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Market Movers

IRISH PAPERS TODAY

Owners of Bol shares vote to go with Nama
(The Irish Times)

Tesco' Irish unit fails to match group performance
(The Irish Times)

Cadbury CEO against firm's break up
(Irish Independent)

INTERNATIONAL PAPERS TODAY

RBS now a "prisoner of market" on bonuses
(Financial Times)

Banks braced for Basel battle
(Financial Times)

Blair made early Iraq pledge
(The Wall Street Journal)

Market View

Analyst : Stephen Taylor

European equity markets are slightly lower this morning adding to yesterday's losses and weaker closes in the US and Asia overnight. Alcoa's disappointing earnings and China increasing its reserve ratio were the main catalysts for the negative move. We are comfortable with the upcoming earnings season that will really kick off with Intel reporting on Thursday and JPMorgan on Friday. One area of concern for equity markets is any increased expectations for interest hikes, which is what China effectively did yesterday. We are of the view that with the current unemployment levels in the UK, Europe and US we do not expect any move in interest rates in the short-term and we expect Jean-Claude Trichet to confirm this when the ECB meets on Thursday. What is interesting is that it was the first down day for the S&P 500 all year and there are already a number of cautious comments coming from some market commentators. We again reiterate our stance of looking to buy equities on weakness. Our preferred sectors remain technology, basic resources, pharmaceutical and telecoms. As for today it is again relatively quiet on the economic and corporate front with little in the way of newsflow. In the US the Federal Reserve's Beige Book is due to be released after European markets close and we expect it to signal a moderate but continued improved trend in the economy.

European Sovereign Debt

Analyst : Oliver Gilvarry

The European Commission stated yesterday that there were "severe irregularities" in Greek statistical data. The report by the Commission said that Greek statistical data was so unreliable that the guidance on the government deficit for 2009 could be greater than the 12.5% of GDP given in October. The Greek Finance Minister is reported on the wires this morning that Greek debt figures are correct and the country doesn't need a bailout. He also stated there is now a solid basis for reducing the deficit in the coming year. The Greek Government's aim is to reduce the deficit to below 3% within three years. The plan to achieve this will be unveiled in the next number of days, but the bond market has not taken the Commission's comments well. Greek spreads over German Bund moved 14bps higher since Monday to 2.31%. Irish Government debt also moved higher, but only by 4bps to 1.41%. Concerns over Greece and other peripheral countries will remain in the background over the coming weeks and will be a negative towards the Euro.

Cadbury Takeover

Analyst : Edward Keeling

It has been reported that Ferrero has decided not to bid for Cadbury as the group has ceased talks with Hershey, a potential partner in a bid. With Swiss group Nestle ruling itself out of a bid last week, and now Hershey struggling to put a bid together, it looks like Cadburys will either merge with Kraft or remain independent. Cadbury has already rejected Kraft's latest offer and Kraft now only have until January 19th to raise its existing cash and stock bid, worth 762p. Meanwhile we also note that Kraft raised its 2009 profit forecast last night, indicating it is well positioned for top tier performance with or without Cadbury.

Bank of Ireland EGM

Analyst : Oliver Gilvarry

Bank of Ireland held its Extraordinary Annual Court (EGC) yesterday to gain shareholder approval for its participation in NAMA. The bank stated it will transfer up €16bn of property related loans to NAMA and it sees the discount to be no more than 30%. The transfer of the loans will cut core tier 1 of the bank to 8.3% from 10.1% at the half year. Equity Tier 1 will fall to 4.2% from 6.60% at the half year on a proforma basis. Management see NAMA bringing greater certainty to the loan portfolio and raises the prospect of capital raising. On capital the Chairman of the bank stated it may consider a rights issue post NAMA and the group is determined to remain independent. All four resolutions were passed by shareholders at the meeting and the next catalyst for the bank is the start of the process of moving loans into NAMA which is due to begin in mid February.

US Financial Regulation

Analyst : Oliver Gilvarry

The prospect of the US Government imposing a levy on the banking system is gaining more and more traction. President Obama will announce his plan tomorrow to impose a fee on the largest financial firms in the US. The levy is rumoured to raise \$120bn and is gaining cross party support. The levy will be imposed on banks that have repaid TARP funding, which includes all of the main US banks. The Government's TARP programme is expected to make a "healthy profit" according to Treasury Secretary Geithner. The Government's investment in AIG, GM and Chrysler will result in losses. The estimate for the cost of these losses plus the cost of stemming mortgage foreclosures is estimated at \$120bn. Some commentators have proposed the levy will be charged over a 10-year period which will lessen the impact. Until the uncertainty surrounding the levy is removed, we expect the US financial sector to be weak but we believe the levy will not be as onerous as some commentators suggest. Key to the performance of the sector over the week will be JPM results on Friday.



Kingspan: Neutral

Yesterday's Close €6.75

Analyst : Stephen Taylor

Kingspan peer SIG issued a trading statement this morning. The group said that it expects total sales for 2009 to have shown a 10.1% fall to £2.74bn which is in line with consensus. The group expects pre tax profit for the year to at least meet consensus estimates of £60m. The company continues to focus on cash-flow generation and as a result net debt declined by £437 to £260m. SIG is confident that it will remain within its banking covenants. SIG remain cautious moving into 2010 and expects activity in the construction to remain challenging.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,054	-1.5%	2.8%
FTSE	5,499	-0.7%	1.4%
Dow Jones	10,627	-0.3%	1.9%
S&P	1,136	-0.9%	1.9%
Nikkei	10,879	0.7%	1.8%
Stoxx 50	2,977	-1.1%	0.1%

Sector Performances

Sector	Index	1-Day	YTD
Construction	282	-1.6%	1.7%
Technology	189	-0.9%	2.5%
Oil & Gas	341	-1.1%	2.6%
Financials	231	-1.0%	2.9%
Retail	243	-0.1%	0.2%
Food & Drink	298	-0.2%	-1.4%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	80.8	-2.1%	0.4%
Copper	335.0	-2.7%	-0.6%
Gold	1,128.5	-2.0%	2.8%
Silver	18.3	-2.4%	8.2%
Wheat	535.8	-6.4%	-1.7%
Cattle	85.5	0.5%	-0.7%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.449	-0.2%	-1.0%
€/£	0.896	-0.5%	-0.7%
£/\$	1.616	0.3%	-0.2%
\$/JPY	90.975	-1.2%	2.1%
€/JPY	131.815	-1.4%	1.0%
€/SFR	1.476	0.0%	0.5%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	63.1	3.8%	-10.0%
High Yield	386.4	3.6%	-7.2%
Financials	59.4	1.3%	-12.5%
BoI	172.9	-0.4%	-28.5%
AIB	200.1	1.3%	-26.9%
RBS	107.5	0.4%	-22.1%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.2%	0.9%	0.5%
2-Year	1.7%	1.8%	1.2%
5-Year	2.7%	3.2%	2.8%
10-Year	3.5%	4.0%	3.8%

Date	Company	Region	Event
13/01/2010	Game Group PLC	GB	TRADE
13/01/2010	Ashmore Group Ltd	GB	Q2 TRADE
13/01/2010	SIG PLC	GB	TRADE
13/01/2010	Reed Elsevier PLC	GB	EGM
14/01/2010	Pernod Ricard SA	FR	TRADE
14/01/2010	Carrefour SA	FR	Q4 SALES
14/01/2010	Barratt Developments PLC	GB	TRADE
14/01/2010	Halfords Group Plc	GB	Q3 TRADE
14/01/2010	HMV Group PLC	GB	TRADE
14/01/2010	Home Retail Group plc	GB	TRADE
14/01/2010	Misys PLC	GB	INTERIM
14/01/2010	Mothercare PLC	GB	Q3 TRADE
14/01/2010	Premier Foods Plc	GB	TRADE
15/01/2010	Experian PLC	IE	TRADE
15/01/2010	Smiths News Plc	GB	TRADE
15/01/2010	Spectris PLC	GB	TRADE
15/01/2010	Bellway PLC	GB	AGM
15/01/2010	JPMorgan Chase & Co.	US	Q4
18/01/2009	Taylor Wimpey Plc	GB	TRADE
19/01/2009	Alstom SA	FR	Q3 SALES
19/01/2009	Accor SA	FR	Q4 SALES
19/01/2009	SEB SA	FR	Q4 SALES

Date	Event	Region	Estimate
13/01/2010	GDP (Annual Growth Rate)	GE	-4.80%
13/01/2010	Industrial Production (MoM)	UK	0.20%
13/01/2010	Euro-Zone Ind. Prod. sa (MoM)	EC	--
13/01/2010	MBA Mortgage Applications	US	--
13/01/2010	Monthly Budget Statement	US	-\$78.5B
13/01/2010	Fed's Beige Book	US	--
14/01/2010	Consumer Price Index (MoM)	GE	0.70%
14/01/2010	ECB Announces Interest Rates	EC	1.00%
14/01/2010	Import Price Index (MoM)	US	-0.10%
14/01/2010	Advance Retail Sales	US	0.40%
14/01/2010	Initial Jobless Claims	US	438K
14/01/2010	Business Inventories	US	0.00%
15/01/2010	Euro-Zone CPI (MoM)	EC	0.30%
15/01/2010	Euro-Zone Trade Balance	EC	7.0B
15/01/2010	Consumer Price Index (MoM)	US	0.20%
15/01/2010	Empire Manufacturing	US	12
15/01/2010	Industrial Production	US	0.50%
15/01/2010	Capacity Utilization	US	71.70%
15/01/2010	U. of Michigan Confidence	US	73.7
16/01/2010	Rightmove House Prices (MoM)	UK	--
16/01/2010	CPI (MoM)	UK	--
16/01/2010	RPI (MoM)	UK	--

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