cost net profit rose to \$4.432bn from \$3.504bn last time. Adding back the non-operating charges, net profit rose to \$4.985bn from \$4.765bn, missing the consensus figure of \$5.6bn.

EasyJet January passenger stats

easyJet said today it carried 2.3 million passengers in January, up 11.2 percent from a year earlier. Its load factor was 74.2 percent against 76.4 percent a year earlier. "Our total revenue performance this month was in line with our expectations, and our guidance for the year to September 2006 remains unchanged," Chief Executive Andrew Harrison said in a statement. EasyJet said in November it expected current-year earnings to rise in the mid-to-high-single-digit percentage range.

Today's Recommendation

GSK (1,443p) Q4 results on Wednesday Owen Turner

- Q4 results: At midday on Wednesday GlaxoSmithKline will report results for FY 2005. We expect the company to report revenues of £21,196m and EPS of 81p, representing year on year increases of 6% and 22% respectively.
- Upgrade potential: Consensus forecasts currently indicate high single digit earnings growth for 2006, but it is widely expected that the company will guide slightly higher for low double digit growth. We expect such comments to result in upgrades to forecasts and, in turn, a positive reaction from the market.
- Pipeline catalysts: The company is also expected to highlight the strength of its impressive drug pipeline, with the focus of attention falling on Cervarix. The company is expected to provide guidance on a US filing date for the drug. The current expected date is c. Q4 06/Q1 07, so any guidance on a date earlier than this range could also act as a positive catalyst for GSK's share price.
- R&D upside: The next 12 months will see a host of key updates hitting the market, including at least six new Phase III compounds, seven regulatory filings and nine important product launches. At its Oncology seminar in November GSK said it expected to have four cancer drugs in late-stage clinical trials next year. These updates will keep sales forecasts ticking upwards over 2006.
- Limited risk : Only 12% of group forecast 2005 sales are exposed to patent expiration between 2005 and 2008. While, over the next 4-5 years, c.83% of the company's pharmaceutical revenues are likely to remain immune from competitive threat.
- Share buyback : In October 2002, GSK commenced a £4bn new share repurchase programme. By end-September 2005, shares with a value of £2.8bn have been repurchased under this programme, including £48m over the first nine months of 2005. This process will offer support to GSK's share price as the company continues to buyback shares in 2006 and 2007.
- Attractive upside: At 1,443p GSK currently trades at 17.8x 05 consensus EPS of 81p, a slight discount to the European sector average of 19x. We would expect this discount narrow over the coming months as the market receives further evidence of GSK's positive earnings momentum and pipeline progression. Our target price of 1,630p (13% upside) is based on 18.3x 06 EPS of 89p. BUY

Business Press

- BOI offers bonus to SSIA savers (IT)
- Ely Property profit for 2005 to tip €1.2m (IT)
- Daily Mail competition 'will force Independent to go entirely compact (IE)

Investment Press— Lex

- Centrica: First, there were those Gazprom stories. Then rumours that Centrica is planning a big increase in energy bills surfaced over the weekend. The shares fell slightly on Monday. That, however, is probably due to reality setting in after last week's spike.



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