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## Market Movers

## IRISH PAPERS TODAY

House prices fell 19% last year  
(*The Irish Times*)

O'Leary signals fares rise at Ryanair  
(*The Irish Times*)

Air-traffic controllers warn of further strike action "soon"  
(*The Irish Independent*)

## INTERNATIONAL PAPERS TODAY

Buffet attacks Cadbury takeover  
(*Financial Times*)

Beijing's curb on bank lending sends global equities into retreat  
(*The Financial Times*)

Financing fears hit Greek bonds  
(*The Wall Street Journal*)

## Market View

Analyst : Stephen Taylor

European equity markets are stronger this morning following strong data out of China last night in addition to strong earnings reports after the US market closed yesterday. China's economy is continuing to perform strongly with GDP figures coming in ahead of expectations. As we noted yesterday, there is speculation that the People's Bank of China may increase interest rates to cool down the economy and while this may be taken as a short-term negative we believe that in the long-term this will be taken as a prudent move by the markets. On the earnings front eBay reported better than expected results, while Starbucks also surprised to the upside in addition to raising earnings guidance. On the technology side Seagate (maker of disk drives) also reported earnings that were well ahead of expectations sending their shares up 10% after hours. We take this as a positive read across for Intel and Microsoft two of our preferred names in the technology sector. As for today the main focus will again be on banking earnings with Goldman Sachs due to report before the US market opens. On the economic front, money supply figures out of the UK will be closely watched, while in the US Philly Fed manufacturing figures and jobless claims will also be important.

**Tullow Oil: Buy** Yesterday's Close 1325p Price Target 1450p Analyst Brian Gallagher

Tullow Oil's 2010 exploration campaign got off to a positive start today with the UK listed company releasing news of a successful Ghanaian offshore drill. The Tweneboa-2 well encountered "32 metres of net hydrocarbons in stacked reservoir sandstones, comprising a 17 metre oil bearing zone below a 15 metre gas condensate bearing zone". This discovery is material and derisks the assets in the area further which will lead to upgrades of the company's NAV. The drilling update also reaffirms the strength of Tullow Oil's exploration portfolio and its ability to deliver drilling success when acting as operator. Tweneboa-2 is located in the Deepwater Tano licence in which Tullow Oil holds 49.95% and is partnered by Kosmos. Anadarko, Sabre and GNPC.

**Ryanair: Buy** Yesterday's Close €3.43 Price Target Under Review Analyst Edward Keeling

easyJet reported its interim management statement this morning, covering the quarter ended December 31<sup>st</sup>. The update was broadly positive and it was ahead of market expectations. Total revenue was up by 10.5% to £607.5m, reflecting a 9.1% increase in the passengers carried to 11 million and very little average fare attrition. easyJet's ticket prices have proven considerably more resilient through the cycle when compared with Ryanair as a result of its more modest capacity growth and its primary airport network portfolio. The group's balance sheet remains robust with cash and money deposits of £1.1bn. Although the group continues to expect a tough trading environment, its first quarter performance has been encouraging and it remains on track to deliver a substantial profit improvement during 2010. This trading update provides a positive read through for Ryanair and the sector as a whole. It supports the view that some pricing power will return to Ryanair this year.

**Bank of Ireland**

Yesterday's Close €1.49

Analyst Oliver Gilvarry

Bank of Ireland (BOI) is planning to issue 5-year debt under the Eligible Liabilities Guarantee. This issue will be guaranteed by the Irish Government for its term. Pricing on the deal is rumoured to be in the range of 145-150bps over 5 year mid swaps indicating a yield of 4.07-4.13%. Issue size we expect will be over €1bn. More details of the issue will be released over the course of the morning.

**US Financials**

Analyst Oliver Gilvarry

US banking results from Wells Fargo and Bank of America indicated that consumer credit trends were positive. In the case of Wells Fargo, management guided that the trend on consumer and corporate credit losses were running better than they previously guided. M&T reported very strong Q4 EPS, significantly higher than expectations at \$1.25 per share. The strong performance was driven by better credit conditions and an improvement in Net Interest Margins. The strong result increases the attractiveness of the bank, a positive for AIB if it decides to sell it. The results from the US banks over the last week have indicated that consumer credit conditions are improving as is corporate credit. This is a positive readthrough on the recovery in the US economy. Morgan Stanley's results disappointed yesterday with EPS weaker than expected on the back of lower trading revenues. Today we have Goldman Sachs reporting Q4 at 1pm Irish time with the market expecting EPS of \$5.178.



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,088	-0.5%	4.6%
FTSE	5,421	-1.7%	0.5%
Dow Jones	10,603	-1.1%	1.7%
S&P	1,138	-1.1%	2.1%
Nikkei	10,738	-0.3%	3.1%
Stoxx 50	2,915	-2.4%	-1.5%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	279	-2.1%	0.7%
Technology	192	-0.3%	4.6%
Oil & Gas	339	-1.4%	2.7%
Financials	222	-2.4%	0.3%
Retail	249	-1.1%	2.0%
Food & Drink	307	-0.4%	0.9%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	77.7	-2.0%	-2.9%
Copper	335.5	-2.7%	0.7%
Gold	1,111.1	-2.4%	1.4%
Silver	17.9	-4.9%	6.4%
Wheat	497.5	-0.6%	-8.4%
Cattle	91.1	-0.1%	1.0%

## Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.411	-1.3%	1.7%
€/£	0.866	-0.9%	1.9%
£/\$	1.629	-0.4%	-0.1%
\$/JPY	91.240	0.1%	1.5%
€/JPY	128.690	-1.2%	3.2%
€/SFR	1.473	-0.2%	0.7%

## 5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	72.4	2.9%	3.3%
High Yield	418.8	3.3%	-1.5%
Financials	79.6	8.7%	10.6%
BoI	192.7	3.5%	-20.3%
AIB	215.3	3.8%	-22.7%
RBS	129.5	5.0%	-6.9%

## Money Market Rates

Rate	EUR	UK	US
Overnight	0.6%	0.5%	0.2%
3-Month	0.7%	0.6%	0.2%
1-Year	1.2%	1.0%	0.5%
2-Year	1.7%	1.9%	1.2%
5-Year	2.6%	3.3%	2.7%
10-Year	3.4%	4.0%	3.8%

Date	Company	Region	Event
21/01/2010	Logitech International SA	CH	Q3
21/01/2010	BlueBay Asset Management PLC	GB	TRADE
21/01/2010	EasyJet PLC	GB	Q1 TRADE
21/01/2010	NCC Group Plc	GB	INTERIM
21/01/2010	WM Morrison Supermarkets PLC	GB	TRADE
21/01/2010	PayPoint Plc	GB	TRADE
21/01/2010	St.James's Place Plc	GB	NEW BIZ
21/01/2010	ThyssenKrupp AG	DE	AGM
21/01/2010	Intl. Game Tech.	US	Q1
21/01/2010	Capital One Fincl. Corp.	US	Q4
21/01/2010	KeyCorp	US	Q4
21/01/2010	Morgan Stanley	US	Q4
21/01/2010	Union Pacific	US	Q4
21/01/2010	UnitedHealth Grp	US	Q4
21/01/2010	Xerox Corp.	US	Q4
22/01/2010	Remy Cointreau SA	FR	Q3 SALES
22/01/2010	Invensys PLC	GB	Q3 TRADE
22/01/2010	Q1 Johnson Controls	US	Q1
22/01/2010	Q4 BB&T Corp.	US	Q4
22/01/2010	Q4 General Electric	US	Q4
22/01/2010	Q4 Harley-Davidson	US	Q4
22/01/2010	Q4 Kimberly-Clark	US	Q4

Date	Event	Region	Estimate
21/01/2010	ECB Publishes Jan. Monthly Rep	US	
21/01/2010	Public Sector Net Borrowing	US	--
21/01/2010	M4 Money Supply (MoM)	US	--
21/01/2010	Initial Jobless Claims	EC	--
21/01/2010	Philadelphia Fed.	EC	--
21/01/2010	Leading Indicators	US	--
22/01/2010	Retail Sales (MoM)	UK	--
22/01/2010	Industrial New Orders SA (MoM)	EC	--
22/01/2010	PMI Manufacturing	GE	--
22/01/2010	PMI Services	GE	--
22/01/2010	PMI Services	EC	--
22/01/2010	PMI Manufacturing	EC	--
25/01/2009	GfK Consumer Confidence Surve	GE	--
25/01/2009	Existing Home Sales MoM	US	--
26/01/2009	BOJ Target Rate	JN	--
26/01/2009	IFO - Business Climate	GE	--
26/01/2009	ECB Euro-Zone Current Account	EC	--
26/01/2009	GDP (QoQ)	UK	--
26/01/2009	S&P/CaseShiller Home Price Ind	US	--
26/01/2009	Consumer Confidence	US	--
26/01/2009	House Price Index MoM	US	--
26/01/2009	Richmond Fed Manufact. Index	US	--

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