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IRISH PAPERS TODAY

Government budget cuts to continue despite EU extension
(The Irish Times)

More people are saving but sums are smaller
(The Irish Times)

€4bn must be slashed in the Budget, says EU
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Bank lifts forecasts for UK growth
(Financial Times)

RBS chief under fire over Anglo board role
(Financial Times)

BOE forecast anticipates slow recovery
(The Wall Street Journal)

Market View

Analyst : Stephen Taylor

European equity markets are broadly flat this morning taking a pause after their strong run over the last 7 days. The Bank of England's inflation report yesterday was broadly more dovish than expected and Governor Mervyn King did not rule out the possibility of further quantitative easing. His comments reinforce the view of the G-20 over the weekend that signalled stimulus measures will be continued to be deployed to support economic activity. As a result of King's comment on quantitative easing sterling has weakened by c. 1% over the last 24-hours. M&A activity in the tech sector continues to be a theme as Hewlett-Packard announced after the US close last night that it is to buy 3Com for \$2.7bn in an effort to step up competition with Cisco on the networking side. The acquisition is a further positive data point in relation to the technology sector. We view the technology sector as one of the best ways to play the global recovery with Intel, Microsoft, Cisco and Hewlett-Packard being some of our top picks in the sector. As for today on the economic front the main focus will be on weekly jobless claims out of the US with a further improvement in the number expected. In Europe, industrial production figures are expected to also show some improvement. On the corporate front and probably the key event of the day will be third quarter earnings from Wal-Mart. The stock is seen as a good defensive play and its numbers should have held up well as consumers have traded down, however its comments in relation to consumer spending will be closely watched by the market.

IN&M: Spec Buy **Current Price** €0.20 **Target Price** €0.26 **Analyst** : Oliver Gilvarry

Following the agreement with bondholders to convert part of their outstanding debt into equity, INM have released the prospectus regarding the rights issue to raise cash to repay the remainder of the outstanding bond debt. The rights issue will be for 59 shares for every 50 shares at a price of 5c. This will result in over 1.936m shares being issued and if the rights issue is taken up fully; existing shareholders will own 55.3% of the company. Banking facilities will be extended for a period of up to 4.5 years once the claims by the unsecured bondholders are satisfied. An EGM will be held on the 26th of November to approve the rights issue and that will be the record date also. Elsewhere, in the UK Trinity Mirror released an Interim Management Statement this morning stating the decline in revenues has begun to slow and the fall in advertising spend has slowed from 28% in the 26 weeks to June 28th to 20% for the 17 weeks to the 25th of October. This is a positive sign and could be an early indicator that the fall in advertising spend is close to the bottom. This has a positive read through for INM as it will be in a strong position to benefit from advertising up-lift once the current restructuring is completed by the end of this year.

Kingspan : Neutral **Current Price** €5.69 **Target Price** €5.44 **Analyst** : Stephen Taylor

Kingspan peer SIG has issued an interim management statement this morning for the period 1st July to present. The group pointed out that following the exceptionally challenging market conditions for the first half of the year, the market has remained 'very testing'. SIG did indicate that while volumes in the second half of the year have continued to decline in the majority of its geographies the pace of decline has moderated in some of its markets. As a result, turnover is broadly in line with company expectations in the second half of the year with sales declining by 15% since the end of June. SIG also indicated that it expects profit before tax for the year to be in line with current market expectations. Kingspan is due to issue an interim management statement on November 16th.

Paddy Power : Under Review **Current Price** €22.28 **Analyst** : Edward Keeling

Paddy Power released its interim management statement this morning, updating the market for the 19 week period from 1st July to 10th November 2009. The positive trends in turnover has continued with the amount staked growing strongly. This was boosted not only by recycling, reflecting poor gross win margins, but also from an impressive market share performance. In constant currency, non-retail and retail sportsbook amounts staked grew by 24% and 11% respectively. Commenting on its recent Australian acquisition, the group has stated that the integration of the business is progressing well and turnover growth remains very strong. Since the 1st July the number of Sportsbet's active customers has grown by 100%. Overall Paddy Power's financial position remains robust with a net cash position of €75m. The group has raised its full year earnings per share guidance from 111c a share to 113c. Perhaps most significant however is its announcement released in conjunction with its results. Paddy Power has announced its entry into the French online sports betting market through an outsourcing contract with PMU. PMU is the French horserace gaming monopoly and the largest betting organisation in Europe with €9.3bn of turnover in 2008 generated through 10,000 retail outlets. In anticipation of the deregulation of the French online gaming market, Paddy Power will manage risk and pricing for PMU's new online sports betting business for the five year period from 2010. Very little detail has been given in terms of deal structure or earnings forecasts. However the deal can only be seen as a major positive and we anticipate it will be significant catalyst for the stock going forward. We will be reviewing our estimates and will release a full company report shortly.



Vodafone : Buy **Current Price** 134p **Target Price** 150p **Analyst :** Stephen Taylor

Spanish peer of Vodafone, Telefonica (owner of O2) has reported a solid set of earnings this morning. Net income of €1.99bn was broadly flat year on year and in line with expectations. Revenue fell by 5.7% to €14.1bn slightly below expectations of €14.2bn. The group has already signalled that it plans to increase its 2010 dividend by 22%. We view the results as a positive read across for Vodafone and with both companies providing well covered dividend yields in excess of 5% we view both companies as good defensive investments.

Barclays

BUY

Current Price : £3.23

Price Target : £4.15

12th November 2009

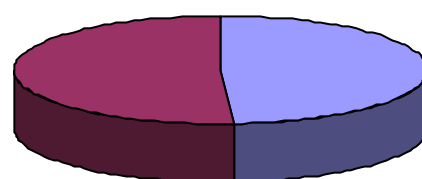


Analyst: **Oliver Gilvarry**

- Barclays released an Interim Management Statement (IMS) on Tuesday providing details on trading for the first nine months of the year. Profit before tax (PBT) of £4.5bn was in line with expectations, market consensus for full year PBT is £4.7bn and the bank is in line to achieve this target. The disappointment in the statement was the weaker than expected BarCap revenues.
- Q3 revenues for BarCap were £3.7bn, lower than expected by the market. Management stated Investment Banking was weaker in Q3 compared to other quarters with Currency and Commodities also weaker. Core income remained strong and timing was an issue on a number of deals that will complete in Q4. Guidance is for a strong pipeline in 2010 with strong volumes to continue.
- Costs in BarCap were 16% higher QoQ due to the build up of the European Investment Banking business. Gains from this build will start to be realised in Q4 and during 2010.
- Performance in the other divisions was good with Global Retail and Commercial Banking (GRCB) increasing income and decreasing costs, resulting in positive jaws of 7%. Income at UK retail banking remained weak with the higher cost of deposits and impairments impacting on profitability.
- Other areas such as Barclaycard, Western Europe and Absa performed strongly growing income yoy, but again part of this growth was offset by higher impairment charges than in the same period in 2008.
- The miss in BarCap figures was offset by better than expected impairment charges. Annualised impairment provisions have fallen from 1.44% at the half year to 1.36% at the nine-month stage. Guidance for full year loan impairments are now at the lower end of the previous range of £9-9.6bn, with a strong possibility it will be under £9bn. On the conference call, GRCB impairments were cautiously estimated to peak in Q1 with the chance the peak could come in Q4.
- The capital position in the bank remains strong with core tier 1 at the end of September of 8.8%, but including the conversion of warrants in October, this will add 19bps to the ratio. Barclays capital position is at the higher end of its peer group. As a sign of the strong capital position of the group, it also announced the resumption of cash dividends with an interim dividend of 1p.
- The statement on Tuesday was in line, but the miss by BarCap was a disappointment leading to the stock selling off. We still believe Barclays has a compelling investment case and is attractive at current levels, but there appears to be little in the way of catalysts in the short-term to move the stock higher. We reiterate our 12-month price target of £4.15 on the stock based on 1.3x 2009 estimated Tangible Net Asset Value (TNAV). The realisation of this target though in our opinion will be next year with no major catalyst until early 2010.

Descriptive Stats		Shareholders		
Year to date	110%	Qatar Inv.	7.13%	
52 Week High	391p	Legal & General	4.02%	
52 Week Low	47p	AXA	3.64%	
Reuters	BARC.L	Challenger UNI	2.75%	
Bloomberg	BARC LN	China Dev.	2.18%	
		FY08	FY09e	FY10e
Revenue €m	23,115	31,573	34,702	
Operating Profit	8,422	14,168	14,302	
Net profit	1,649	3,277	3,555	
EPS €	22	22	30	
DPS	12	3	8	
P/E	14.98	14.77	10.91	
Div Yield	3.54%	0.92%	2.42%	

2009 Half Year Income Breakdown



■ UK 49%

■ Non UK 51%



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,959	0.3%	26.6%
FTSE	5,267	0.7%	19.1%
Dow Jones	10,247	0.2%	17.3%
S&P	1,093	0.0%	21.6%
Nikkei	9,872	0.0%	10.7%
Stoxx 50	2,881	0.9%	17.6%

Sector Performances

Sector	Index	1-Day	YTD
Construction	266	0.7%	1.7%
Technology	183	1.9%	3.7%
Oil & Gas	321	-0.3%	2.7%
Financials	234	0.8%	2.3%
Retail	240	0.1%	1.7%
Food & Drink	285	-0.2%	4.1%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	79.3	0.3%	34.8%
Copper	299.1	0.2%	106.7%
Gold	1,117.4	1.0%	26.7%
Silver	17.5	1.8%	55.3%
Wheat	552.0	1.7%	-20.0%
Cattle	85.9	-0.4%	-6.7%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/€	1.499	0.0%	-6.6%
€/£	0.904	1.0%	5.4%
£/\$	1.657	-1.0%	-11.5%
\$/JPY	89.860	0.1%	1.0%
€/JPY	134.648	0.0%	-5.7%
€/SFR	1.511	0.0%	-1.1%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	85.4	-1.3%	-51.5%
High Yield	495.9	-1.3%	-51.8%
Financials	70.3	-3.2%	-41.4%
BoI	172.4	0.0%	-29.1%
AIB	186.0	0.6%	-9.9%
RBS	126.7	-0.1%	-6.5%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.7%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.2%	0.9%	0.5%
2-Year	1.7%	1.9%	1.2%
5-Year	2.8%	3.3%	2.6%
10-Year	3.5%	4.0%	3.6%

Date	Company	Region	Event
12/11/2009	Anheuser-Busch InBev I	BE	Q3
12/11/2009	Electricite de France SA	FR	Q3 SALES
12/11/2009	Vivendi SA	FR	Q3 SALES
12/11/2009	RWE AG	DE	Q3
12/11/2009	Bulgari SpA	IT	Q3
12/11/2009	Iberia Lineas Aereas de	ES	Q3
12/11/2009	Telefonica SA	ES	Q3
12/11/2009	AMEC plc	GB	TRADE
12/11/2009	Centrica Plc	GB	TRADE
12/11/2009	3I Group Plc	GB	INTERIM
12/11/2009	Ladbrokes Plc	GB	TRADE
12/11/2009	BT Group PLC	GB	Q2
12/11/2009	SIG PLC	GB	TRADE
12/11/2009	WH Smith Plc	GB	TRADE
12/11/2009	Wal-Mart Stores	US	Q3
13/11/2009	Dexia SA	BE	Q3
13/11/2009	KBC Groep NV	BE	Q3
13/11/2009	Aeroports de Paris SA	FR	Q3 SALES
13/11/2009	Bauer AG	DE	Q3
13/11/2009	Koenig & Bauer AG	DE	Q3
13/11/2009	JCPenney	US	Q3
13/11/2009	Independent News & Me	IE	EGM

Date	Event	Region	Estimate
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	--
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	--
16/11/2009	Advance Retail Sales	US	0.60%
16/11/2009	Empire Manufacturing	US	--
16/11/2009	Business Inventories	US	-0.50%
17/11/2009	CPI (MoM)	UK	--
17/11/2009	RPI (MoM)	UK	--
17/11/2009	Euro-Zone Trade Balance	EC	--
17/11/2009	Producer Price Index (MoM)	US	--
17/11/2009	Industrial Production	US	0.40%
17/11/2009	Capacity Utilization	US	70.90%
18/11/2009	Euro-Zone Current Account nsa	EC	--
18/11/2009	Bank of England Minutes	UK	--

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