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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6294	0	0.00%	11.0	1.55%
FTSE 100	4980 ↓	-19	-0.38%	13.5	3.46%
DAX 30	4497 ↓	-13	-0.29%	15.0	5.67%
DOW	10467 ↑	6	0.06%	19.5	-2.93%
NASDAQ	2076 ↑	4	0.21%	15.6	-0.63%
S&P	1198 ↑	1	0.12%	21.0	-1.20%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2291	0.6720	131.1900
Dollar	1.2291	1.0000	1.8282	106.7300
Sterling	0.6720	1.8282	1.0000	195.1400
Yen	131.1900	106.7300	195.1400	1.0000

This Week's Research

Today's Research Fyffes

Today's Recommendations

Breaking News

EasyJet passenger stats for May

Low-cost airline easyJet said today that passenger numbers rose 21.9 percent in May from a year ago to 2.55 million as it continued to expand in Europe. The airline said its load factor was 84.1 percent, 3 percentage points higher than a year ago. EasyJet said its market guidance was unchanged since its first-half results last month. "At prevailing fuel prices and exchange rates, we continue to expect reported pre-tax profit to be below last year but in line with current expectations," Chief Executive Ray Webster said in a statement.

Anglo Irish Bank raises €445m

It was announced on Friday that Anglo Irish Bank has raised £300m (€445m) of capital by issuing preference shares. The issue was placed with more than 40 UK and European financial institutions and pension funds. Anglo says the deal is the largest issue of preference shares by an Irish financial institution to date and was increased in size from £200m following very strong investor demand and was substantially oversubscribed.

Dragon Oil receives takeover approach

Dragon Oil said on Monday it has received an approach that could lead to a partial offer for the company. Dragon said in a stock exchange statement that the approach was "preliminary" and there was no certainty that an offer would be made. "The partial offer, if made, would be in respect of the ordinary share capital not currently owned by Emirates National Oil Corp, which has informed the board that it intends to retain its shareholding in Dragon Oil," the statement said. The bid approach comes after Dragon and its main shareholder ENOC in May denied a Russian media report that the UAE company was in talks with Russian oil giant Lukoil to sell any of its shareholding in Dragon.

Fyffes (€2.24) EU investigates banana cartel Stuart Draper

- EU investigation : Fyffes has confirmed that EU Commission officials have made an unannounced visit to its offices in relation to an investigation being carried out into whether or not a price-fixing cartel exists for European banana pricing.
- Price increases : Banana prices have increased during the past year. For example, last week, they increased by 10p / kg to 85p in the UK market. But the reason given was lower output from both EU and ACP (African, Caribbean and Pacific) sources as a result of weather related issues.
- Cartel pricing : However, both the EU competition body and the Competition Authority in Ireland are now to investigate whether any element of cartel pricing amongst the fruit companies has contributed to these price increases.
- Regulatory risk : Even though the facts that the EU banana market is regulated and that the volume of bananas is restricted by EU quota, makes the existence of cartel pricing less likely, the latest investigation further increases regulatory risk for Fyffes.
- Banana reforms : The pending EU banana reforms also represent a significant regulatory risk for Fyffes' banana margins. The EU has published proposals to raise the tariff from 7.5c per kg of bananas to 23c per kg, from January 2006. The risk is that as importers such as Fyffes raise prices to recover this higher tariff, it results in lower banana consumption. The current legal case against DCC also adds an element of legal risk to the share price in the short term, and the current high energy prices also increase Fyffes' shipping costs.
- Peer comparison : Fyffes' share price is also no longer cheap by comparison with international peers. Fyffes is now trading at 10.2x 2005 eps of 22c, versus Chiquita at 9.5x consensus 2005 eps of \$2.70, even though Chiquita's eps is expected to more than double this year from \$1.33 for 2004.
- Stand-alone basis : As a result of the Everfresh acquisition being earnings enhancing by at least 3% from 2007, we had previously upgraded our Fyffes' price target. However, at current levels, our view is that this earnings boost is now fairly reflected in the current share price.
- Corporate potential : Therefore in the absence of the corporate activity which has been rumoured in the press in recent times, the shares would now appear fairly valued by comparison with peers on a stand-alone basis : **NEUTRAL**.

Business Press

- Minco upbeat on Mexican project (IT)
- Diageo to buy Bushmills for €300m (IT)
- Construction growth picked up in May (II)
- Asda buys N Ireland stores (FT)
- May cracked crystal balls (WSJE)

Investment Press— Lex

- Diageo/Pernod: Pernod Ricard always looked well positioned to win the poker game for Allied Domecq. Getting Diageo on board tilts the balance further in its favour.



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