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**BP** : BP to develop Rumaila, Iraq's largest oil field.

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## IRISH PAPERS TODAY

O'Reilly tries to broker compromise on IN&M  
*(The Irish Times)*

Banks hoarding much of ECB's injection of funds  
*(The Irish Times)*

Talks halted, but no deal reached on BA staff cuts  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Global stock markets head for best quarter in 20 years  
*(Financial Times)*

Citi raises credit card rates ahead of new rules  
*(Financial Times)*

Euro-zone inflation slips  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-0.7%	-0.9%
BP	-1.0%	-7.7%
CRH	-0.4%	-0.5%
DCC	-1.7%	40.4%
E.ON	-2.4%	-10.1%
HPQ	-0.8%	6.5%
IL&P	8.7%	125.4%
INM	4.3%	-40.6%
J&J	-0.3%	-5.1%
JPMorgan	-1.4%	8.2%
Microsoft	-0.4%	22.3%
Vodafone	-0.3%	-14.0%

## Market View

Analyst : Stephen Taylor

European equity markets are broadly higher this morning reversing the majority of yesterday's losses. The main catalyst for yesterday's sell off was US consumer confidence data for June that surprised to the downside. Concerns around future employment potential and higher oil prices dragged the index lower. The number should be put in perspective however as it came on the back of three very strong months of gains and the reading of 49.3 is still well off its February low of 25.3. Over the short-term given the continued job losses and that energy prices remain high, consumer confidence is unlikely to show major gains from here. On the positive side, US house price data yesterday in the form of the Case-Schiller index showed further signs of stabilisation, while Chicago manufacturing data for June also rebounded. Over night, Chinese manufacturing data continued to show signs of strength increasing for its sixth month in seven. China's participation in the global recovery cannot be over estimated and the strong figure is the reason for stocks rallying this morning. In relation to today's trading, focus will again remain on the economic data mainly out of the US. ADP employment figures are expected to show a further 395,000 people lost their jobs in June and will provide a read-across for tomorrow's key non-farm payrolls figure. Also in focus will be ISM Manufacturing data, in addition to construction spending and Pending home sales figures. As we saw yesterday any negative surprise to key economic readings may lead to weakness in equity markets.

**Tesco: Buy**    **Current Price (357p)**    **Price target (400p)**    **Analyst : Stephen Taylor**

Press speculation this morning indicates that Tesco may bid for nationalised UK bank Northern Rock. Other potential bidders include, Virgin Group and a number of private equity firms. Tesco has been increasing its focus on its Personal Finance division and we have long advocated that given the brand loyalty towards the company, a major push into financial services could be a good strategy over the coming years. If there is truth to the reports we believe a joint venture may be a more realistic possibility.

Marks & Spencer (M&S) issued a reassuring trading outlook this morning a further indication the recession in the UK is easing. Total revenue at UK stores fell by 1.4% beating analyst expectations for a 2.5% decline. Food sales declined by 0.5% versus expectations for a 2.4% decline. The group reiterated its margin guidance for the remainder of the year. While cautious on its outlook, M&S pointed out that confidence of the UK was slowly beginning to return. We take M&S' statement as a positive read across for Tesco, our preferred pick in the sector

**BP : Buy**    **Current Price (487p)**    **Price target (600p)**    **Analyst : David Dunk**

Iraq held its first oil licensing round in 30 years yesterday. The Iraqi government was looking to award 20 year service deals for 6 oil fields and 2 gas fields. The remuneration for these deals is based on a per barrel fee, in excess of a minimum production target. The results of the auctions were likely disappointing to Iraqi officials, with only one of the contracts awarded. BP, with partner China Petroleum will develop Rumaila, Iraq's biggest oil field. BP originally bid \$3.99 per barrel for the contract, but caved to Iraqi demands of \$2 per barrel. In contrast, Exxon refused to improve on its bid of \$4.80 per barrel. Similarly, for the other contracts on offer, bidding oil companies were seeking significantly more in revenues than was on offer. The failure of the bidding process highlights a number of key issues. Iraq currently pumps about 2.4 million barrels a day, potentially increasing to 11 million barrels in the coming years. The failure to award these contracts will hamper the development of the Iraqi oil industry. Also, BP's aggressive bidding is concerning given that none of its peers were willing to accept similar terms. In all likelihood, the remaining contracts will be issued on more favourable terms to oil companies. A positive for BP is that it may have garnered some goodwill from the Iraqi government.

**GSK: Sell**    **Current Price (1085p)**    **Price target (900p)**    **Analyst : David Dunk**

AstraZeneca Plc has announced that it has received clearance to sell its Iressa drug in Europe. The drug may be prescribed to treat adults with locally advanced or metastatic non-small cell lung cancer, and have a gene mutation that makes increases the effectiveness of the medicine. Iressa combats cancer by specifically targeting the mutant proteins in malignant cancerous cells.



### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,706	#VALUE!	15.6%
FTSE	4,249	-1.0%	-2.8%
Dow Jones	8,447	-1.0%	-3.8%
S&P	919	-0.9%	1.8%
Nikkei	9,940	-0.2%	12.2%
Stoxx 50	2,402	-1.5%	-0.6%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	213	-1.3%	5.3%
Technology	170	-1.0%	12.5%
Oil & Gas	284	-1.1%	8.4%
Financials	179	-0.9%	19.5%
Retail	210	-1.2%	16.5%
Food & Drink	237	-1.3%	2.8%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	69.9	-2.2%	28.7%
Copper	227.2	-2.3%	61.0%
Gold	926.6	-1.2%	5.6%
Silver	13.6	-2.7%	20.7%
Wheat	511.3	-3.3%	-18.6%
Cattle	85.3	-0.2%	-0.5%

### Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.403	-0.3%	0.7%
€/£	0.853	0.3%	-11.6%
£/\$	1.646	-0.7%	11.1%
\$/JPY	96.36	0.3%	6.3%
€/JPY	135.21	-0.1%	7.0%
€/SFR	1.525	0.0%	2.0%

### 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	128.4	-6.3%	-28.7%
High Yield	813.6	-0.9%	-22.9%
Financials	112.7	-3.6%	-10.0%
BoI	366.8	-0.2%	50.8%
AIB	367.2	-1.3%	79.0%
RBS	169.0	-3.2%	23.8%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.4%	0.3%
3-Month	1.1%	1.2%	0.6%
1-Year	1.4%	1.4%	0.9%
2-Year	1.8%	2.3%	1.5%
5-Year	2.9%	3.7%	3.0%
10-Year	3.6%	4.2%	3.8%

### Date Company Region Event

Date	Company	Region	Event
01/07/2009	John Wood Group	GB	TRADE
01/07/2009	Marks and Spencer Gro	GB	Q1 TRADE
01/07/2009	IFG Group PLC	IE	S/HOLDERS
01/07/2009	Home Retail Group	GB	AGM
01/07/2009	Constellation Brands	US	Q1
01/07/2009	General Mills, Inc.	US	Q4
02/07/2009	Donegal Creameries	IE	AGM
02/07/2009	NCC Group	GB	PRELIM
02/07/2009	Game Group	GB	AGM
03/07/2009	British Airways	GB	TRAFFIC
03/07/2009	Bank of Ireland	IE	AGM
03/07/2009	Big Yellow Group	GB	AGM
03/07/2009	Tesco	GB	AGM
06/07/2009	EasyJet	GB	TRADE
06/07/2009	Caledonia Investments	GB	TRAFFIC
06/07/2009	CRH PLC	IE	TRADE
06/07/2009	ALCOA Inc	US	Q2
06/07/2009	Finnair Oyj	FI	TRAFFIC
06/07/2009	Air Berlin PLC	DE	TRAFFIC
06/07/2009	SAS AB	SE	TRAFFIC
06/07/2009	Michael Page Internatio	GB	TRADE
06/07/2009	Persimmon PLC	GB	TRADE

### Date Event Region Estimate

Date	Event	Region	Estimate
01/07/2009	Retail Sales (MoM)	GE	0.10%
01/07/2009	PMI Manufacturing	GE	40.5
01/07/2009	PMI Manufacturing	EC	42.4
01/07/2009	PMI Manufacturing	UK	46
01/07/2009	MBA Mortgage Applications	US	-
01/07/2009	Challenger Job Cuts YoY	US	-
01/07/2009	ADP Employment Change	US	-374K
01/07/2009	ISM Manufacturing	US	44
01/07/2009	Construction Spending MoM	US	-0.50%
01/07/2009	Pending Home Sales MoM	US	1.10%
02/07/2009	PMI Construction	UK	-
02/07/2009	Euro-Zone Unemployment R	EC	9.30%
02/07/2009	Euro-Zone PPI (MoM)	EC	0.00%
02/07/2009	ECB Announces Interest Ra	EC	1.00%
02/07/2009	Change in Nonfarm Payrolls	US	-375K
02/07/2009	Unemployment Rate	US	9.60%
02/07/2009	Initial Jobless Claims	US	610K
02/07/2009	Factory Orders	US	0.50%
03/07/2009	PMI Services	GE	44.3
03/07/2009	PMI Services	EC	44.5
03/07/2009	PMI Services	UK	51.5
03/07/2009	Euro-Zone Retail Sales (MoM)	EC	-0.20%

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