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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9981 ↑	28	0.28%	11.0	6.09%
FTSE 100	6412 ↓	-32	-0.50%	12.4	3.08%
DAX 30	6983 ↓	-4	-0.06%	15.0	5.85%
DOW	12787 ↑	19	0.15%	19.5	2.59%
NASDAQ	2513 ↑	17	0.68%	15.6	4.05%
S&P	1460 ↑	4	0.25%	21.0	2.92%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3151	0.6722	158.2400
Dollar	1.3151	1.0000	1.9558	120.3100
Sterling	0.6722	1.9558	1.0000	235.3000
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	58.0700			

This Week's Research
C&C
Elan

Today's Research
Wolseley

Today's Recommendation

Breaking News

Alliance & Leicester narrowly beats expectations

Alliance & Leicester narrowly beat market expectations with a 7% increase in full-year profit, helped by tight cost controls, and announced plans to buy back £300m of its shares this year. A&L said its core operating profit for the year to December 31 2006 came in at £585m, up from £548m in 2005. The improvement came as revenues rose 5.7% to £1.468bn, outpacing growth in costs, which were up just 1% at £699m. The move comes after the bank won approval to implement the new Basel II capital requirement regime, which will free up some surplus capital. The total bad debt charge in 2006 stood at £105m, up from £74m the previous year.

Dealing in new Ryanair shares to commence on Monday

Ryanair has made an application to both the Irish Stock Exchange and the UK Listing Authority for 1,551,500,778 Ordinary Shares of 0.635 euro cents each in the capital of the Company to be admitted to dealing on the Official List. Of these, 5,010,074 Ordinary Shares of 0.635 euro cents each remain unallotted pursuant to the Company's blocklisting facilities. This application is being made pursuant to a 2 for 1 stock split which was approved by Shareholders at the EGM of the Company on 14 December 2006. Dealings in the New Ordinary Shares are expected to commence on Monday, 26 February 2007. Accordingly, the last day of dealing in the existing Ordinary Shares will be Friday, 23 February 2007.

First Calgary get go ahead on oil & Gas field

First Calgary announced on Monday that the Algerian government had approved its \$1.3bn oil and gas field development plan for a block it controls in the Berkine Basin. Under the terms of the agreement, First Calgary will spend \$1bn while the Algerian government will fork out for the remaining \$300m. However, the First Calgary will get only 27.7% of the profits from the field while Sonatrach, will get the rest once the project is fully up and running in 2009. The read across for Petroceltic which also operates out of Algeria is very positive as it shows that Sonatrach are willing to let a small oil & gas company carry out a project like this alone.

Wolseley (£13.72) Major US housing & dollar risks Stuart Draper

- Trading statement : Last month, Wolseley, the world's number one distributor of heating and plumbing products, and a leading supplier of building materials to the professional market, released its pre-close period trading statement for the 6 months ending 31/01/07. The trading statement confirmed that conditions in the US housing market remain worse than expected, which is continuing to put pressure on volumes, and that significantly lower lumber and steel prices are continuing to squeeze margins.
- US dollar : The c.10% year on year weakness of the US dollar versus Sterling is also a major drag on Wolseley's earnings growth, given that for the year ended 31/07/06, c.70% of operating profit was generated by the group's US businesses. Both the annualised level of US housing permits and the level of US housing starts fell from c.2.2m for January 2006 to less than 1.6m for September 2006. Such an environment means that there is a high risk of further earnings downgrades during 2007.
- Lower profits : The consensus forecast is that Wolseley will generate an eps of 93p for the year ending 31/07/07, representing a 6% fall in earnings on the 2006 eps result of 98.8p, partly as a result of the extra 40m (10%) shares in issue following the DT acquisition. This means that the shares are currently trading at 14.8x consensus 2007 eps.
- Stronger growth : CRH (€34.05) is currently trading at 14.2x 2007 eps of €2.40, even though it appears on track to generate earnings growth of c.10% in both 2007 and 2008. It also has a significantly lower exposure risks to the US housing market than Wolseley as a result of its US commercial property, infrastructure and European market diversifications.
- Switching opportunity : Given CRH's prospects for continued double digit earnings growth, our view is that 14x forward earnings is now a fair multiple for its shares, and so our new 12 month price target of €37 (9% further upside) is based on 14x 2008 eps of €2.64. Even a similar rating applied to calendarised 2008 eps of £1.04 only generates a price target of £14.50 (6% further upside) for Wolseley. Therefore, at current levels, we re-iterate our BUY recommendation for CRH, and would need to see the Wolseley share price back below £13, where it was in early January, before considering upgrading our current recommendation to BUY from NEUTRAL.

Business Press

- Elan expects profit as losses narrow (IE)
- HP sees profits increase by 26% (IE)
- Dublin stock market index surges past the 10,000 level (II)
- Cadbury unwraps 9% profit boost (II)

Investment Press

- Barclays' racy results: There is something of a British-built sports car about Barclays. Its wonderful engine, Barclays Capital, is envied, but its revving makes passengers a little nervous.



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