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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9912	↓ -22	-0.22%	11.0	5.35%
FTSE 100	6420	↓ -14	-0.21%	12.4	3.19%
DAX 30	6957	↓ -2	-0.02%	15.0	5.46%
DOW	12768	↑ 3	0.02%	19.5	2.44%
NASDAQ	2496	↓ -1	-0.03%	15.6	3.35%
S&P	1456	↓ -1	-0.09%	21.0	2.63%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3142	0.6729	156.9200
Dollar	1.3142	1.0000	1.9529	119.4000
Sterling	0.6729	1.9529	1.0000	233.1500
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	59.3900			

This Week's Research

Today's Research C&C

Today's Recommendation

C&C (€11.67) Trading statement Wednesday week Stuart Draper
Target : €13 (12/01/07 ; previously €12, issued 12/10/06)

- Trading statement : On Wednesday week, 28th February, C&C will release a trading statement for the year ending 28/02/07. The trading statement should confirm that the group will generate full year earnings per share of 54c, in line with current consensus market forecasts, and representing year on year growth of 80%. Given the capacity expansion currently underway and the continuing strong year on year growth in cider consumption, particularly in the UK, the group's forward guidance should be upbeat and provide reassurance for further eps growth of at least 20% to 65c for the year ending 28/02/08.
- Peer results : One of the reasons for some of the share price weakness last week may have been results from Diageo showing a continued decline in Irish on trade volumes. The read through from some international observers that this may imply lower cider volumes for C&C is most likely an over reaction, as Irish cider sales have continued to benefit from the trend of consumers substituting away from beer and towards cider.
- Sector consolidation : Another development last week which may support sector valuations in the near term, are press reports in relation to a potential merger between Anheuser-Busch and InBev. Both international drinks companies already trade at 18x 2007 earnings, even though their growth rates are significantly less than C&C's, at c.10%.
- Premium deserved : Given that sustainable earnings growth of c.20% appears achievable from C&C, it is reasonable that its shares should trade at a significant premium. Other peers, such as Heineken and Diageo, trade at c.17x forward eps, and so our current 12 month price target of €13 (11% further upside) is based on 20x forward eps of 65c, a 20% premium to peers.
- Share buyback : This continued growth will be facilitated by the €200m currently being invested in doubling the company's cider production, which will be available to supply next summer's demand. Also, even though further market share data for the winter months could show some further slight month on month declines, the data should continue to show significant year on year progress, supporting the product's strong medium term secular growth prospects. Other potential positive catalysts for the C&C share price this year could be the announcement of expansion into a new European market, such as Spain, or the announcement of a share buyback programme, perhaps in conjunction with the full year results on 9th May : **BUY**.

Breaking News

Tullow Oil prepares to test Kingfisher wells

Tullow Oil is preparing to conduct more production tests at its Kingfisher Well in Uganda. A shallower interval at a depth of 1,783 meters was tested in November last year, producing 4,120 barrels of oil per day, which gave the company an impetus to drill further to the targeted depth. The test program expected to last three weeks will target three intervals at between 2,260 and 2,367 meters. Tullow Oil, a joint venture partner with Heritage on this block, and now 100% owner of Block 2 in the western region after a merger, last year drilled and confirmed oil discoveries. Tullow have announced plans for a significant exploration and appraisal well program in Block 2, including wells in the north.

BP restarts ultracracker in its Texas city refinery

BP began restarting an ultracracker at its giant Texas refinery on Saturday, according to a notice filed with the state pollution regulation agency. BP planned to restart the ultracracker in January at the Texas City refinery, which is running at half its rated capacity of 460,000 barrels per day. The restart was pushed back to mid-February to repair a heat exchanger. The restart is expected to last through February 25, according to the notice filed with the Texas Commission on Environmental Quality. The ultracracker produces high-octane, premium gasoline and high-grade distillates like jet fuel.

US PPI falls 0.6% in January

The dollar remained weaker going into the weekend after US economic data for wholesale prices, the housing market and consumer confidence came in on the soft side. The US PPI fell 0.6% in January, the largest monthly fall since October, while housing starts slumped 14.3% from December to January. The University of Michigan consumer sentiment indicator for February also fell, to 93.3 from 96.9 in January, disappointing expectations for a rise to 97.0. The fall in the overall consumer confidence indicator is likely the result of the creep higher in energy prices from January and the instability in the housing market.

Business Press

- Airtricity bringing wind energy to Texas Plains (II)
- Airbus to unveil costs cuts and save €3.4bn (II)
- Qatar fund may buy Sainsbury stake (IE)

Investment Press

- European Utilities: These are halcyon days for Europe's utilities, but can they last?

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