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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7670 ↑	48	0.63%	11.0	4.15%
FTSE 100	5818 ↓	-11	-0.18%	12.4	3.55%
DAX 30	5652 ↑	25	0.45%	15.0	4.51%
DOW	11174 ↓	-46	-0.41%	19.5	3.62%
NASDAQ	2061 ↓	-12	-0.56%	15.6	-6.55%
S&P	1271 ↓	-4	-0.34%	21.0	2.13%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2826	0.6733	147.9100
Dollar	1.2826	1.0000	1.9047	115.3200
Sterling	0.6733	1.9047	1.0000	219.5800
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	76.3100			

This Week's Research
Paddy Power

Today's Research
Deutsche Bank

Today's Recommendation

Breaking News

Adidas H1 results beat forecasts

Adidas said second-quarter operating profit rose 13.2 percent to €173m, beating expectations, and raised the sales guidance for its core Adidas brand. Sales in the quarter jumped 60.1 percent to €2.428bn from €1.516bn, driven by better-than-expected growth at its Adidas and TaylorMade brands as well as the consolidation of Reebok. Order backlog at the Adidas brand was up 9 percent year-on-year at the end of June. At the Reebok brand, however, it was down 13 percent. Adidas reiterated its 2006 guidance of strong double-digit sales growth and double-digit net income growth. Net profit will 'approach' €500m this year, up from last year's 383m, it said. It also raised its full-year outlook for the Adidas brand, saying it now expects low double-digit sales growth for the brand this year.

Aviva reports 27% increase in H1 profit

Aviva has reported a 27% increase in worldwide operating profit, supported by growth in long-term savings and the increasing strength of the U.K. market, where it improved its share. Aviva said first-half global operating profit rose to £1.7bn, up from £1.32bn a year earlier and broadly in line with expectations. Aviva had said in a July 13 trading update that first-half operating profit would be at least £1.65bn.

Fed puts rate hike on hold

The U.S. Federal Reserve on Tuesday said it that it is pausing its recent cycle of rate hikes while it gauges whether a slowing economy will keep inflation under control. If not, the Fed indicated it will resume raising rates. The central bank's policy-setting Federal Open Market Committee voted 9-1 to keep the federal funds rate target at 5.25 percent. Stocks weakened as investors saw the Fed action confirming a weakening economy.

Deutsche Bank (€86.04) €100m Q2 trading loss Stuart Draper

- Q2 results : Deutsche Bank's (DB) results for the 3 months ended 30/06/06 showed net profit of €1.23 bn, largely in line with the consensus forecast of €1.2 bn, and a year on year increase of 29%. However, there was a major deterioration in the performance of the bank's proprietary equity trading operations, which reported a loss of €100m for the quarter, compared with a profit of €50m for Q2 2005.
- Increased volatility : Such a major deterioration indicates that the bank's equity business is having difficulty sustaining its growth rates of recent quarters in the more challenging equity market environment of recent months. This is at least likely to result in increased near term earnings volatility, and such a deterioration in earnings quality could limit the potential for multiple expansion, restricting further share price upside to being no more than the bank's 2007 earnings growth rate.
- Slowing growth : Given the more difficult year on year comparatives in 2007, the consensus forecast is for 2007 eps growth of 4% from €9.10 to €9.45. Such limited 2007 earnings growth prospects also limits the earnings multiple which can be applied. Our current 12 month price target of €91 (6% further upside) is based on 10x 2006 eps of €9.10. By the end of 2006, most of the cost savings from the restructuring programme announced in September 2004 will also have been received.
- High exposure : 82% of Deutsche Bank's H1 2006 profit before tax was generated by the bank's capital markets division, which includes activities such as equity and debt sales and trading, as well as FX and money markets. Such a dependence on earnings streams which are inherently volatile and cyclical in nature, greatly increases the risk of earnings' disappointment in 2007.
- Recommendation downgrade : Therefore, we now downgrade our DB recommendation from BUY to NEUTRAL, recommending a SWITCH into any of the three Irish domestic banks as providing a more attractive risk/reward profile at current levels within the Eurozone bank sector. DB's share price has risen by 22% since our BUY note of 18/08/05 : NEUTRAL.

Business Press

- Trinity Biotech settles with US firm (IT)
- NTR considers Irish biofuel plant (IT)
- Goldman Sachs upbeat on rising sales of Magners (II)

Investment Press

- Federal Reserve: The Federal Reserve at least managed to serve up a rebel with its pause. Jeffrey Lacker went against the rest of the open market committee with a vote to continue hiking rates.



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