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IN&M : Press reports suggest bondholders discussions approaching resolution

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Market Movers

IRISH PAPERS TODAY

Long-term jobless up by 25,000, says CSO
(The Irish Times)

INM on verge of refinancing deal with bondholders
(The Irish Times)

Petroceltic shares up on Algerian gas find
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Google close to victory in keyword ads legal battle
(Financial Times)

Barratt and Redrow set for £850m cash call
(Financial Times)

Big Oil keeps cool to Russian welcome
(The Wall Street Journal)

Market View

Analyst : Edward Keeling

US equity markets finished higher overnight as stocks rallied in response to expectations that the Fed will announce at the end of its two day policy meeting today that it intends to maintain accommodative economic growth measures for some time to come. Equities were further boosted by positive comments from Intel's CEO who reiterated that the PC industry remains alive and well and that Intel expects a flat to potentially better 2009 compared to last year. We continue to recommend an overweight position in the technology sector with Microsoft and Cisco our preferred picks. Asian equities also posted gains overnight as economic data showed that New Zealand's economy unexpectedly grew in the second quarter, expanding by 0.1% and ending the nation's longest recession on record. The dollar slid to one year lows against a basket of Asian currencies following the news as investors anticipated that interest rates will be the first to rise in this region. European equity markets are stronger this morning following their lead from the US and Asia overnight. This is despite news that the Purchasing Managers composite Index climbed to 50.8 this month, up from 50.4 in August but behind expectations for a rise to 51.3. On a positive note this does represent its highest level since May 2008 and crucially it is above the 50.0 mark that divides growth from contraction. We would expect the euro-Zone economy to grow by c.1% over the third quarter. For the rest of today's session, the Fed's statement following its policy meeting will be in focus, while the US mortgage applications data release at 12:00 will also be closely watched.

Persimmon : Buy Current Price (485p) Price target (560p) Analyst : Stephen Taylor

Redrow and Barratt Developments have both announced equity raises this morning. Barrett Developments is placing 72.9m shares at £2.685, a discount of 10.6% compared to yesterday's closing price. A further fund raise will be done through a rights issue on a 1.3 shares for 1 share at £1.00. This will raise £545.5m and is at a 37.8% discount to the theoretical ex-rights price (TERP). The equity raise is fully underwritten and will be put to shareholders on the 19th of October. The rights issue and placing will allow Barratt strengthen its balance sheet and reduce its financial indebtedness. The company also released an up date on current trading with the announcement stating that a "degree of stability" has returned to the UK Housing market in the second half of the 2009 financial year. Reservation prices are running ahead of internal expectations and forward sales at the end of June were £464.3m, but these had increased to £733.4m by the 13th of September. Barrett's full year results, released this morning also, reported a full year loss before tax of £144.1m with an adjusted loss per share of 23.8p. Completions for the full year fell 29% to 13,202 units, but guidance for this year is for a decline of 7.7% to 12,000 units.

Redrow also announced a rights issue this morning, looking to raise £150m from a 13 for 14 rights issue at a share price of 105p. The issue is at a discount of 38.8% to the TERP based on yesterday's closing price. The issue is fully underwritten by a syndicate of banks. Steve Morgan, Chairman of Redrow, is supporting the issue and he will take up his rights on the 29.9% of the stock he controls. The equity raise will reduce the level of gearing in the company and relax banking covenants with regard to land purchases and joint ventures. Also announced this morning by the company is the purchase of five freehold land assets and options to purchase seven more strategic land assets plus the name Harrow estates for a total consideration of £15m. The comments from Barratt Developments on the UK housing market are a positive as is the ability of both companies to raise equity. Our preference in the sector remains Persimmon and we reiterate our buy.

IN&M : Neutral Current Price (€0.32) Price target (€0.45) Analyst : Stephen Taylor

Speculation is mounting that Independent News & Media's (INM) discussions with bondholders are nearing a resolution. Terms of the deals seem to include a conversion of part of the debt into equity, with a rights issue to redeem the remainder of the bonds that were due for repayment in May of this year. The current standstill agreement is due to expire on Friday and CEO of INM, Gavin O'Reilly, indicated last night that a deal is close with some form of debt for equity swap likely. As part of the re-structure shareholders such as Denis O'Brien and Tony O'Reilly would see their holdings being diluted by almost half. A large amount of uncertainty still exists over the company especially when the two largest shareholders seem at odds with the future direction of the company



Sterling Energy : Buy Current Price (3p) Price target (5p) Analyst : David Dunk

Sterling Energy has released its interim results this morning. The average production for the first half of the year declined by 13%, to 4,563 barrels of oil equivalent per day. Group turnover decreased 24% to \$43.3m compared with the previous year. The company reported an operating loss of \$1.6m before non-cash impairments of \$40.6m. At the end of June the company had unrestricted cash of \$67.1m, and debt of \$74.4m. Sterling paid back \$49m of bank debt during the first half of the year. The disposal of the US assets remains a focus of management. The proposed open offer, which may raise up to £20.6m, is expected to go ahead in November. The critical drilling on the Sangaw North prospect in Kurdistan remains on schedule for December.

Petroceltic : Buy Current Price (19p) Price target (Under Review) Analyst : David Dunk

Petroceltic has released a statement this morning in relation to the Elsa prospect which is located in the Adriatic Sea, offshore from Italy. Petroceltic has a 40% working interest, with the remainder being held by operator Cygam Energy. Cygam has received an independent assessment of the contingent oil & gas resources in the Elsa prospect. The review, commissioned by Cygam was based solely on the Elsa prospect, and none of the other structures in the license. DeGolyer & MacNaughton's best estimate for potential reserves is 104.2m barrels of recoverable oil, and 31.49bcf of gas. The prospect is scheduled to be drilled in late 2010, subject to rig availability.



International Equity Markets

| Index | Value | 1-Day | YTD |
|-----------|--------|-------|-------|
| ISEQ | 3,386 | 0.5% | 45.6% |
| FTSE | 5,143 | 0.2% | 16.4% |
| Dow Jones | 9,779 | -0.4% | 12.0% |
| S&P | 1,065 | -0.3% | 18.6% |
| Nikkei | 10,444 | 1.7% | 17.1% |
| Stoxx 50 | 2,882 | 0.3% | 18.2% |

Sector Performances

| Sector | Index | 1-Day | YTD |
|--------------|-------|-------|------|
| Construction | 268 | 0.1% | 1.7% |
| Technology | 196 | 0.5% | 3.7% |
| Oil & Gas | 313 | 1.0% | 2.8% |
| Financials | 235 | 0.3% | 2.4% |
| Retail | 228 | -0.3% | 1.8% |
| Food & Drink | 269 | -0.7% | 4.0% |

Commodity Prices

| Commodity | Index | 1-Day | YTD |
|-----------|---------|-------|--------|
| Crude Oil | 71.8 | 2.6% | 23.6% |
| Copper | 286.5 | 2.1% | 96.6% |
| Gold | 1,014.4 | 1.1% | 15.2% |
| Silver | 17.1 | 1.4% | 51.9% |
| Wheat | 455.8 | -0.1% | -32.6% |
| Cattle | 84.4 | -0.2% | -6.7% |

Currency Exchange Rates

| Commodity | Index | 1-Day | YTD |
|-----------|---------|-------|--------|
| €/\$ | 1.479 | 0.8% | -5.5% |
| €/£ | 0.904 | -0.1% | 5.5% |
| £/\$ | 1.636 | 0.9% | -10.5% |
| \$/JPY | 91.101 | -0.9% | -0.4% |
| €/JPY | 134.762 | -0.1% | -5.9% |
| €/SFR | 1.514 | 0.0% | -1.3% |

5Yr Credit Spreads

| Commodity | Index | 1-Day | YTD |
|--------------|-------|-------|--------|
| Invest Grade | 96.7 | -2.6% | -48.4% |
| High Yield | 546.2 | -4.8% | -47.8% |
| Financials | 75.4 | -4.7% | -40.0% |
| BoI | 182.3 | -0.3% | -29.4% |
| AIB | 177.8 | 0.4% | -14.0% |
| RBS | 109.2 | -1.6% | -20.5% |

Money Market Rates

| Rate | EUR | UK | US |
|-----------|------|------|------|
| Overnight | 0.4% | 0.4% | 0.2% |
| 3-Month | 0.8% | 0.6% | 0.3% |
| 1-Year | 1.2% | 0.8% | 0.6% |
| 2-Year | 1.7% | 1.9% | 1.3% |
| 5-Year | 2.8% | 3.4% | 2.8% |
| 10-Year | 3.6% | 4.0% | 3.7% |

Date Company Region Event

| Date | Company | Region | Event |
|------------|---------------------------|--------|---------|
| 22/09/2009 | AGI Therapeutics Plc | IE | INTERIM |
| 22/09/2009 | Imperial Tobacco Group | GB | TRADE |
| 22/09/2009 | JD Sports Fashion PLC | GB | INTERIM |
| 22/09/2009 | Ridge Mining Plc | GB | INTERIM |
| 22/09/2009 | ConAgra Foods | US | Q1 |
| 23/09/2009 | Game Group PLC | GB | INTERIM |
| 23/09/2009 | TEG Group (The) PLC | GB | PRELIM |
| 23/09/2009 | United Utilities Group Pl | GB | TRADE |
| 23/09/2009 | Bed Bath & Beyond Inc. | US | Q2 |
| 23/09/2009 | Red Hat, Inc. | US | Q2 |
| 23/09/2009 | AutoZone Inc. | US | Q4 |
| 24/09/2009 | Ryanair | IE | AGM |
| 24/09/2009 | Escada AG | DE | Q3 |
| 24/09/2009 | Scisys Plc | GB | INTERIM |
| 24/09/2009 | Mitchells & Butlers Plc | GB | TRADE |
| 24/09/2009 | Peter Hambro Mining Pl | GB | MEETING |
| 24/09/2009 | McCormick & Co., Inc. | US | Q3 |
| 25/09/2009 | Alexon Group PLC | GB | INTERIM |
| 28/09/2009 | Aryzta AG | CH | FINAL |
| 28/09/2009 | Wolseley plc | GB | PRELIM |
| 28/09/2009 | McInerney Holdings PL | IE | EGM |

Date Event Region Estimate

| Date | Event | Region | Estimate |
|------------|------------------------------|--------|----------|
| 22/09/2009 | Richmond Fed Manufact. Ind | US | 16 |
| 22/09/2009 | House Price Index MoM | US | 0.50% |
| 22/09/2009 | ABC Consumer Confidence | US | -- |
| 23/09/2009 | PMI Manufacturing | GE | 50.8 |
| 23/09/2009 | PMI Services | GE | 54 |
| 23/09/2009 | PMI Manufacturing | EC | 49.7 |
| 23/09/2009 | PMI Services | EC | 50.5 |
| 23/09/2009 | Bank of England Minutes | UK | -- |
| 23/09/2009 | Industrial New Orders SA (M | EC | 2.00% |
| 23/09/2009 | MBA Mortgage Applications | US | -- |
| 23/09/2009 | FOMC Rate Decision | US | 0.25% |
| 24/09/2009 | IFO - Business Climate | GE | 92 |
| 24/09/2009 | Initial Jobless Claims | US | 546K |
| 24/09/2009 | Existing Home Sales MoM | US | 2.10% |
| 25/09/2009 | Euro-Zone M3 s.a. 3 mth av | EC | 3.10% |
| 25/09/2009 | Durable Goods Orders | US | 0.10% |
| 25/09/2009 | U. of Michigan Confidence | US | 70.3 |
| 25/09/2009 | New Home Sales MoM | US | 1.60% |
| 28/09/2009 | Hometrack Housing Survey (UK | UK | -- |
| 28/09/2009 | GfK Consumer Confidence | SE | -- |
| 28/09/2009 | Chicago Fed Nat Activity Ind | US | -- |

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