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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8917 ↓	-10	-0.11%	11.0	21.09%
FTSE 100	6152 ↑	21	0.34%	12.4	9.50%
DAX 30	6427 ↑	14	0.22%	15.0	18.84%
DOW	12307 ↑	29	0.24%	19.5	14.14%
NASDAQ	2437 ↑	10	0.40%	15.6	10.52%
S&P	1410 ↑	3	0.18%	21.0	13.24%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3211	0.6754	154.0500
Dollar	1.3211	1.0000	1.9556	116.5500
Sterling	0.6754	1.9556	1.0000	227.9400
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	62.0300			

This Week's Research

Today's Research
Lloyds TSB

Breaking News

Breaking News

BOI announces two new senior appointments

Bank of Ireland announced two new senior appointments to its asset management division on Friday as part of a push to improve the performance of a unit that has seen substantial fund outflows in the past few years. The bank said it had appointed Brian Routledge as a senior equity portfolio manager and Jimmy Furlong as head of product. Routledge was previously a senior portfolio manager with Citigroup in the United States, while Furlong joins BIAM from the asset management team at rival Allied Irish Banks, where he was head of risk budgeting and new product development.

US non-farm employment figures better than expected

US non-farm employment regained some momentum in November, rising by 132,000 to total 136m, according to seasonally adjusted data. However, this followed a less-than-stellar performance in October, when just 79,000 persons were added to the non-farm payroll the smallest gain in a year. Retail employment picked up by 20,000, the largest rise in a year. By contrast, jobs in the goods-producing industry fell for a third consecutive month, by 40,000. Employment in construction dropped by 29,000, while in the manufacturing industry it declined by 15,000. The unemployment rate edged up to 4.5% from 4.4% in October, which was the lowest rate since May 2001.

Metro Baltic Horizons floats on AIM

Metro Baltic Horizons a property company backed by some of the biggest names in Irish business is set to float on the AIM this morning. It has issued 26,200,270 ordinary shares at 100 pence per share through a placing by Oriel Securities to institutional and other investors raising €38.78m. The Company said it intends to focus principally on prime residential and office development opportunities in the Baltics and prime office developments in St Petersburg that can demonstrate an ability to generate a minimum 25% IRR (internal rate of return) after costs.

Lloyds TSB (£5.56) Trading statement released Stuart Draper Target : £6.10 (11/12/06; previously £6, issued 16/10/06)

- Trading statement : This morning, Lloyds TSB released its year end pre-close period trading statement. The statement reiterated previous guidance for full year 2006 eps growth of 2% to 48p, keeping the bank on track for further 6% eps growth in 2007 to 51p. Crucially, there was no further UK retail bad debt charge increase in H2 2006, as tightened lending criteria over the past 2 years started to feed through and as it was confirmed that the full year bad debt charge as a % of average lending would be lower than the H1 2006 bad debt charge.
- Cost savings : It was also stated that the group's programme of efficiency improvement should deliver net savings in 2006 of c. £40m, with each of the bank's 3 operating divisions delivering revenue growth in excess of cost growth. This cost saving figure is expected to rise to between £100m and £150m in 2007, keeping the group on target to achieve our 2007 eps forecast of 51p. As a result, we upgrade our 12 month price target to £6.10 (10% further upside), which is based on 12x 2007 eps of 51p.
- Recommendation upgrade : On 16th October, at a share price of £5.81, we downgraded our Lloyds TSB recommendation from BUY to NEUTRAL. However, following the 5% correction in the share price since then, and following this morning's trading statement, we now upgrade our recommendation again from NEUTRAL to BUY.
- Takeover potential : Our view for 2007, is that with Lloyds' management not as new to the job as they were in January 2005 (when the previous takeover rumours were in circulation), having joined after June 2003, that there is still a higher than average probability of a takeover approach being made, given Lloyds' limited stand-alone growth prospects. This is because Lloyds now has several non-British executives in many key positions, who may be more open to considering an international merger. Earlier this year the bank reached agreement with its pension scheme trustees to fund its actuarial deficit of £1.5 bn over the next 10 years.
- Attractive yield : The UK is also an attractive banking market, with high returns on equity and a shareholder-friendly culture. Therefore, with significant further upside on a stand-alone basis, an attractive dividend yield of c.6.2%, and an above average probability of receiving a takeover approach, we upgrade our recommendation again from NEUTRAL to BUY.

Business Press

- Iona to spend €150m on SWS if bid wins (IE)
- Pru rejects bid for net bank Egg (II)
- Barratt launches £2.1bn bid for rival (FT)

Investment Press

- European banks: Is it the top of the cycle for the European banking sector? At more than 20 per cent, once-depressed return on equity is at record levels. But earnings have been supported by "twin peaks" in two areas, which have accounted for two-thirds of the change in earnings each year for the past decade.



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