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**Market Movers**

## IRISH PAPERS TODAY

Cowen says public sector pay cuts will be in the budget  
(*The Irish Times*)

Nama to be kept off State's balance sheet  
(*The Irish Times*)

Tysabri revenue up despite fewer new patients  
(*Irish Independent*)

## INTERNATIONAL PAPERS TODAY

King calls for banks' functions to be split  
(*Financial Times*)

Upbeat start to earnings season  
(*Financial Times*)

Euro to rise on need of nations to cut debt  
(*The Wall Street Journal*)

## Market View

**Analyst : Stephen Taylor**

European equity markets are slightly higher this morning reversing some of yesterday's losses. Overnight Yahoo reported better than expected earnings and indicated that it is starting to see signs of stabilisation with advertising dollars beginning to 'loosen up'. Yahoo's shares were 5% higher after hours. In addition, Dell indicated this morning that it expects the imminent release of Windows 7 to boost demand for hardware from Mid-2010. We again reiterate our preference to be overweight the technology sector as it benefits from globalisation, innovation and balance sheet strength. Valuations of the major blue chip names continue to look attractive and represent an excellent way to play the global recovery. As for today the main focus will be on corporate earnings with Morgan Stanley, Wells Fargo and Boeing all due to report before the US market opens. On the economic front, in the UK the market will be looking at the Minutes from the Bank of England's most recent meeting when it kept interest rates on hold at 0.50% and left its asset purchase program on hold at £175bn. There has been speculation that the BoE would increase the program by a further £25bn at some stage however comments from BoE member Paul Fisher indicate that this may not be the case. In the US focus will be on the Federal Reserve's Beige Book and comments from the report in relation to unemployment and the consumer.

**Deutsche Bank: Buy Current Price:(€54.80) Price Target:(€64) Analyst : Oliver Gilvarry**

Deutsche Bank released a statement indicating it expects Q3 net profit of €1.4bn compared to analyst's expectations of €811m. Pre-tax profits are expected to be in the range of €1.3bn with the market expecting €1.15bn. The large beat on after tax profits is due to tax credits. All business units are to report positive results and the tier 1 capital ratio was 11.7% at the end of Q3, an increase of 70bps from Q2. The stock is down in early trading as the market is disappointed the results were not better than expected. The bank will report full figures on the 29<sup>th</sup> of October.

Later on today Morgan Stanley report in the States with the market expecting a Q3 EPS of 30c, but comments on their real estate exposures and the performance of Trading and Investment Banking will be closely examined. Wells Fargo is reporting before the market opens today and its guidance on consumer credit trends will be closely watched as a read-through for the real economy. Both of these results will be key drivers of the banking sector today.

**BHP Billiton: Exp & Prod Report Current Price: (1814p) Analyst : David Dunk**

This morning the world's largest miner released a slightly disappointing production report and made some cautious remarks in relation to future demand. BHP increased iron ore and petroleum production but production lines such as copper and nickel either missed or were flat against analysts estimates. Management stated that they believe Chinese restocking is now complete and that there is some evidence of a inventory build up. They also said that demand in developed economies will be volatile but they reiterated that they foresee a pick up by mid 2010. Finally an update on one of the company's main copper mines (Olympic Dam) revealed that it would not return to full production until March 2010, which means that the mine will continue to operate at 25% of capacity.

**Cadbury: Q3 Earnings update Current Price: (800p) Analyst : Oliver Gilvarry**

Cadbury has reported better than expected third quarter earnings this morning. Sales increased 7% compared to a 4.7% increase expected. Cadbury has increased its full year guidance, with the company now expecting to achieve full year revenue growth in the middle of the 4%-6% range. The company had previously guided towards the lower end of this range. The company sees underlying operating margins increasing at least 1.35%. While revenues increased, volumes actually declined in the third quarter, by 3%. Revenue growth was driven by demand in India, the Middle East and South Africa. The strong results and increase in guidance are seen as management efforts to fight Kraft's takeover bid for the company.

**Elan: Neutral Current Price: (\$6.46) Price Target: (\$7.15) Analyst : David Dunk**

Elan has reported third quarter earnings this morning. Revenue over the period was \$283.7m, compared to \$266.4m for the same quarter in 2008. The company was profitable in the quarter, with a net income of \$52.3m, compared to a loss of \$83.5m last year. Earnings per share was \$0.11 for the quarter. Tysabri sales increased 16% to \$191.4m in the third quarter, with 46,200 patients under treatment by the end of September 2009. Elan and partner Biogen ceased releasing data on new PML cases earlier in the year and as a result the number of additional cases of PML is uncertain. Biogen yesterday reported that it was in talks with the FDA to amend the label on Tysabri to reflect greater health risks for long term users. The increasing concerns over Tysabri's safety could lead to lower patient take up for the drug going forward.

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**Tesco: Buy**    **Current Price: (390p)**    **Price Target: (425p)**    **Analyst : Stephen Taylor**

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Home Retail has announced its half year results this morning and Britain's largest household goods retailer reported profit before tax of £123m, compared with analysts' expectations of £121m. Sales for the half year were up 3% to £2.8m, helped by new store openings. Going forward the group has reiterated its full year profit guidance for profit of about £255m but it remains cautious about the prospects for consumer demand. The group has maintained its interim dividend of 4.7p and is confident that the operational and financial strength of the business will sustain its competitive advantage.

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**Ryanair: Buy**    **Current Price: (€3.36)**    **Price Target: (€4.00)**    **Analyst : Edward Keeling**

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BAA has accepted a £1.5bn bid for its Gatwick airport from a consortium led by Global Infrastructure Partners. BAA was ordered to sell the airport by Britain's Competition Authority after a report finding deemed its previous regime uncompetitive. It has indicated that BAA must also sell either Edinburgh or Glasgow airport. This result can be seen as a positive for LCC carriers including Ryanair amid expectations that increased competition will result in lower airport charges.

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### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,278	-0.5%	40.6%
FTSE	5,243	-0.7%	18.6%
Dow Jones	10,092	1.0%	14.4%
S&P	1,098	0.9%	20.8%
Nikkei	10,337	1.0%	16.6%
Stoxx 50	2,925	-0.8%	19.8%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	273	-1.6%	1.5%
Technology	189	-1.2%	3.6%
Oil & Gas	321	-0.3%	2.8%
Financials	239	-0.8%	2.3%
Retail	228	0.4%	1.5%
Food & Drink	279	0.5%	4.0%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	79.1	-1.1%	34.4%
Copper	293.2	-1.2%	104.9%
Gold	1,055.2	-0.8%	20.0%
Silver	17.6	-0.4%	55.1%
Wheat	517.5	0.0%	-23.3%
Cattle	86.2	-0.3%	-4.0%

### Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.494	-0.1%	-6.6%
€/£	0.912	0.1%	5.3%
£/\$	1.638	-0.2%	-11.3%
\$/JPY	90.770	0.2%	0.0%
€/JPY	135.650	0.1%	-6.6%
€/SFR	1.512	-0.1%	-1.1%

### 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	90.4	-0.3%	-49.7%
High Yield	470.8	-0.4%	-54.3%
Financials	69.1	-1.7%	-41.8%
BoI	164.2	-2.2%	-34.8%
AIB	173.8	-0.7%	-13.7%
RBS	109.5	-0.8%	-19.3%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.4%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.3%	0.9%	0.6%
2-Year	1.8%	1.9%	1.3%
5-Year	2.7%	3.2%	2.7%
10-Year	3.5%	3.9%	3.5%

Date	Company	Region	Event
21/10/2009	ICON Plc	IE	Q3
21/10/2009	Peugeot SA	FR	Q3 SALES
21/10/2009	Fiat SpA	IT	Q3
21/10/2009	Iberdrola SA	ES	Q3
21/10/2009	Cadbury PLC	GB	TRADE
21/10/2009	Drax Group Plc	GB	TRADE
22/10/2009	Schneider Electric SA	FR	Q3 SALES
22/10/2009	Dragon Oil PLC	IE	TRADE
22/10/2009	Nestle SA	CH	Q3 SALES
22/10/2009	Novartis AG	CH	Q3
22/10/2009	3M Co.	US	Q3
22/10/2009	AT&T	US	Q3
22/10/2009	EMC Corporation	US	Q3
22/10/2009	McDonald's Corporation	US	Q3
22/10/2009	Merck & Co., Inc.	US	Q3
22/10/2009	The Hershey Co.	US	Q3
22/10/2009	The Travelers Co., Inc.	US	Q3
22/10/2009	Union Pacific	US	Q3
22/10/2009	United Parcel Service, Inc.	US	Q3
22/10/2009	Wyeth	US	Q3
22/10/2009	Xerox Corporation	US	Q3

Date	Event	Region	Estimate
21/10/2009	Bank of England Minutes	UK	--
21/10/2009	MBA Mortgage Applications	US	--
21/10/2009	Fed's Beige Book	US	--
22/10/2009	Euro-Zone Current Account nsa	EC	--
22/10/2009	Retail Sales (MoM)	UK	0.60%
22/10/2009	Initial Jobless Claims	US	515K
22/10/2009	Leading Indicators	US	0.80%
22/10/2009	House Price Index MoM	US	--
23/10/2009	IFO - Business Climate	GE	--
23/10/2009	IFO - Expectations	GE	--
23/10/2009	GDP (QoQ)	UK	0.10%
23/10/2009	Industrial New Orders SA (MoM)	EC	--
23/10/2009	Existing Home Sales MoM	US	5.40%
26/10/2009	Hometrack Housing Survey (MoM)	UK	--
26/10/2009	Chicago Fed Nat Activity Index	US	--
26/10/2009	Dallas Fed Manf. Activity	US	--
27/10/2009	Euro-Zone M3 s.a. (YoY)	EC	--
27/10/2009	S&P/CaseShiller Home Price Ind	US	--
27/10/2009	Consumer Confidence	US	--
27/10/2009	Richmond Fed Manufact. Index	US	--
27/10/2009	ABC Consumer Confidence	US	--

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