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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6437 ↑	53	0.84%	11.0	3.86%
FTSE 100	5078 ↑	33	0.65%	13.5	5.48%
DAX 30	4605 ↑	25	0.54%	15.0	8.19%
DOW	10623 ↑	44	0.42%	19.5	-1.48%
NASDAQ	2090 ↑	1	0.05%	15.6	0.05%
S&P	1217 ↑	6	0.50%	21.0	0.41%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2214	0.6691	132.8900
Dollar	1.2214	1.0000	1.8256	108.7900
Sterling	0.6691	1.8256	1.0000	198.6000
Yen	132.8900	108.7900	198.6000	1.0000
Oil (Nymex)	59.0700			

This Week's Research

Today's Research
Lloyds TSB

Today's Recommendations

Breaking News

Eircom to apply for final 3G licence

In response to media reports on Friday, Eircom said it's exploring all options for its re-entry into the mobile phone market, which includes third-generation license. The communications regulator ComReg said late Thursday that it'd received a formal expression of interest in the last remaining 3G mobile licence. "We remain engaged on all aspects of potential re-entry routes," a spokeswoman said, but refused to deny speculation that Eircom is eyeing the last 3G licence. Eircom has said it's three alternatives for re-entering the mobile market: 3G, acting as a Mobile Virtual Network Operator or buying Meteor Communications, which has no 3G.

Bank of America announces China deal

Bank of America signed an agreement on Friday to buy a nine per cent stake in state-owned China Construction Bank for \$3 billion, the largest single purchase of stock in a Chinese bank by a foreign financial institution. Bank of America Corp.'s stake in China's second-largest bank is the latest move by an international lender to grab a strategic shareholding in China's banking industry. Other global banks such as HSBC and Citigroup have also been seeking strategic partnerships as a way to tap the potentially huge Chinese market.

Oil price edges towards \$60

Oil prices have soared to a record high above \$59 a barrel today, extending last week's surge as a threat against Western consulates in OPEC-member Nigeria jolted markets already worried about tight supplies. Oil climbed more than 9 percent, or nearly \$5, last week, drawing buying interest from trend-following hedge funds as prices surpassed the previous early April high.

Lloyds TSB (£4.75) Trading statement released Stuart Draper

- Trading statement : This morning, Lloyds TSB released its first half pre close period trading statement. According to the statement, the bank expects to deliver a "satisfactory" trading performance for H1 2005.
- Loan growth : Lloyds' confirmed that its rate of consumer lending growth in H1 2005 would be slightly lower than the double digit growth rates of recent years, even though it still expects to deliver revenue growth in excess of cost growth.
- Credit quality : The bank also expects its bad debts charge as a % of average loans to be "broadly consistent" with the charge of H1 2004. However, the lower charge of the group's corporate lending operations will be offset by a higher charge in retail banking as a result of an increase in the number of customers experiencing repayment difficulties.
- Takeover speculation : Earlier this year, we downgraded our Lloyds TSB recommendation from BUY to NEUTRAL. Our view was that the takeover speculation at the time represented an opportunity for some profit-taking. Even though a takeover approach from a major US bank still cannot be ruled out, on a stand alone basis, there continues to be better value elsewhere in the UK bank sector.
- Low growth : Core earnings growth at Lloyds TSB remains sluggish and the business disposals of recent years in New Zealand and South America will mean that 2005 earnings per share of c.44p is likely to show only 5% growth on the 2004 result.
- Switching opportunity : Therefore, with the shares trading at 10.8x 2005 earnings per share of 44p, we re-iterate our current NEUTRAL recommendation, and recommend a SWITCH into Royal Bank of Scotland (£16.71) as providing more value at current levels in the UK bank sector. RBS is still trading at 8.8x consensus 2005 eps of £1.89, a 19% discount : **NEUTRAL**.

Business Press

- European crisis adds to market rush for gold (FT)
- Morrison's deputy to fight on (FT)
- Greek tragedy hits Regal for \$63m (FT)
- NTR arranges €225m funding loan (II)

Investment Press— Lex

- Allied Domecq/Pernod: The flirtation stage of this party is well and truly over. Suitors who looked attractive at midnight after a glass or two seem a lot less appealing in the cold light of dawn. Allied Domecq's board, though, was never in doubt about which of its two potential purchasers it preferred.



DOLMEN SECURITIES

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