

## CONTENTS

**Market View:** US Federal Reserve Chairman to deliver semi annual report to government

**BHP Billiton:** Australian miner linked to possible bond issue

**Ryanair:** Aer Lingus designs contingency plan to address staffing issues

**Grafton Group:** Peer Travis Perkins reports full year results

### Market Movers

## IRISH PAPERS TODAY

Bank of Ireland planning to raise \$1bn on two-year bond  
*(The Irish Times)*

IMF recommends gradual easing of stimulus packages  
*(The Irish Times)*

Blame game as Ahern denies Sargent leak  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Toyota "lost way" in rapid expansion  
*(Financial Times)*

AstraZeneca settles tax dispute  
*(Financial Times)*

BOE warns euro zone is losing steam  
*(The Wall Street Journal)*

## Market View

**Analyst : Stephen Taylor**

European equity markets are mixed today following weaker closes in the US and Asia overnight. The main catalyst for the downward move yesterday was the disappointing US consumer confidence figure for February that came in well below market expectations and fell to its lowest level 10 months. Employment prospects continue to remain the main concern around the economy and was the primary reason for the disappointing result. While the confidence figure raises concerns about the recovery, we still remain confident that the US recovery is on track. We are starting to see the first signs of companies looking to hire again with Cisco recently pointing out that it is to add between 2,000 – 3,000 jobs over the coming quarter. In addition, many of the consumer related stocks in the US have had very positive earnings results. We will get further colour on confidence data in the US this Friday with the release of the Michigan consumer confidence reading on Friday. As for today the main focus again will be in the US with Ben Bernanke due to deliver his semi-annual monetary policy report before the House Financial Services Committee. Bernanke is likely to further explain the reasons behind last weeks decision to increase the discount rate. Bernanke is also likely to reiterate the current stance of the FOMC, where it expects the Fed Funds target rate to remain at an exceptionally low level for an extended period of time. On the economic front, new home sales data will also be closely watched with a 3.5% increase for January expected following the sharp 7.6% decline seen in December. Corporate related news flow will come from luxury home builder Toll Brother with quarter results due before the US market opens.

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**BHP Billiton: Buy**    **Previous Close** 2000p    **Target** 2070p    **Analyst** Brian Gallagher

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Newswire reports over the last two days have suggested that BHP Billiton is testing investor appetite for a local bond issue. We view these developments as a positive for the Australian based miner as it has not raised debt in its local currency since 2001. The fact that management believe that there will be sufficient demand is encouraging and it also highlights the strength of the Australian economy as a whole. Some commentators will link a debt issue to takeover bids by BHP Billiton, however we feel that a bond issue reflects the company's ramping up of its capital expenditure projects. At its most recent results presentation, management guided that 2010 cap-ex would be in excess of \$20bn up from \$12bn in 2009. A debt issuance would facilitate this expansion in cap-ex and would also add some extra gearing to a balance that is arguably underleveraged. Separately, BHP Billiton have announced that the 30th of March will be the date that Jac Nasser will takeover as chairman from Dan Argus. Nasser is joining BHP Billiton from One Equity, a private equity firm.

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**Ryanair: Buy**    **Previous Close** €3.46    **Target** €4.30    **Analyst** Edward Keeling

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Press reports this morning have indicated that Aer Lingus is designing a contingency plan involving more than 1,100 compulsory redundancies, should its staff reject a ballot on a €97m restructuring deal that was agreed with unions last month. According to the reports, senior managers were briefed in relation to the plan on Monday evening as senior executives grew concerned that staff at the airline were set to reject the existing proposed cost-cutting measures. Pilots at the airline have already begun balloting, while ballots of cabin crew, ground staff and other employees are expected to begin this week. Needless to say, whether the cost cuttings are agreed with staff or not, they are essential in ensuring a long term future for the airline.

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**Grafton Group: Neutral**    **Previous Close** €2.43    **Analyst** Stephen Taylor

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Grafton peer, Travis Perkins, has reported full year results this morning and while slightly ahead of expectations, the company was cautious in relation to its outlook for 2010. Adjusted EPS declined by 22% to 75p with revenue declining by 8% to £2.9bn. The group declared no dividend for the period, compared with 14.5p last year. While the group did indicate that its markets are stabilising, Travis Perkins stated that it was unsure as to when growth would return and that activity was still fragile.

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### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,950	-0.8%	-1.5%
FTSE	5,315	-0.7%	-1.9%
Dow Jones	10,282	-1.0%	-1.4%
S&P	1,095	-1.2%	-1.8%
Nikkei	10,352	-0.5%	-3.3%
Stoxx 50	2,731	-1.7%	-8.5%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	255	-1.4%	-9.1%
Technology	192	-1.2%	3.9%
Oil & Gas	318	-1.6%	-3.8%
Financials	205	-2.0%	-8.6%
Retail	244	-0.8%	0.0%
Food & Drink	312	0.3%	2.5%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	78.9	-1.8%	-2.6%
Copper	323.5	-2.8%	-3.7%
Gold	1,103.4	-1.0%	-0.5%
Silver	15.9	-2.1%	-6.7%
Wheat	505.8	-1.8%	-9.2%
Cattle	92.4	-0.9%	2.9%

### Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.351	-0.7%	5.9%
€/£	0.876	-0.3%	1.1%
£/\$	1.543	-0.4%	4.8%
\$/JPY	90.230	-1.0%	3.3%
€/JPY	121.870	-1.7%	9.4%
€/SFR	1.464	0.1%	1.3%

### 5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	84.7	4.3%	23.4%
High Yield	481.5	2.5%	13.5%
Financials	95.1	7.4%	37.5%
BoI	234.9	1.8%	-3.6%
AIB	248.4	-0.4%	-9.3%
RBS	160.8	2.8%	18.7%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.1%	0.8%	0.5%
2-Year	1.5%	1.6%	1.1%
5-Year	2.5%	3.0%	2.7%
10-Year	3.4%	4.0%	3.8%

Date	Company	Region	Event
23/02/2010	Carlsberg A/S	DK	Q4
23/02/2010	Vallourec SA	FR	Q4
23/02/2010	Continental AG	DE	PRELIM
23/02/2010	Merck KGaA	DE	FINAL
23/02/2010	Dragon Oil PLC	IE	PRELIM
23/02/2010	Kerry Group PLC	IE	PRELIM
23/02/2010	Heineken NV	NL	FINAL
23/02/2010	Addex Pharmaceuticals Ltd	CH	FINAL
23/02/2010	Brammer PLC	GB	PRELIM
23/02/2010	Drax Group Plc	GB	PRELIM
23/02/2010	Morgan Sindall PLC	GB	PRELIM
23/02/2010	Spectris PLC	GB	PRELIM
23/02/2010	Macy's	US	Q4
23/02/2010	Office Depot	US	Q4
23/02/2010	Sears Hldngs Corp	US	Q4
23/02/2010	Target Corp.	US	Q4
23/02/2010	Watson Pharma.s	US	Q4
23/02/2010	Home Depot Inc	US	Q4
24/02/2010	Accor SA	FR	Q4
24/02/2010	Fresenius SE	DE	FINAL
24/02/2010	Iberdrola SA	ES	Q4
24/02/2010	Barratt Developments PLC	GB	INTERIM

Date	Event	Region	Estimate
24/02/2010	GDP s.a. (QOQ)	GE	--
24/02/2010	Government Spending	GE	--
24/02/2010	Imports	GE	--
24/02/2010	Exports	GE	--
24/02/2010	GfK Consumer Confidence Surve	GE	--
24/02/2010	Industrial New Orders SA (MoM)	EC	--
24/02/2010	MBA Mortgage Applications	US	--
24/02/2010	New Home Sales MoM	US	--
25/02/2010	Unemployment Rate (s.a)	GE	--
25/02/2010	Euro-Zone M3 s.a. (YoY)	EC	--
25/02/2010	Business Climate Indicator	EC	--
25/02/2010	Euro-Zone Consumer Confidence	EC	--
25/02/2010	Durable Goods Orders	US	1.50%
25/02/2010	Initial Jobless Claims	US	--
25/02/2010	House Price Index MoM	US	--
26/02/2010	GfK Consumer Confidence Surve	UK	--
26/02/2010	GDP (QoQ)	UK	--
26/02/2010	Private Consumption	UK	--
26/02/2010	Government Spending	UK	--
26/02/2010	Exports	UK	--
26/02/2010	Imports	UK	--
26/02/2010	Euro-Zone CPI (MoM)	EC	--

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