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**Tullow Oil:** Ugandan appraisal well result

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### Market Movers

## IRISH PAPERS TODAY

IMF report urges levy on bankers' pay and financial institutions (*The Irish Times*)

Embarrassment for Cameron as high-profile trade post is spurned (*The Irish Times*)

U.S. Lenders let standards slip in profit push (*Irish Independent*)

## INTERNATIONAL PAPERS TODAY

US moves to block new BP new leases (*Financial Times*)

African Minerals strikes deal with Chinese over iron ore mine (*Financial Times*)

Internal debate heats up at Fed (*Wall Street Journal*)

## Market View

**Analyst: Edward Keeling**

European equities have opened slightly lower this morning following their lead from Asia overnight. Despite economic data which pointed towards only a mild cooling in the Chinese economy, Asian stocks remained under pressure following a weak outlook from the latest US Federal Reserve meeting minutes. Chinese economic growth eased to 10.3% in the second quarter from 11.9% in the first, reflecting the governments latest measures to curb excessive credit growth and reduced fiscal stimulus. Nonetheless the data eased fears surrounding a significant slowdown in Chinese economic activity. In addition Chinese inflation data eased, implying the government will now be less likely to apply additional monetary policy tightening measures, a positive for the global growth outlook. Minutes from the latest Federal Reserve meeting in June showed that US policymakers are now more concerned over the pace of the US economic recovery. Federal Reserve officials trimmed their 2010 GDP growth forecast to a range of 3% - 3.5%, down from 3.2% - 3.7% previously. They also trimmed their outlook for inflation to a range of 1.0% to 1.1%, which is compared with a range of 1.2% to 1.5% before. However the changes to the outlook were viewed as relatively modest and as not warranting policy accommodation beyond that already in place. This followed news from the US Commerce Department that U.S. retailers' June sales declined 0.5%, worse than the 0.2% drop forecasted by economists. The market continues to be pulled in different directions from the bottom up analysis, which shows the majority of international bluechips pointing towards a robust demand recovery and a top down analysis which over recent months has seen economic data significantly soften and even led some market participants to forecast a double dip scenario or at least anaemic economic growth. Today this dichotomy will be particularly evident when Spain comes to the market with a ten year government bond sale, while JPMorgan & Google post second quarter results. On the economic data front US industrial production, Philly Fed and weekly jobless claims will be market moving later today.

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**Tullow Oil: Buy**      **Previous Close** 1138p      **Target** 1470p      **Analyst** Brian Gallagher

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Tullow Oil announced this morning that the appraisal well Nsoga-5 located in Uganda's Lake Albert encountered 10 metres of net pay. Nsoga 5 is part of the Butiaba appraisal campaign which was initiated with the aim of proving up the resource estimate in Lake Albert. The result today is another positive for the FTSE 100 listed explorer who is currently in the process of farming out 66.66% of three licences in Uganda to Total and CNOOC. Owo is the company's next high impact prospect with results expected from this drill over the next week.

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**GSK: Buy**      **Previous Close** 1182p      **Target** 1325p      **Analyst** Stephen Taylor

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Last night, advisory members to the Food and Drug Administration (FDA) in the US voted to keep GlaxoSmithKline's (GSK) diabetes drug Avandia on the market. Of the 33-strong advisory committee, 20 members voted to keep the drug on the market, while 12-voted to pull it and one member abstained. Panel members had previously voted that there was an increased concern about heart attacks with Avandia compared with other diabetes drugs, however they voted against finding a greater risk of death with Avandia. It should be noted that the FDA is not obliged to follow the recommendations of advisory panels, however it generally does. GSK has this morning announced that it is to take £1.57bn in legal charges during the second quarter of 2010 equating to an after tax cost of £1.35bn. The settlements and agreements in principle to settle include an investigation by the US Government into the group's former manufacturing site at Cidra, Puerto Rico, product liability and anti-trust litigation relating to Paxil, and product liability cases relating to Avandia.

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### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,947	-0.1%	-1.0%
FTSE	5,254	-0.3%	-3.5%
Dow Jones	10,367	1.4%	-0.6%
S&P	1,095	1.5%	-1.8%
Nikkei	9,795	2.7%	-8.2%
Stoxx 50	2,739	0.1%	-8.0%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	253	-0.2%	-9.1%
Technology	201	1.2%	8.0%
Oil & Gas	297	-0.6%	-10.3%
Financials	213	-0.4%	-4.9%
Retail	263	0.4%	7.8%
Food & Drink	343	0.2%	12.5%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	77.04	-0.1%	-7.2%
Copper	300.85	-0.3%	-11.0%
Gold	1,208.30	-0.3%	10.3%
Silver	18.29	0.2%	8.2%
Wheat	559.00	1.8%	-3.6%
Cattle	93.40	1.2%	4.4%

### Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.274	0.1%	-11.1%
€/£	0.835	-0.4%	-6.1%
£/\$	1.527	0.6%	-5.5%
\$/JPY	88.410	-0.4%	5.8%
€/JPY	112.660	-0.2%	-16.0%
€/SFR	1.341	-0.1%	10.7%

### 5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	119.7	-1.3%	66.7%
High Yield	513.3	-0.3%	23.4%
Financials	143.6	1.0%	80.0%
BoI	325.2	-4.2%	53.8%
AIB	438.8	-3.1%	81.7%
RBS	201.6	0.1%	43.3%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.5%	0.3%
3-Month	0.8%	0.7%	0.5%
1-Year	1.2%	1.1%	0.6%
2-Year	1.4%	1.4%	0.9%
5-Year	2.1%	2.5%	2.1%
10-Year	0.029	3.4%	3.1%

Date	Company	Region	Event
15/07/2010	Carrefour SA	FR	SALES
15/07/2010	Experian PLC	GB	TRADE
15/07/2010	Novartis AG	CH	Q2
15/07/2010	Mothercare PLC	GB	TRADE
15/07/2010	Burberry Group PLC	GB	AGM
15/07/2010	Premier Oil PLC	GB	TRADE
15/07/2010	Pirelli & C SpA	IT	AGM
15/07/2010	Google	US	Q2
15/07/2010	JPMorgan Chase & Co.	US	Q2
15/07/2010	W.W. Grainger	US	Q2
16/07/2010	Aeroports de Paris SA	FR	TRAFFIC
16/07/2010	DCC PLC	IE	TRADE
16/07/2010	BlueBay Asset Management	GB	TRADE
16/07/2010	British Land Co Plc	GB	AGM
16/07/2010	Bank of America Corp.	US	Q2
16/07/2010	CitiGrp	US	Q2
16/07/2010	First Horizon National Corp.	US	Q2
16/07/2010	General Electric	US	Q2
16/07/2010	Mattel	US	Q2
16/07/2010	Rockwell Collins	US	Q3
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Date	Event	Region	Estimate
15/07/2010	GDP Year-to-Date (YoY)	CH	--
15/07/2010	Consumer Price Index (YoY)	CH	--
15/07/2010	Retail Sales (YoY)	CH	--
15/07/2010	Industrial Production (YoY)	CH	--
15/07/2010	ECB July Repoty	EC	--
15/07/2010	Initial Jobless Claims	US	--
15/07/2010	Empire Manufacturing	US	--
15/07/2010	Industrial Production	US	--
15/07/2010	Capacity Utilization	US	--
15/07/2010	Philadelphia Fed.	US	--
16/07/2010	Euro-Zone Trade Balance sa	EC	--
16/07/2010	Consumer Price Index (MoM)	US	--
16/07/2010	U. of Michigan Confidence	US	--
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