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Market Movers

IRISH PAPERS TODAY

Some Ulster Bank assets may be eligible for Nama - RBS chief
(The Irish Times)

Aer Lingus may sell 11 aircraft to raise cash
(The Irish Times)

Aer Lingus on course to reduce overall losses
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Kraft open to raising offer for Cadbury
(Financial Times)

Commercial property surges
(Financial Times)

Gold touches record, but a sell-down looms
(The Wall Street Journal)

Market View

Analyst : Edward Keeling

European markets are trading higher this morning following their lead from the US and Asia overnight. Investor sentiment has continued to trend positively boosted by the news that the Group of 20 finance ministers have pledged to keep economic stimulus programs in place until a recovery is assured. This is central to our investment thesis for higher equity markets over the medium term. We anticipate western central banks will maintain exceptionally low interest rates for an extended period of time. On the corporate front, more positive news came from one of our preferred US companies as McDonalds reported better than expected October same store sales which rose 3.3% worldwide. It is worth noting that sterling is under pressure this morning, with €/£ trading at €0.89, after a warning from the credit rating agency Fitch that Britain's AAA rating was the most at risk out of the world's major economies. Clearly this is a negative for Irish companies who generate a significant proportion of profits from the UK. In terms of today session, we anticipate a relatively quiet day, with no major corporate announcements. On the economic front, the only release of note will come out the US in the form ABC consumer confidence data.

CRH : Buy **Current Price** €17.10 **Price target** €20.30 **Analyst : Stephen Taylor**

CRH has issued an interim management statement this morning. The company indicated that while economic developments have been more positive than that in the first half of the year, trading conditions in its businesses have remained difficult with a like for like decline in third quarter revenue of 19%, a slight improvement on the 21% fall recorded in the first half of the year. Cash flow for the third quarter was strong and resulted in net debt falling by c. €0.9bn to €4.2bn at 30th September. The company indicated on the conference call that it expects to be cash flow positive in the fourth quarter and barring acquisitions sees net debt below €4bn by the end of the year. The company reaffirmed its intention to spend up to €1.5bn on acquisitions over the next 12 - 18 months. In relation to development spend, CRH strengthened its presence in the state of Missouri through the acquisition of Hilty Quarries and represents a strategic fit with its APAC operations in Missouri. On cost savings, CRH indicated that it will provide an additional update regarding its current program (€1.45bn between 2007 -2010) in addition to further measures to be taken in its full year trading statement on January 5th 2010. In relation to its outlook for the remainder of the year, CRH maintained a cautious tone and due to poor weather conditions in a number of its markets in mid-October, the group expects the decline in fiscal fourth quarter EBITDA to be greater than the third quarter. As we cautioned we were concerned that given the guidance a number of CRH's peers had provided, CRH was also likely to signal some weakness ahead. We will be providing an updated note on our estimates for the company tomorrow.

Barclays : Buy **Current Price** 333p **Target Price** 415p **Analyst : Oliver Gilvarry**

Barclays released an Interim Management Statement (IMS) covering the first 9-months of this year. The market was focused on the revenue line of BarCap and this was lower than expected at £3.7bn. Group profit before tax was £1.558bn, in line with expectations. Performance in Global Retail & Commercial Banking was good with income growing 11% with costs down 4%, a positive jaws of 7%. Higher income in the different divisions was offset by increased impairment charges. Impairment charges are now running at an annualised rate of 136bps from 144bps in the first half of the year. Management are guiding impairment charges at the lower end of previous guidance of £9-9.6bn. Capital remains strong with equity tier 1 of 8.8%, reflecting the sale of BGI. The conversion of warrants in October would add 19bps to equity tier 1 according to the statement on a pro-forma basis. Also announced in the statement is payment of an interim dividend of 1p payable on the 11th of December. The statement today is disappointing due to the miss in BarCap revenues and this is the reason for the weakness in the stock this morning. No details were given on the rumoured restructure of the group with the move of Commercial Banking into BarCap. The payment of dividend and the change in guidance on banking impairments to the lower end of previous guidance are positives. We remain Buyers of Barclays due to its strong capital position and lower valuations compared to peers.

Vodafone : Buy **Current Price** 135p **Target Price** 150p **Analyst : Stephen Taylor**

Vodafone has reported interim results for the 6 months ending 30th September. The group reported operating profit that increased by 2.9% to £5.9bn, slightly ahead of analyst expectations. Revenue also came in slightly ahead of expectations with an increase of 9.3% to £21.8bn. The company also increased its dividend by 3.5% to 2.66p. Vodafone continues to focus on cost cuts and expects that its current cost reduction program of £1bn will be completed one year ahead of expectations and that it plans a further £1bn of cost savings by 2012. In relation to its outlook, Vodafone reaffirmed its operating profit forecasts to be in the range of £11bn - £11.8bn and free cash flow to be in a range of £6bn - £6.5bn. We do not anticipate any changes in earnings estimates for Vodafone and we view the weakness today as a buying opportunity.

DCC : Buy **Current Price** €19.40 **Price target** €21.50 **Analyst** : Edward Keeling

DCC have reported a solid set of half year results this morning. The group posted operating revenue for the period of €2.8bn and operating profit of €57m, resulting in earnings per share of 50c. Reflecting free cashflow of €70.5m for the period, the group has recommended a dividend per share of 23.74c, an increase of 5% year on year. Its energy division again performed strongly and now represents 44.5% of total operating profit. Its net debt averaged at €118m for the period, significantly lower than the average of €238m during the six months ended 30th September 2008. In terms of outlook, while it has stated that the business environment remains uncertain, it now expects that operating profit on a constant currency basis will be broadly in line with last year. This represents a modest improvement in the group's expectations from its interim management statement on July 17th. However, the group has not raised its official guidance, instead opting to reiterate it expects its full year operating profit and eps to be in the range of 5% to 10% behind last year. This is the result of adverse currency movements. In conjunction with its results announcement it also stated that it has reached conditional agreement for the acquisition for Shell Direct Austria (SDA) from Shell Austria. SDA is one of the leading fuel distribution businesses in Austria with a market share of approximately 11%. The transaction is subject to competition clearance from the European Commission and is expected to complete in January 2010. DCC's investment in SDA will be on cash free/debt free basis, net of an adjustment for working capital at the date of completion, will be €18.3m.

Grafton Group : Neutral **Current Price** €3.35 **Analyst** : Stephen Taylor

Grafton Group plc who operate in the UK and Ireland issued a management statement this morning. The group reported turnover to the end of October of €1.681bn down 28% from €2.347bn in the same period last year. The reason for the weaker revenues was a drop in sales with like for like figures down 4% and 18% in the UK and Ireland respectively. The group cited "very challenging trading conditions" as the explanation for the drop in turnover but were more optimistic on the group's future outlook, particularly in the UK. The statement referenced an uptick in the UK housing market which has led to an increase in dry mortar sales. Finally, management stated that their cost savings programme is well advanced and that the group remains cash generative allowing them to reduce their net debt. On the whole we view the stabilisation in sales as a positive but the group remains heavily exposed to the weak UK and Irish economies.

ICG : Buy **Current Price** €13.20 **Price target** €14.20 **Analyst** : Edward Keeling

ICG have released an interim management statement this morning and considering the group's full year performance is heavily weighted towards the second half of the year, it has reported solid numbers. Group revenues for the nine months were €198m, down from €265m a year earlier. EBITDA came in at €42m, while operating profit was €24m. Reflecting the company's very strong free cashflow, the group's net debt has been reduced to €30m, down from 48.5 and its lowest level of since 1993. Going forward the company has reiterated that the economic environment remains challenging and has warned that the ongoing weakness of sterling against the euro remains an issue. Freight volumes continue to reflect subdued trading activity, however passenger volume is reacting favourably to marketing initiatives. We remain positive on the group and believe ICG is undervalued at current values. We forecast the group will be close to a net cash position by the end of the next year and it offers a dividend yield of over 8%, which is close to 2x covered on free cash flow per share basis. Our recommendation remains Buy.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,014	1.4%	26.1%
FTSE	5,235	1.8%	18.7%
Dow Jones	10,023	0.2%	16.5%
S&P	1,069	0.3%	21.0%
Nikkei	9,809	0.2%	11.4%
Stoxx 50	2,860	2.4%	17.2%

Sector Performances

Sector	Index	1-Day	YTD
Construction	264	2.1%	1.7%
Technology	181	1.7%	3.6%
Oil & Gas	324	2.1%	2.7%
Financials	232	2.4%	2.2%
Retail	241	1.6%	1.6%
Food & Drink	284	0.7%	4.0%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	79.4	2.6%	34.6%
Copper	297.0	0.6%	105.1%
Gold	1,103.8	0.8%	24.8%
Silver	17.6	1.1%	53.4%
Wheat	520.0	4.6%	-23.7%
Cattle	85.0	-0.1%	-6.1%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.500	1.0%	-6.8%
€/£	0.895	0.2%	6.0%
£/\$	1.676	0.9%	-12.1%
\$/JPY	89.920	0.0%	1.0%
€/JPY	134.910	1.1%	-5.9%
€/SFR	1.512	0.1%	-1.2%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	86.8	-3.2%	-51.7%
High Yield	502.7	-3.1%	-51.7%
Financials	73.3	0.3%	-41.7%
BoI	172.3	0.5%	-29.1%
AIB	184.9	-0.9%	-9.9%
RBS	126.6	-0.2%	-7.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.2%	1.0%	0.5%
2-Year	1.8%	2.0%	1.2%
5-Year	2.8%	3.4%	2.6%
10-Year	3.6%	4.1%	3.6%

Date	Company	Region	Event
10/11/2009	Austrian Airlines AG	AT	TRAFFIC
10/11/2009	OMV AG	AT	Q3
10/11/2009	Credit Agricole SA	FR	Q3
10/11/2009	Theolia SA	FR	Q3 SALES
10/11/2009	Deutsche Lufthansa AG	DE	TRAFFIC
10/11/2009	Wincor Nixdorf AG	DE	PRELIM
10/11/2009	Aareal Bank AG	DE	Q3
10/11/2009	CRH PLC	IE	TRADE
10/11/2009	DCC PLC	IE	INTERIM
10/11/2009	McInerney Holdings PLC	IE	TRADE
10/11/2009	UniCredit SpA	IT	Q3
10/11/2009	Novestra AB	SE	Q3
10/11/2009	Barclays PLC	GB	Q3 TRADE
10/11/2009	Cookson Group Plc	GB	TRADE
10/11/2009	Northern Foods Plc	GB	INTERIM
10/11/2009	Vodafone Group Plc	GB	INTERIM
10/11/2009	Yell Group PLC	GB	INTERIM
10/11/2009	Imperial Tobacco Group	GB	PRELIM
10/11/2009	Intercontinental Hotels C	GB	Q3
10/11/2009	MBIA	US	Q3
10/11/2009	The Progressive Corp.	US	Q3

Date	Event	Region	Estimate
10/11/2009	RICS House Price Balance	UK	--
10/11/2009	Consumer Price Index (MoM)	GE	--
10/11/2009	CPI - EU Harmonised (MoM)	GE	--
10/11/2009	Total Trade Balance (GBP/Mln)	UK	--
10/11/2009	ZEW Survey (Econ. Sentiment)	GE	--
10/11/2009	ZEW Survey (Econ. Sentiment)	EC	--
11/11/2009	Jobless Claims Change	UK	--
11/11/2009	ILO Unemployment Rate (3mths)	UK	--
11/11/2009	Bank of England Qtrly Inflation R	UK	--
12/11/2009	ECB Publishes Nov. Monthly Rep	EC	--
12/11/2009	Euro-Zone Ind. Prod. sa (MoM)	EC	--
12/11/2009	MBA Mortgage Applications	US	--
12/11/2009	Initial Jobless Claims	US	--
12/11/2009	Continuing Claims	US	--
12/11/2009	Monthly Budget Statement	US	--
13/11/2009	GDP s.a. (QOQ)	GE	--
13/11/2009	Euro-Zone CPI (MoM)	EC	--
13/11/2009	Euro-Zone GDP s.a. (QoQ)	EC	--
13/11/2009	Trade Balance	US	--
13/11/2009	Import Price Index (MoM)	US	--
13/11/2009	U. of Michigan Confidence	US	--

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