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Market Movers

IRISH PAPERS TODAY

Banks prepare to give Arnotts extra €10m
(The Irish Times)

Debt costs rise on Irish, Greek fears
(The Irish Times)

Kerry Group in €33m bid for cheesemaking co-op
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Pru fights back with large rise in profits
(Financial Times)

BP agrees \$50.6m Texas City fine
(Financial Times)

New worries cast shadow on euro zone
(Wall Street Journal)

Market View

Analyst: Stephen Taylor

European equity markets have opened stronger this morning following higher closes in Asia overnight. Other risk asset classes are getting a boost this morning with crude oil and copper both trading higher. This morning second quarter GDP out of Germany has come in much stronger than expected with quarter on quarter growth of 2.2% compared to 1.3% expected. This is the fastest pace of economic growth since the country's reunification two decades ago. Germany has benefitted from weak Euro boosting exports that has also been reflected in many of the large Germany companies that have reported strong results including the auto makers, BMW and Daimler in addition to industrials giant Siemens. The strong data is also providing some support for the Euro this morning on the back of the data. The currency has been on the back foot on concerns surrounding European peripheral debt that has seen spreads continue to widen. As for today the main focus will again be on economic data out of the US with the main focus on the consumer. US retail sales for July are expected to show a month on month increase of 0.5%, while Michigan confidence data is also expected to show an increase month on month. With yesterday's weekly jobless claims being so disappointing both of these figures will be key for market direction.

Irish Economy

Analyst Oliver Gilvarry

Irish Government bond spreads over equivalent German debt remain elevated with the spread currently at 286bps. Just 20bps lower than the high seen on the 7th of May prior to the Euro-Zone bailout package was announced. The rapid rise in Irish Government yields started from the 6th of August following the poor results from AIB. The announcement by the Government the capital required for Anglo Irish Bank has now increased to €24.3bn with the risk for further increases has put further pressure on Irish yields. Next week the NTMA will have another bond auction on the 17th August. The agency plans to auction two bonds, the 4% 2014 and 5% 2020, with the amount to be raised to be determined on the day. The last auction saw Irish bond yields move higher in the run up and then fall back after the auction was completed. The NTMA did issue €500m of Treasury Bills yesterday with a bid:cover ratio of 3.6x, but the yield on 8-month Treasury Bills is 1% higher at 2.81% since last issued. The higher cost of issuing Irish sovereign debt will impact domestic Irish banks, keeping funding cost elevated.

CRH: Buy **Previous Close** €15.01 **Target** €20.00 **Analyst** Stephen Taylor

Press reports have indicated that CRH is acquiring Sax Sanitair, a Belgian distributor of sanitary, heating and ventilation products for an undisclosed amount. This move is in line with the company's current strategy of adding to growth through small bolt on acquisitions. Last year, Sax Sanitair generated revenues of €67m and net income of €5m.

Aryzta: Buy **Previous Close** €32.09 **Target** Under Review **Analyst** Oliver Gilvarry

Aryzta announced yesterday that its subsidiary IAWS has reached agreement with Tim Hortons, its 50-50 partner under the Maidstone Bakeries joint venture, to acquire Tim Hortons 50% share of Maidstone Bakeries for a consideration of €349m. The rationale behind the agreement is fast track growth from its manufacturing capability in North America by leveraging Maidstone's experienced labour force and intellectual property embedded in its' design and operations, to serve the quick service restaurant.

**International Equity Markets**

Index	Value	1-Day	YTD
ISEQ	2,864	-0.5%	-3.4%
FTSE	5,266	0.4%	-2.1%
Dow Jones	10,320	-2.5%	-1.0%
S&P	1,084	-2.8%	-2.8%
Nikkei	9,213	-0.9%	-12.3%
Stoxx 50	2,721	-0.1%	-7.6%

Sector Performances

Sector	Index	1-Day	YTD
Construction	243	-1.2%	-11.7%
Technology	187	-0.3%	2.0%
Oil & Gas	299	0.0%	-8.9%
Financials	218	-0.3%	-1.3%
Retail	261	-0.1%	6.7%
Food & Drink	331	2.2%	9.0%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	75.74	-2.9%	-7.8%
Copper	330.55	0.9%	-1.8%
Gold	1,213.85	1.3%	10.9%
Silver	18.07	0.9%	7.3%
Wheat	743.75	2.6%	24.6%
Cattle	95.30	-0.1%	6.4%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.283	-0.3%	-10.0%
€/£	0.824	0.2%	-7.2%
£/\$	1.558	-0.5%	-3.1%
\$/JPY	85.900	0.7%	8.2%
€/JPY	110.190	0.4%	-16.9%
€/SFR	1.347	-1.2%	9.7%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	119.7	1.4%	57.0%
High Yield	513.3	3.6%	3.2%
Financials	143.6	1.9%	78.6%
BoI	325.2	5.3%	28.7%
AIB	438.8	1.9%	54.6%
RBS	201.6	1.4%	33.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.5%	0.5%	0.2%
3-Month	0.9%	0.7%	0.4%
1-Year	1.2%	1.1%	0.5%
2-Year	1.3%	1.3%	0.7%
5-Year	1.9%	2.2%	1.7%
10-Year	0.027	3.2%	2.7%

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