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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9579	↓ -222	-2.27%	14.1	1.82%
FTSE 100	6550	↓ -54	-0.82%	13.2	5.29%
DAX 30	7476	↑ 34	0.45%	14.2	13.33%
DOW	13363	↑ 54	0.40%	15.2	7.22%
NASDAQ	2576	↑ 5	0.18%	26.1	6.67%
S&P	1513	↑ 5	0.32%	15.9	6.65%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3528	0.6800	162.8800
Dollar	1.3528	1.0000	1.9892	120.4200
Sterling	0.6800	1.9892	1.0000	239.4500
Interest Rates (%)	3.7500	5.2500	5.2500	0.4800
Oil (Nymex)	61.5500			

**This Week's Research**  
**Ryanair**

**Today's Research**  
**Anglo Irish Bank**

**Today's Recommendation**

**Anglo (€16.15) WIP indicates slower H2 growth Stuart Draper**  
**Target : €18 (08/03/07 ; previously €17.50, issued 02/02/07)**

- Results announced : This morning, Anglo Irish Bank announced very strong results for the 6 months ended 31/03/07. Profit before tax of €552m was largely in line with the consensus forecast of €552.6m, even though the eps of 60.6c was c.3% ahead of the consensus forecast of 58.7c, largely as a result of a lower tax charge. The results represented spectacular year on year growth of 47% and 45% respectively, even after excluding a €22m profit from the Isle of Man trust sale.
- Loan growth : The results were driven by very strong 19% (€9.3 bn) growth in the loan book over the 6 month period, combined with stable margins and robust credit quality. There were some concerns this morning that the 0.19% bad debts charge was higher than the consensus forecast of 0.15%, but 0.08% of the charge was accounted for by a general (IBNR) provision.
- WIP lower : However, legitimate concerns do exist that the bank will generate a slower rate of loan growth over the 6 months ending 30/09/07, as indicated by the work in progress (WIP) total of €9.2 bn as at 31/03/07, representing 15.9% of period end loans, versus the 17.7% as at 30/09/06. With 80%-90% of WIP typically translating into actual gross lending over a 2 to 3 month period, this figure is a reliable lead indicator of loan growth over the following 6 months.
- Earnings growth : This view is reinforced by the bank's statement this morning that investors should not expect a repeat performance of the "exceptional level of net lending recorded in H1". However, while this prevents any significant earnings upgrades at this stage, our view is that the consensus current year eps forecast of €1.20 will be achieved, representing 28% growth on the prior year comparative.
- Further upside : 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 (11% further upside) is based on 13x forward eps of €1.39. 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, which is significantly stronger than the European bank sector average as a result of Anglo's unique niche business model. Such sustainably strong growth means that Anglo deserves such a premium rating : **BUY**.

**Breaking News**

**Ryanair launches European airline price war**

Ryanair announced yesterday that it is launching a price war against other European airlines, giving away 10 million seats virtually free in its biggest ever promotion. The 5-week promotion came after four days of weakening shares in the sector and as its closest rival, easyJet, said passenger numbers were being hit by higher taxes, rising interest rates and environmental concerns. "I'd expect this to put further downward pressure on prices, put further pressure on Ryanair's yields, and on everyone else's yields, not just in the UK, but all across Europe," Chief Executive Michael O'Leary told reporters.

**AIB reiterates guidance for 2007**

AIB said that prospects for future growth and profitability remain bright. At AIB's AGM yesterday group chairman, Dermot Gleeson, reiterated guidance already given for 2007 of low double-digit growth in eps as issued at 2006 results presentation. "It is of course early days yet, but our business continues to enjoy strong momentum and we continue to see sustained demand in all of our markets for all of our key products", Gleeson said. The Irish business continues to perform well in an economy that remains strong. Economic growth is moderating but to a pace that is likely to remain above the European average and to a level which continues to represent a good environment for the bank, the chairman said. The U.K., Poland and Capital Markets businesses are all performing well.

**Horizon Chairman gives positive comment on future outlook**

At today's AGM, Samir Naji, Chairman of Horizon Technology commented that the IT market in both the UK and Ireland continued to show growth to date in 2007. In this environment, Horizon has performed well, with year on year earnings growth across all business segments. This is the result of increasing market share in their target markets, focus on higher-margin segments and the expected benefits from acquisitions. The board is pleased with the group's performance during the first quarter and currently expects the financial outcome for the 2007 full year to be in line with market expectations.

**Business Press**

- McInerney Holdings eyeing up further acquisition in England (IT)
- Magners prompts C&C to build €70m warehouse (IT)
- Weak dollar to affect CRH 'on paper only' (IT)
- Rio and BHP soar on rumours of takeover bid (FT)

**Investment Press**

- Metals & Mining M&A: For all their hard-as-nails image, miners just want to be loved. And when they can't get it from anyone else, they turn to each other.

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