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EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	7667	↓ -123	-1.58%	11.0	4.12%
FTSE 100	5676	↓ -171	-2.92%	13.5	1.01%
DAX 30	5653	↓ -199	-3.40%	15.0	4.52%
DOW	11206	↓ -214	-1.88%	19.5	3.92%
NASDAQ	2196	↓ -33	-1.50%	15.6	-0.43%
S&P	1270	↓ -22	-1.68%	21.0	2.03%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2739	0.6771	141.1000
Dollar	1.2739	1.0000	1.8808	110.7400
Sterling	0.6771	1.8808	1.0000	208.3200
Yen	141.1000	110.7400	208.3200	1.0000
Oil (Nymex)	68.6900			

This Week's Research
DCC
AIB
Sterling Energy

Today's Research
Apple

Today's Recommendation

Apple (\$65.26) **Attractive entry level** **Owen Turner**

- Recent weakness: Shares in Apple have dropped by almost 10 percent over the last 7 days in the wake of overall market weakness and news that fellow MP3-player manufacturer, Creative has filed patent complaints against the company. The share price weakness overshadowed news of Apple's continued transition to using Intel microprocessors with the release of its new MacBook line of consumer-laptop PCs. But with the company expected to benefit from a modest seasonal sales boost over the current quarter and as it approaches the completion of its transition to Intel microprocessors, we believe that the recent weakness provides an attractive buying opportunity.
- Law suit: Creative Technology is seeking to halt the import and sale of iPods in the US on the grounds of patent infringement. The lawsuit is the latest in a series of legal challenges to Apple. But investors can draw comfort from Apple's strong track record of successful legal defences. Apple recently fought off a lawsuit in the UK by Apple Corps, the Beatles' record label, which had sought to stop Apple using the Apple name in connection with the iTunes service.
- Q2 Results: Apple reported a strong set of Q2 results on April 19. The highlight of the results was a better than expected PC shipments number. Apple reported that 1.1 million PC units were shipped in the quarter on the back of a strong uptake of new Intel-based iMacs, MacBook Pros and Mac minis. This would suggest that concerns over Apple's transition to Intel microprocessors have been exaggerated.
- Strong PC sales: We expect the launch of further Intel-based Macs and demand from the education sector (the majority of US schools purchase their computers for the year ahead in the June-end quarter) to stimulate further growth in this area for Apple. Apple is expected to complete its Intel transition by the end of this year. Over the coming weeks Apple is also likely to benefit from a seasonal boost of 'Dads and Grads' purchases. Sales of iPods over the months of May and June would indicate that they are popular gifts for university/school graduates and Father's Day.
- High growth: Our current 12 month price target of \$75 is based on 25x 2007 eps of \$3. While this would represent a significant premium to sector average of 15x, this would appear justified given Apple's superior earnings growth over its peers (30% vs sector average of 15%) : **BUY**

Breaking News

Markets fall on inflation data

European markets closed sharply lower yesterday, in line with US peers, after interest rate fears were heightened by stronger-than-expected US CPI numbers. Consumer price index swelled 0.6 percent in April, topping forecasts of 0.5 percent. But core CPI without food and energy gained 0.3 percent, ahead of estimates and adding to worries that soaring oil prices have begun to lift prices elsewhere. The Dow suffered its biggest one-day drop in three years, while the Nasdaq extended its worst losing streak in five years. The FTSE 100 posted its biggest one day loss since September 2002. The sharp sell-off in stocks was part of a broader market rout, with U.S. Treasuries also tumbling amid signs of inflation.

BT Q4 results in line with forecasts

BT has posted fourth-quarter underlying core earnings in line with market expectations and said it was confident of growing revenues and earnings in the current year. BT reported EBITDA of 1.43 billion pounds for the three months to March 31 compared with 1.44 billion a year earlier. Analysts had on average forecast EBITDA of 1.43 billion, with estimates ranging between 1.40 and 1.45 billion pounds. BT's revenue rose 7 percent to 5.13 billion pounds, helped by a 28 percent jump in revenues from broadband Internet and networked IT services for companies, areas BT is increasingly reliant upon to counter a decline in its traditional fixed-line business.

William Hill comfortable with FY forecasts

William Hill said this morning that, in advance of the World Cup and a busy summer racing programme, it remains comfortable with consensus FY estimates. In a statement ahead of the annual general meeting the company said that since early March, sporting results have in general been favourable for both horseracing, which benefited from good results at the Cheltenham Festival and an excellent result for the Grand National, and football that benefited from above average results. In addition, trading comparatives will become easier in the coming months due to the unfavourable sporting results experienced in the second half of 2005.

Business Press

- One51 plans to raise €100m in funding (IT)
- CPL chief buys Anglo shares (IT)
- Aer Lingus flotation stalled until autumn (II)
- Providence eyes Spanish point (II)

Investment Press

- US inflation: Signs that the American house party is finally coming to an end leave the Federal Reserve with a new conundrum. A serious slowdown would crimp growth - both in terms of residential investment and consumer spending. That could help tip the Fed towards a pause in its long tightening campaign.



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