DOLMEN DAILY

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9357 ↓	-52	-0.55%	14.1	-0.54%
FTSE 100	6560 ↑	39	0.60%	13.2	5.45%
DAX 30	7681 ↑	3	0.03%	14.2	16.43%
DOW	13482 ↑	187	1.41%	15.2	8.18%
NASDAQ	2582 ↑	33	1.28%	26.1	6.92%
S&P	1516 ↑	23	1.52%	15.9	6.87%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3308	0.6754	163.4000
Dollar	1.3308	1.0000	1.9703	122.9200
Sterling	0.6754	1.9703	1.0000	241.9800
Interest Rates (%)	3.7500	5.2500	5.5000	0.4800
Oil (Nymex)	66.2600			

This Week's Research

AIB
British Airways
Sterling Energy

Today's Research

Anglo Irish Bank

Breaking News

Barclays to consider sweetening ABN bid

Barclays has drawn up contingency plans to restructure its all-share offer for ABN Amro with a significant cash sweetener in case it is forced into a full-blown battle for control of the Dutch lender. Barclays realises that, unless legal disputes run in its favour, it will need to improve its €65bn offer if it is to trump the RBS-led consortium. But it is mindful of warnings from shareholders not to raise its price. It is therefore looking at reducing the number of shares it would issue for ABN Amro and replacing them with cash. Barclays is not expected to make a decision about restructuring its offer until it becomes clear whether the RBS-led consortium can press ahead with its rival €71.4bn break-up bid for ABN Amro.

GSK facing pressure to sell Consumer Healthcare Unit

GlaxoSmithKline is facing mounting pressure from shareholders to sell its over-the-counter medicines business. Analysts believe the business, which makes brands such as Ribena, Lucozade and Panadol, could fetch between £9bn and £12bn. Investors are unhappy with the lack of progress in the group's share price, which is trading at early 2005 levels having fallen 10% since May, in the midst of a safety scare around diabetes drug Avandia. The paper cited one shareholder as saying the group is 'wide open' to receive a letter similar to that sent to Vodafone last week by a hedge fund, calling for greater returns to investors.

AIWS announce completion of a €450m private placing

IAWS announced Today the completion of a $450m Guaranteed Senior Note Private Placement with US and UK institutions. The notes were issued on June 13, 2007 with a weighted average tenor of over 9.2 years. They were placed at a weighted average rate of 5.82% based on US Treasury with interest payable semi-annually. The proceeds of the placement will re-finance and lengthen the maturity profile of portion of the Group's existing borrowing facilities. Patrick McEniff, Finance Director, said: "The combined impact of placing long term debt and the releasing of approx. €265m in cash from Origin has considerably strengthened the IAWS balance sheet.

Today's Recommendation

Anglo (€15.80) Stabilising yields provide entry Stuart Draper
Target : €18 (08/03/07 ; previously €17.50, issued 02/02/07)

- Bond sell-off : The stabilisation of long term bond yields within the past 24 hours has created another attractive entry level sub €16 in Anglo Irish Bank. The 10% fall in the Anglo share price over the past 2 weeks was primarily driven by the rise in long term bond yields. However, this process now appears to be stabilising and continued commercial property rental growth provides an important offset to the negative impact on capital values of yields rising further.
- US expansion : The latest commercial property investment report from CBRE Richard Ellis also states that it expects investment in commercial property from Irish investors this year to at least match last year's record €11.9 bn, with any supply driven reduction in Ireland being offset by increased investment in the US and Europe, markets where Anglo has been generating strong loan growth in recent years.
- Loan growth : Last month, Anglo announced very strong results for the 6 months ended 31/03/07. Profit before tax of €552m was largely in line with the consensus forecast of €552.6m, even though the eps of 60.6c was c.3% ahead of the consensus forecast of 58.7c, largely as a result of a lower tax charge. The results represented spectacular year on year growth of 47% and 45% respectively, even after excluding a €22m profit from the Isle of Man trust sale. The results were driven by very strong 19% (€9.3bn) growth in the loan book over the 6 month period, combined with stable margins and robust credit quality.
- Attractive upside : Such continued strong loan growth provides the basis for the consensus current year eps forecast of €1.23, representing 31% growth on the prior year comparative of 93.7c. Such continued stronger than sector average earnings growth warrants a premium rating of c.20%, and as a result our current 12 month price target of €18 (14% upside) is based on 12x consensus eps of €1.48 for the year ending 30/09/08. Given the size of the bank's growth opportunity in both the UK and US markets, sustainable average earnings growth of 15% per annum appears achievable over the next 5 years, significantly stronger than the European bank sector average as a result of Anglo's unique niche business model. Such sustainably strong growth means that Anglo deserves such a premium rating : **BUY**.

Business Press

- IN&M says O'Brien claims 'outrageous' (IT)
- Businesses positive about Irish Economy (IT)
- Greencore shares up on bid speculation (IE)
- Deadline extended for ICG offers (IE)

Investment Press

Commodities/rates: Inflation scare? What inflation scare? The sovereign bond sell off might have spooked equities investors but commodities markets have shown less concern.

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