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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6078 ↑	34	0.56%	11.0	-1.94%
FTSE 100	4922 ↓	-16	-0.31%	13.5	2.25%
DAX 30	4316 ↑	7	0.16%	15.0	1.41%
DOW	10626 ↓	-7	-0.06%	19.5	-1.45%
NASDAQ	2016 ↑	1	0.03%	15.6	-3.47%
S&P	1190 ↑	2	0.18%	21.0	-1.80%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3352	0.6951	139.9400
Dollar	1.3352	1.0000	1.9202	104.8200
Sterling	0.6951	1.9202	1.0000	201.2500
Yen	139.9400	104.8200	201.2500	1.0000

This Week's Research
Waterford Wedgwood
Ryanair
INWS

Today's Research
Friends Provident

Today's Recommendations

Breaking News

HBOS buys ESB shops

On Wednesday it was announced that Bank of Scotland (Ireland) announced that it is to buy ESB's network of shops. This would appear to be an excellent deal for HBOS, as it will give the bank an Irish retail branch network of 54 branches for only €120m. Remember Danske Bank paid €1.45 bn for National Irish Bank and Northern Bank before Christmas. (Re-iterate our current BUY recommendation for HBOS and €9.50 12 month price target). However, in addition to eliminating the obvious takeover premium from IL&P, the increased competition in Irish retail banking will further increase margin pressure for IL&P, AIB and BOI. As a result, we would re-iterate our current NEUTRAL recommendations for IL&P and AIB (US dollar exposure still a concern), but BOI at €12.25 may be worth BUYING ahead of next Tuesday's trading statement (our 12 month price target for BOI of €13.50 is based on 11x consensus forward eps of €1.22).

Update from Elan analyst presentation

Speaking at an analyst presentation in the U.S on Wednesday Elan chief executive Kelly Martin said that the second patient, diagnosed with PML, was now "showing some signs of improvement." Martin said the patient had checked out of hospital and was currently in a rehabilitation facility adding that PML isn't always fatal if caught and treated in time. He added that Tysabri affirm full data will be presented at AAN in Miami on April 12th.

Grafton director sells shares

It has been reported to the Stock Exchange that former Heiton chief executive and current Grafton director, Leo Martin, made a substantial reduction in his holding in the company. He sold 122,388 shares at €9.55 and following the transaction his holding in the company stands at 183,984 shares.

Friends Provident (£1.76) 2004 results Stuart Draper

- Results announced : This morning, Friends Provident reported results for the year ended 31/12/04. Operating profit of £344m was ahead of the consensus forecast of £320m, and was a year on year increase of 29%.
- Volume growth : This growth was driven by strong life and pension sales combined with a H2 2004 improvement in the new business margin. Further strong sales growth and margin improvement is likely for 2005, which should increase the company's return on embedded value to 12%.
- Savings recovery : The main feature of the company's recent sales results was a recovery in the sales of savings products more than offsetting a slowdown in protection product sales as the UK mortgage market's growth rates started to slow.
- Increased distribution : Friends' sales growth continues to be helped by the 2002 acquisition of Royal and Sun Alliance's international business, as well as Friends' distribution deal with Countrywide Assured for the distribution of its products through Countrywide's chain of estate agents.
- Lombard acquisition : Friends Provident recently announced the £183m acquisition of Luxembourg-based Lombard International Assurance. This acquisition should boost next year's earnings by c.7% and in resulting in over 30% of Friends' earnings coming from outside the UK, will further improve their diversification.
- Higher margin : Margins in the Luxembourg market are also higher than in the UK market, and Lombard has a strong track record of earnings growth. The acquisition should increase Friends' group margin to 21% and will be financed by the issue of new shares to Lombard's shareholders.
- Further upside : Our new 12 month price target of £2 (14% further upside) is based on 1.5x 2005 embedded value per share of £1.34. The company will also pay investors a dividend yield of c.4.4% for waiting for this upside to be realised. Friends' share price has now risen by 135% since our BUY note of 06/03/03 : BUY.

Business Press

- Second warning from Morrison (FT)
- Oil soars above \$57 despite OPEC pledge (II)
- Clayx shares rise in London AIM debut (II)
- Ryanair chief wins European award (IT)
- Danske silent on BOSI's snoop (IE)

Investment Press— Lex

- Crude Oil: A good poker player knows that you cannot show your hand and keep control of the game. Under pressure from the US, the Organisation of the Petroleum Exporting Countries has delivered the first of two possible 500,000 barrel per day quota increases. Oil prices, however, reached record highs.



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