DOLMEN DAILY

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8275 ↓	-23	-0.28%	11.0	12.37%
FTSE 100	6001 ↓	-3	-0.05%	12.4	6.81%
DAX 30	6086 ↑	11	0.17%	15.0	12.53%
DOW	11850 ↓	-16	-0.14%	19.5	9.90%
NASDAQ	2300 ↓	-6	-0.28%	15.6	4.29%
S&P	1350 ↓	-4	-0.27%	21.0	8.40%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2602	0.6752	150.0900
Dollar	1.2602	1.0000	1.8665	119.0800
Sterling	0.6752	1.8665	1.0000	222.2800
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	59.7600			

This Week's Research

Today's Research

BP

Breaking News

Tullow starts gas production from Bangura field

Tullow Oil started natural gas production at a field in Bangladesh's southeastern Bangura area. They have started production amounting 20 million cubic feet of gas per day (mmcfd) from a second well and it will reach up to 30 mmcfd. With this new production now the country's total gas output capacity reached 1,635 mmcfd. The daily demand for gas in the country is 1,650 mmcfd. Earlier Tullow's total gas production was 40 mmcfd. Tullow started gas production from its first well of the same Bangura gas field in block nine in May this year.

Smart Telecom to dispose all assets

Smart Telecom said it has agreed to dispose of all of its business, assets and liabilities to a private company, BidCo, controlled by its major shareholder Brendan Murtagh for €1 together with shares representing 10 percent of Bidco. Murtagh holds 19.99 percent of Smart. BidCo will assume all the liabilities of Smart, which are currently estimated to amount to nearly €40m, Smart said. The disposal is conditional upon the approval of shareholders at an EGM. According to Smart, BidCo has received irrevocables and undertakings in favour totalling 42.1 percent of shareholders. Smart said the transaction will allow it to continue to provide a full service to its corporate and residential broadband customers effective immediately.

Wolseley makes 4 acquisitions worth £111m

Wolseley today continued its acquisition spree by announcing four further bolt-on acquisitions for a combined £111m. The four acquisitions, which will add £148m in revenues over the full year, are US plumbing products company Castle Group, US waterworks company Northern Water Works Supply, UK builders' merchants Murdock Group and Finnish kitchen equipment company Helatukku. Since the beginning of August, Wolseley has made a total of ten bolt-on acquisitions in Europe and North America for about £160m. These should add £238m to full-year revenue.

Today's Recommendation

BP (£5.73) Production growth to resume in 2007 Stuart Draper

- Q3 update : BP's recent trading statement for the 3 months ended 30/09/06 indicated production of only 3.8m boe per day as a result of another "heavy UK maintenance season". This was lower than the 3.9m boe per day which was expected, and the 3.824m boe per day which was achieved for Q3 2005.
- Recent disappointments : Following on from the recent disappointments in relation to lower refining margins and a delay in restoring the Thunder Horse production, as well as the c.25% correction in the oil price, there is a great deal of bad news now factored into the BP share price, which has fallen by 12% since the end of July.
- 2007 production : However, what is not yet discounted by the share price is the potential for production growth to resume in 2007. BP has a large number of new production start-ups coming on stream over the next 12 months, which result in overall production growth of c.5% being achieved for 2007.
- New start-ups : The major new projects which should start to come on stream for BP over the next 12 months are ACG and Shah Deniz in Azerbaijan, as well as Dalia, Rosa, and Greater Plutonia in Angola. The new start-ups in both countries should increase production by a total of 0.4m boe per day over the next 2 years.
- Attractively valued : The consensus forecast is that BP will generate an eps of 55p for 2006, increasing by 9% in 2007 to 60p. However, given the extent of BP's operations and the spread of its geographic risk, it is reasonable that it should be rated at a 10% premium to the energy sector average 2007 pe of 10x. As a result, our current 12 month price target for BP of £6.60 (15% upside) is based on 11x 2007 eps of 60p. BP will also pay a dividend yield of 3.7% for waiting for this upside.
- Share buybacks : The company's ongoing share buyback programme should continue to support the share price at current levels, with the most recent share buyback being the purchase for cancellation of 8m shares last Thursday at prices between 573.5p and 579.5p. This ongoing buyback programme will also continue to support BP's eps and dividend per share growth. Gearing of only 15%, combined with the prospects of large dividends from its TNK investment, as well as the potential for some asset disposals in Q4, means that large share buybacks should continue over the next 12 months : **BUY**.

Business Press

- Citigroup sets sights on buying outside US (FT)
- Final curtain for GUS (FT)
- Why the Ryanair move is in the national interest (II)

Investment Press

- ICBC's record IPO: China's latest IPO should go straight into the record books. ICBC, the country's number one bank by assets, could raise up to $21.8bn next month, if the over-allotment option is exercised, making it the world's biggest IPO.

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