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Market Movers

IRISH PAPERS TODAY

IN&M may get bond extension
(The Irish Times)

CIT board approves \$3bn rescue package
(The Irish Times)

Permanent TSB plans hike in variable home loan rates
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Resolution suffers new set knock-back by Friends
(Financial Times)

China wealth fund buys stake Dia-geo stake in push for foreign holdings
(Financial Times)

CIT shares soar on rescue deal
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.6%	4.7%
BP	1.7%	-4.3%
CRH	2.8%	5.8%
DCC	-0.6%	40.1%
E.ON	2.1%	-12.9%
HPQ	1.1%	11.4%
IL&P	2.4%	90.3%
INM	-6.7%	-41.2%
J&J	-0.3%	-1.3%
JPMorgan	0.2%	17.3%
Microsoft	1.0%	26.2%
Vodafone	-0.1%	-18.6%

Market View

Analyst : Stephen Taylor

European equity markets are stronger again this morning boosted by improved economic sentiment as credit markets continue to ease. Last night, CIT Group announced that it had entered into a \$3bn loan facility provided by a group of bondholders removing bankruptcy risk for the time being. We take it as a positive that a private sector solution has been provided here as the government were seen to be unwilling to step in again. As a result, credit spreads have continued to tighten this morning and is a further positive for equity markets. A key focus for today will be corporate earnings results out of the US. Caterpillar, DuPont, Coca-Cola and United Technologies are all due to report earnings before the market opens. Outlook statements will be important and any comments in relation to US and Europe will be significant for the market. We expect all companies to make positive comments in relation to growth from Asia, in particular China. Also in focus will be Fed Chairman Ben Bernanke who is due to speak about monetary policy at 3pm today.

AIB : Neutral **Current Price (€1.80)** **Price target (€1.55)** **Analyst : Oliver Gilvarry**

M&T Bank released Q2 results yesterday which beat expectations. Q2 EPS excluding merger costs was 71c compared to market consensus of 47c. In the quarter, Net Interest Margin (NIM) increased by 24bps and the balance sheet increased in size by the purchase of Provident. Fee income also increased in the quarter due to trading and service charges. On asset quality, Net Charge Offs (NCO) increased by 27bps in the quarter to 1.09% and Non Performing Loans (NPL) also increased, ending the quarter at 2.60% with loan loss provisions declining slightly by \$9m. Capital fell mainly due to the purchase of Provident and Tangible Common Equity (TCE), fell to 4.49%, in-line with expectations. On forward guidance, management expect credit costs to remain elevated during the remainder of the year and may not have peaked yet. They continue to have a positive bias towards NIM, as its deposits base and wholesale funding book re-prices following the sharp fall in interest rates after December. Management also stated they remain open to further purchases once the Provident deal is complete. The market likes the results and the stock rose 4.9% yesterday. The rise in share price is a positive for AIB who own 22.62% of M&T Bank and this investment could play a role in raising capital for the group. Any potential sale has to be weighed against the loss of the annual dividend AIB receives from M&T Bank.

Tesco : Buy **Current Price (376p)** **Price target (400p)** **Analyst : Stephen Taylor**

Wm Morrison has issued a trading update ahead of the completion of the first six months of trading for its 2010 financial year. The company commented that the strong start to the year has been maintained through the second quarter with results ahead of expectations. Volumes are continuing to grow and together with better than projected improvements from its Optimisation Plan, the group's ex-fuel gross margin for the full year is now expected to exceed its original plan by c. 40bps.

Elsewhere, Next has brought forward its first half trading statement by one week in light of the better than expected trading. Total retail sales were up 1.4% during the period, with like for like sales down by -1.9%. Overall sales of summer clothing benefited from much better weather than last year and Next estimates that the warm temperatures have improved sales by between 2%-3%. As a result of the improved performance, Next has added a further £15m to its internal profit forecast for the first half of the year. The company was a little cautious on the second half of the year and it continues to expect consumers to moderate spending in the second half of the year.

Overall, we take both trading statements as a positive read across for Tesco. Tesco remains our top pick in the sector given its international exposure and low cost product offering. We also expect its financial services division, Tesco Personal Finance, to be driver of revenue over the next number of years.

Elan : Neutral **Current Price (\$7.90)** **Price target (\$7.40)** **Analyst : David Dunk**

Elan has released its Q2 results this morning. Revenue in the second quarter increased from \$245.6m to \$280.9m. This was ahead of forecasts of quarterly revenue of \$258m. Similarly, Elan has reported a net loss that is better than expected. For the second quarter, Elan lost \$68.2m, compared to market expectations of a \$79.9m loss. An increase in Tysabri sales was the main driver of higher revenues. Tysabri revenues increased to \$173.7m, from \$133.4m in the same quarter of last year. At the end of the second quarter, 43,300 patients were being treated with Tysabri, split between 22,000 in the US, and 20,700 in Europe. The 3,400 patients added since March 2009 represents an 8% increase over the period. This compares favourably to the 2,200 patients added in the first quarter of the year. The EDT unit also performed strongly with a 10% increase in revenue to \$78.9m. Elan expects to be profitable on an adjusted EBITDA basis in the current year. We are leaving our rating and price target unchanged following the results



Paddy Power : Buy Current Price (€18.45) Price target (€21.50) Analyst : Edward Keeling

Playtech, the international designer and licensor of software for the gaming industry, released its second quarter trading update this morning. Despite gross income for the quarter rising some 23% year on year, due to a slower than expected William Hill online integration process, its expectations have been lowered for the full year. The board now believes that full year trading will be below current market forecasts and it anticipates EBITDA for the first half of 2009 to be in the range of €43m to €45m. In response to this statement, William Hill has issued a reassuring update on its Playtech joint venture. It believes William Hill online is making good progress during a difficult trading environment and it remains comfortable with markets consensus for its online business. In our view any difficulties that exist appear to be specifically related to William Hill and Playtech's integration process and not the online sector as a whole. As a result this could be seen as positive read across for Paddy Power, with the potential for it to continue to gain UK market share.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,740	1.5%	18.8%
FTSE	4,444	0.6%	0.8%
Dow Jones	8,848	1.2%	0.8%
S&P	951	1.1%	5.3%
Nikkei	9,652	2.7%	8.9%
Stoxx 50	2,501	1.3%	2.8%

Sector Performances

Sector	Index	1-Day	YTD
Construction	218	1.6%	8.1%
Technology	169	-0.1%	9.9%
Oil & Gas	291	1.6%	9.2%
Financials	192	1.9%	28.0%
Retail	220	1.0%	21.4%
Food & Drink	247	-0.5%	6.8%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	64.0	0.7%	15.6%
Copper	246.9	1.9%	72.0%
Gold	948.7	1.2%	7.6%
Silver	13.6	1.7%	20.6%
Wheat	542.3	0.1%	-17.1%
Cattle	91.9	-0.1%	3.1%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.423	0.9%	1.7%
€/£	0.860	-0.4%	-10.3%
£/\$	1.655	1.3%	11.0%
\$/JPY	94.19	0.0%	3.7%
€/JPY	134.04	0.9%	5.4%
€/SFR	1.520	0.1%	1.7%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	125.0	-6.3%	-34.6%
High Yield	789.2	1.4%	-28.5%
Financials	99.2	-6.4%	-18.2%
BoI	376.4	0.4%	53.6%
AIB	382.9	-1.8%	81.9%
RBS	153.3	-6.6%	14.7%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.4%	0.2%
3-Month	0.9%	1.0%	0.5%
1-Year	1.3%	1.2%	0.8%
2-Year	1.7%	2.2%	1.4%
5-Year	2.8%	3.6%	3.0%
10-Year	3.6%	4.2%	3.8%

Date Company Region Event

Date	Company	Region	Event
21/07/2009	Dragon Oil PLC	IE	TRADE
21/07/2009	AK Steel Hldng Corp	US	Q2
21/07/2009	Caterpillar	US	Q2
21/07/2009	DuPont	US	Q2
21/07/2009	Merck & Co., Inc.	US	Q2
21/07/2009	State Street Corporator	US	Q2
21/07/2009	The Coca-Cola Co.	US	Q2
21/07/2009	United Tech.	US	Q2
21/07/2009	Yahoo, Inc.	US	Q2
21/07/2009	Apple Inc.	US	Q3
21/07/2009	Nordea Bank AB	SE	Q2
21/07/2009	Volvo AB	SE	Q2
21/07/2009	IG Group Holdings plc	GB	PRELIM
21/07/2009	Sevem Trent Plc	GB	TRADE
22/07/2009	ICON Plc	CH	Q2
22/07/2009	Fiat SpA	GB	Q2
22/07/2009	Iberdrola SA	GB	Q2
22/07/2009	GlaxoSmithKline PLC	GB	Q2
22/07/2009	Bank of New York Mello	GB	Q2
22/07/2009	Boston Scientific Corpor	GB	Q2
22/07/2009	eBay	GB	Q2
22/07/2009	Eli Lilly	GB	Q2

Date Event Region Estimate

Date	Event	Region	Estimate
21/07/2009	Public Sector Net Borrowing	UK	15.0B
21/07/2009	Chicago Fed Nat Activity Ind	US	--
21/07/2009	Bank of Canada Rate	CA	0.25%
21/07/2009	ABC Consumer Confidence	US	--
22/07/2009	Bank of England Minutes	UK	--
22/07/2009	Industrial New Orders SA (M	EC	1.80%
22/07/2009	CBI Qtrly Industrial Trends T	UK	--
22/07/2009	MBA Mortgage Applications	US	--
22/07/2009	House Price Index MoM	US	-0.20%
23/07/2009	ECB Euro-Zone Current Acc	EC	--
23/07/2009	Retail Sales (MoM)	UK	0.40%
23/07/2009	Initial Jobless Claims	US	558K
23/07/2009	Existing Home Sales MoM	US	0.60%
24/07/2009	IFO - Business Climate	GE	86.5
24/07/2009	GDP (QoQ)	UK	-0.30%
24/07/2009	U. of Michigan Confidence	US	65
24/07/2009	PMI Manufacturing	GE	42
24/07/2009	PMI Services	GE	46
24/07/2009	PMI Manufacturing	EC	43.4
24/07/2009	PMI Services	EC	45.2
27/07/2009	GfK Consumer Confidence €	GE	--
27/07/2009	New Home Sales MoM	US	--

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