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| EQUITIES | Close | Change | % +/- | P/E '07 | YTD |
|----------|---------|--------|--------|---------|--------|
| ISEQ | 9511 ↓ | -68 | -0.71% | 14.1 | 1.09% |
| FTSE 100 | 6524 ↓ | -26 | -0.39% | 13.2 | 4.87% |
| DAX 30 | 7415 ↓ | -61 | -0.82% | 14.2 | 12.40% |
| DOW | 13215 ↓ | -148 | -1.11% | 15.2 | 6.03% |
| NASDAQ | 2534 ↓ | -42 | -1.64% | 26.1 | 4.91% |
| S&P | 1491 ↓ | -22 | -1.43% | 15.9 | 5.13% |

| CURRENCIES & RATES | Euro | Dollar | Stg | Yen |
|--------------------|---------|--------|--------|----------|
| Euro | 1.0000 | 1.3473 | 0.6814 | 161.5900 |
| Dollar | 1.3473 | 1.0000 | 1.9780 | 119.9000 |
| Sterling | 0.6814 | 1.9780 | 1.0000 | 237.0900 |
| Interest Rates (%) | 3.7500 | 5.2500 | 5.5000 | 0.4800 |
| Oil (Nymex) | 61.5500 | | | |

This Week's Research

Ryanair
 Anglo Irish Bank

Today's Research

Kingspan

Today's Recommendation

Kingspan (€20.33) Management Meeting Update Stuart Draper
Target : €20 (18/12/06 ; previously €17, issued 16/10/06)

- Management meeting : Earlier this week a senior management representative of Kingspan visited our offices to give a company update. It was confirmed that Kingspan's total exposure to new housing in Ireland represents c.8% of group earnings, split between a 5% Century Homes exposure and a 3% insulation boards exposure. It was also pointed out that despite this year's slowdown in activity from last year's record levels, that 2007 new homebuilding in Ireland would still remain at a healthy level of c.78,000 units.
- Regulation beneficiary : It was highlighted that under UK legislation by 2016 all homes will need to be carbon neutral. As a result, Kingspan recently announced that in early July it is expected to unveil its first carbon neutral home. The off site manufactured home will come fitted with mechanical ventilation, heat recovery, water-efficient sanitary ware and a roof containing photovoltaic cells.
- Growth segments : The company's strong market positions within growth segments of the construction industry was also explained, such as the raised access floors. Kingspan is the number one producer of raised access floors in the US and Europe, and is currently benefiting from the buoyancy of both country's office markets. Kingspan is also the number 1 producer of structural secondary steel sections in the UK and Ireland, having been recently granted regulatory approval to build steel framed buildings up to 8 stories high which enables the company to enter the apartment sector.
- Entry level : However, with the shares currently trading at 19.9x 2007 eps of €1.02, there are likely to be better entry levels in the months ahead, particularly as the company's earnings growth is expected to slow to c.13% in 2008. Our view is that the company's medium term growth prospects are sufficient strong to justify a price target based on 20x current year eps. As a result, **we would recommend buying the shares on weakness sub €19**, but at current levels would recommend CRH (€33.90) as providing more value amongst the stocks exposed to the Irish and UK construction markets. Our current 12 month price target for CRH of €37 (9% further upside) is based on 14x 2008 eps of €2.64. When combined with a current year dividend yield of c.2%, this provides sufficient upside to upgrade our CRH recommendation again to BUY : **NEUTRAL**.

Breaking News

Grafton reports strong trading for first 4 months of the year

Grafton issued a positive AGM statement this morning as it commented that it had a strong start to the year. The company pointed out that its UK Merchanting business had a very good start to the year continuing the positive trend experienced in the second half of last year with conditions in the RMI market supported by a strong economy and healthy housing market. Grafton commented that solid sales growth was achieved in the Irish Merchanting business reflecting moderation in demand in the residential construction market and increased activity in the residential RMI market in a very favourable economic environment. The group also pointed out that the improving sales trend in the Irish DIY business which emerged in the second half of 2006 gained further momentum against a background of favourable weather and strong consumer spending.

Blackrock International Land announces joint venture

Blackrock International Land has entered into a 50:50 joint venture to acquire a newly constructed high specification office building in Brussels for a total outlay of €47.1m. The purchase of the landmark Olympiades building in the established Evere district of Brussels was undertaken with Belgian based EuroCapital property, the company that Blackrock already has a joint venture with on a warehouse and office investment in Zaventem, Brussels. Bank funding for 70% of the total outlay has been arranged. The property consists of eight-storieds with 140,000 square feet of offices, 15,000 square feet of basement storage and 195 basement car park spaces. As part of the transaction, the vendor is providing a two-year rental guarantee. The projected initial outlay yield on the total outlay is anticipated to exceed 6.2%.

Ryanair expects to double passengers in 5 years

Ryanair said that it expects to double its number of passengers to 100m in five years time. Ryanair also pointed out it expects to double its number of bases from 20 to about 40. Ryanair launched a price war on Wednesday against its rivals, selling 10m seats for between £10 and £20 in its largest ever promotion.

Business Press

- Lynch-led group expected to bid for ICG soon (IT)
- Trichet signals interest rates will rise again (IT)
- Amarin facing Nasdaq delisting on low trading price (II)

Investment Press

- UK interest rates: It has not been a great six months for the Bank of England. In that time it has suffered from confusing communication, a divided monetary policy committee and CPI rising to 3.1%.

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