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Market Movers

IRISH PAPERS TODAY

Taskforce says plan can create 117,000 jobs
(The Irish Times)

Glanbia in talks in sale of dairy business to co-operative
(The Irish Times)

Glanbia sale to generate €280m
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Geithner warns of rift over regulation
(Financial Times)

Tullet Prebon in discussions with third party
(Financial Times)

China struggles with inward mobility
(The Wall Street Journal)

Market View

Analyst: Stephen Taylor

European equity markets are slightly weaker this morning following broadly flat closes in Asia and the US overnight. Data out of China continues to be strong with industrial production data coming in well ahead of expectations, while new loans being issued by financial institutions also exceeded forecasts. The one concerning part of the data however, was the inflation figures that came in ahead of estimates at 2.7%. The combination of the data adds to the Government's case to pare back some of the stimulus measures that have been implemented. While the inflation data is concerning, we are comfortable that any moves in stimulus withdrawals or further monetary measures will be prudent and only be used to stop the economy from growing too fast. While there is question marks over data out of China, we look to what the CEO's of large multinationals have been saying for confirmation, and throughout the recent earnings season, the majority have been extremely positive in relation to the prospects for China. As for today the main focus will be on economic data out of the US with the trade deficit expected to widen slightly as imports grew faster than exports during the month of January, and may provide a signal that global demand is continuing to rebound. Also key will be weekly jobless claims that are expected to fall for the second week in a row.

BP: Buy **Previous Close** 625p **Target** 680p **Analyst** Brian Gallagher

BP announced this morning that they will pay Devon Energy \$7bn in cash for assets in Brazil, Azerbaijan and the Gulf of Mexico. The deal includes 7 licences in Brazil's deepwater Campos basin which has been particularly prolific. BP also announced that it will sell Devon Energy a 50% stake in its Canadian Kirby oil sands interests for \$500m. Devon Energy will take over the operatorship on these interests and will also fund \$150m of BP's costs in developing the oil sands. We believe that the net consideration of \$6.5bn resulting from the two deals will not impede on BP's balance strength with group gearing remaining below 35%. Furthermore, access to Brazil's deepwater blocks is a strong positive for BP and will help the company to achieve its production growth target of 1-2% over the next decade.

Cove Energy: Speculative Buy **Previous Close** 41p **Target** 59p **Analyst** Brian Gallagher

Cove Energy released an RNS this morning outlining that they have conditionally raised £25.7mln through the issue of 64,300,000 new ordinary shares at a price of 40p. The size of the placing is modest with the new shares equating to just under 24% of the current existing outstanding shares. Today's announcement follows Cove Energy's recent success in Mozambique where the company was involved in a project which found a material deposit of natural gas in the Rovuma Basin. The new funds will be added to the company's existing cash balance of circa \$45mln and then utilised in its ongoing commitments in Mozambique. We view today's developments positively as it means that the oil and gas explorer has secured its share of the drilling costs until the end of 2011 in what is a very exciting frontier basin. It is anticipated that the new shares will be admitted to trading on AIM on the 15th March.

Origin **Previous Close** €2.42 **Analyst** Oliver Gilvarry

Origin Enterprises released a semi-annual results this morning. Revenue was better than expected at €596.8m Vs €545m expected. EBITDA did disappoint at €23m, but the group did reduce net debt by more than expected, but part of this better than expected figure could be due to seasonality. Management are guiding EPS for the full year of 33c, down 3c from the previous year. The reason for the fall is due to the pressure on Farm incomes. On consumer foods, the group reduced prices over the period in line with the industry. The integrated agronomy business had a strong first half of the year due to Masstock, and the Marine Proteins and Oils JV benefited from higher fishfeed demand. On outlook, the company stated that the consumer foods is difficult and group is focusing on service, value and cost alignment to maintain the market shares of the brands. Tom O'Mahony, CEO of Origin, did comment this morning that dairy markets have stabilised, which is a positive read through for Glanbia.

UK Financials

Analyst Oliver Gilvarry

A report this morning in the FT states that the "Bad Bank" part of the nationalised bank Northern Rock is on course to make a profit this year. Northern Rock Asset Management Ltd now has 8% of its loan book in arrears, the highest in the industry but management forecasts the peak of impairments have been seen. This part of Northern Rock holds the worst quality loans of the group and the view of management it will move into profit this year is a positive read through for other banks. The main banks are Lloyds Banking Group which has a higher quality loan book than Northern Rock and is the most exposed of the UK banks to the retail mortgage market. It is also positive for BOI and Irish Life and Permanent as both have significant UK mortgage books.

Tesco: Buy **Previous Close** 438p **Target** 465p **Analyst** Stephen Taylor

Two UK retailers Morrisons and Home Retail have reported solid results this morning while providing a relatively cautious outlooks for the UK economy.

Morrison reported net income that increased by 30% to £598m beating expectations of £540m. Sales increased by 6% to £15.4bn. Total customer numbers for the group increased by 6.7% as Morrisons continues to gain market share in the UK grocery market. The group maintained its cautious outlook for the UK economy, however it does expect to continue to outgrow the market.

Home Retail has issued a trading statement for the final eight weeks trading period for the financial year end 27th February 2010. The group said that it expects profit before tax for the year to be c. £290m and slightly ahead of analyst expectations. Over the eight week period like for like sales at its Argos division declined by 9.4% to £537m, while at its Homebase division, like for like sales declined by 0.6%. The group said that for the year ahead it will continue to plan cautiously given the current uncertainty surrounding the economic environment.

Tesco remains our preferred play in the UK retail sector given its defensive qualities, international exposure and potential growth from Tesco Bank over the coming years. Tesco is due to report results April 20th.

Ryanair: Buy **Previous Close** €3.46 **Target** €4.30 **Analyst** Edward Keeling

British Airway's flight attendants are closer to strike action after protracted talks with union officials failer to reach an agreement. The union now has until March 15th to notify BA of any intended action, which must take place by March 22nd under the terms of the ballot. BA has been training alternative staff and preparing to lease aircraft with replacement crews should strike action occur. Both parties will be reflecting on the position but the TUC, the Trades Union Congress, has indicated no further negotiations are planned. It worth noting that any strike action would have a favourable impact on Ryanair's bookings, if it hasn't already, as travellers seek to avoid cancellation risk. Meanwhile Deutsche Lufthansa has said in a statement that it expects operating profit and revenues to rise in 2010. We also note recent positive reports from US carriers. United Airlines is "clearly seeing signs of an economic recovery", while Southwest Airlines indicated March bookings were very strong. The US Arca airline index recently hit a two year high.

C&C Neutral

Current Price : €2.85

Price Target : €3.10



DOLMEN STOCKBROKERS

Analyst: Edward Keeling

Thursday March 11th 2010

Business Model: C&C has radically changed its business model over the last year. In response to its marketplace underperformance and sharp earnings deterioration, C&C has transformed itself from a one product company, to a portfolio of brands. Through the acquisition of ABI's Tennant's brand (Scotland's leading larger brand with 55% of total larger volumes) and Gaymer's UK cider portfolio (including the brands Blackthorn, Olde English and Gaymer), it has reduced its overreliance on Magners in the UK and Bulmers in Ireland. It now offers a diversified product mix, in addition to catering for both the premium and value market segments. It has also increased its level of exposure towards the off trade channel, better reflecting the channel split of the overall UK cider market. Although it can be argued that C&C now offers less leverage to a recovery in the UK and Irish economies, one can invest for the longer term with a much greater degree of certainty. It also now provides less seasonal dependence and more security from the risk of increased competition.

Acquisition Integration: We believe there is earnings upside in excess of management guidance from the integration of its recently acquired businesses. As seen at its most recent trading update, we believe there is room for C&C to outperform its own synergy targets for the following reasons. Firstly the group will benefit from an improved route to market. In the UK for example, C&C will be taking back the Magners draught distribution rights in Scotland as well as for multi-pub operators in England and Wales. The company suspect there will be instant margin benefits with the removal of Molson Coors as a middle man. Molson Coors were more than likely chasing margin on its distribution rights, leading to higher prices, but negatively impacted on Magners expansion. Separately, C&C will also be able to push the Gaymer cider portfolio through to a broader distribution network.

Magners Performance: The group now has the potential to leverage its diverse product portfolio and win more business. Previously the fact that clients would only receive just one product when dealing with C&C acted as costly deterrent. Now C&C can offer several products along with Magners, a much more attractive proposition for its customers. A more diverse product offering will also benefit Magners market performance. It will allow Magners to focus on its own premium market segment, instead of trying to satisfy all customer needs, resulting in margins getting squeezed from competitors. (eg. Heineken). With Magners allowed to focus solely on its premium offering, its margins and profitability will improve. Overall while we acknowledge there is some integration risk considering the group will be integrating two companies at the same time, we believe risk to the company's synergy targets lay firmly on the upside.

Revenue Trends: C&C last updated the market on January 15th. Although the integration of its acquisitions is proceeding well, revenue trends were behind market expectations. For the three months to November 30th 2009, revenue declined by 13% and 4% for the cider and spirits division respectively. The performance in cider comprised a 17% decline in cider revenue in the UK and a 13% decline in cider revenue in the Republic of Ireland. However trading since December 1st had picked up significantly with cider volumes 3% ahead of the same period in the prior year. The company stated that cider sales benefitted from late ordering, which management indicated had adversely impacted the previous months sales. Although it is disappointing C&C will not deliver stable cider volumes for the full year as originally guided, it is still a considerable improvement versus last year's 14% fall.

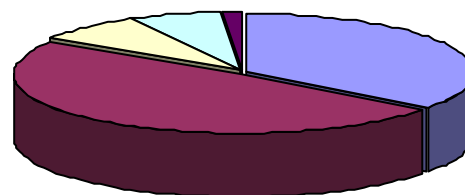
Reiterate Neutral with €3.10 price target: We are reiterating our Neutral rating on C&C with an increased price target of €3.10. While we do see upside to managements' synergy targets, (We believe the leveraging of its broader product offering and an improved route to market will help drive an outperformance) we need to see further stabilisation in the group's core product sales before we become more positive on the stock. In addition the group faces a clear tax risk with the UK budget announcement on March 24th. While we are attracted by its broader brand portfolio, product innovation and incentivised management, we remain neutral on the stock pointing towards a relatively full valuation, tax risk and weak sales trends. Our €3.10 price target is based on the group trading on a 2011 P/E multiple of 12x, in line with the sector average.

Descriptive Stats		Shareholders	
52 Week Ch	137.20%	Invesco	6.97%
52 Week High	€3.20	Artemis	5.41%
52 Week Low	€1.08	Deutsche Bank	3.15%
Reuters	GCC.I	Oppenheimer	2.98%
Bloomberg	GCC ID	IL&P	2.94%

	FY09	FY10e	FY11e
Revenue €m	514	594	908
Pre Tax profit	-66	78	97
EPS €	-19.20	0.22	0.26
DPS	0.09	0.06	0.08
P/E	N/A	12.95	10.96
Div Yield	0.50%	2.15%	2.87%

Peer Analysis	P/E 10	P/E 11	Div Yield
Diageo	13.9	12.7	3.52%
Pernod-Ricard	14.1	12.7	2.36%
SABMiller	10.4	9.2	2.23%
Heineken	13.3	11.6	2.24%
Carlsberg	11.8	10.4	0.95%

Revenue by Destination



ROI	35%
UK	49%
Rest of Euro	8%
North America	7%
ROW	1%



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,009	0.0%	0.9%
FTSE	5,641	0.7%	3.8%
Dow Jones	10,567	0.0%	1.3%
S&P	1,146	0.5%	2.7%
Nikkei	10,564	0.0%	1.1%
Stoxx 50	2,909	1.0%	-2.4%

Sector Performances

Sector	Index	1-Day	YTD
Construction	273	0.8%	-1.6%
Technology	207	1.5%	11.7%
Oil & Gas	331	0.7%	-0.5%
Financials	220	1.2%	-1.7%
Retail	254	0.0%	4.3%
Food & Drink	319	0.2%	4.5%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	82.1	0.7%	1.3%
Copper	336.8	-1.3%	-0.3%
Gold	1,108.4	-1.2%	1.0%
Silver	17.0	-1.8%	0.6%
Wheat	481.5	-1.6%	-13.4%
Cattle	91.7	-0.6%	4.4%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.366	0.4%	5.0%
€/£	0.912	0.6%	-2.8%
£/\$	1.498	-0.1%	8.1%
\$/JPY	90.520	0.6%	2.9%
€/JPY	123.620	1.0%	8.1%
€/SFR	1.461	-0.1%	1.5%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	72.9	-1.8%	2.9%
High Yield	413.5	-3.3%	-2.8%
Financials	74.9	-5.4%	4.5%
BoI	200.4	-0.5%	-18.0%
AIB	214.9	-1.5%	-20.8%
RBS	129.6	-3.1%	-5.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.6%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.1%	0.9%	0.5%
2-Year	1.5%	1.6%	1.1%
5-Year	2.5%	2.9%	2.6%
10-Year	3.3%	3.9%	3.8%

Date	Company	Region	Event
11/03/2010	Volkswagen AG	DE	FINAL
11/03/2010	Deutsche Lufthansa AG	DE	Q4
11/03/2010	Origin Enterprises Plc	IE	H1
11/03/2010	EcoSecurities Group Plc	IE	PRELIM
11/03/2010	Iberia Lineas Aereas de Espana	ES	TRAFFIC
11/03/2010	Swatch Group AG	CH	FINAL
11/03/2010	Home Retail Group plc	GB	TRADE
11/03/2010	WM Morrison Supermarkets PLC	GB	PRELIM
11/03/2010	Old Mutual PLC	GB	PRELIM
11/03/2010	National Semiconductor	US	Q3
12/03/2010	JD Wetherspoon PLC	GB	H1
15/03/2010	ESI Group SA	FR	Q4 SALES
15/03/2010	Bulgari SpA	IT	FINAL
15/03/2010	UBS AG	CH	FINAL
15/03/2010	Aryzta AG	CH	INTERIM
15/03/2010	TT Electronics PLC	GB	PRELIM
16/03/2010	Aeroports de Paris SA	FR	TRAFFIC
16/03/2010	Deutsche Bank AG	DE	FINAL
16/03/2010	Deutsche Post AG	DE	FINAL
16/03/2010	UniCredit SpA	IT	FINAL
16/03/2010	Debenhams Plc	GB	H1 TRADE
16/03/2010	Close Brothers Group PLC	GB	INTERIM

Date	Event	Region	Estimate
11/03/2010	ECB Publishes Mar. Monthly Rep.	EC	--
11/03/2010	Trade Balance	US	--
11/03/2010	Initial Jobless Claims	US	--
12/03/2010	Euro-Zone Ind. Prod. sa (MoM)	EC	--
12/03/2010	Advance Retail Sales	US	--
12/03/2010	Retail Sales Less Autos	US	--
12/03/2010	U. of Michigan Confidence	US	--
12/03/2010	Business Inventories	US	--
15/03/2010	Rightmove House Prices (MoM)	UK	--
15/03/2010	Eurozone Employment (QoQ)	EC	--
15/03/2010	Empire Manufacturing	US	--
15/03/2010	Industrial Production	US	--
15/03/2010	Capacity Utilization	US	--
16/03/2010	DCLG UK House Prices (YoY)	UK	--
16/03/2010	ZEW Survey (Econ. Sentiment)	GE	--
16/03/2010	Euro-Zone CPI (MoM)	EC	--
16/03/2010	ZEW Survey (Econ. Sentiment)	EC	--
16/03/2010	Import Price Index (MoM)	US	--
16/03/2010	Housing Starts	US	--
16/03/2010	Building Permits	US	--
16/03/2010	FOMC Rate Decision	US	--
16/03/2010	ABC Consumer Confidence	US	--

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