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## IRISH PAPERS TODAY

Permanent TSB head will not rule out rate increases  
(*The Irish Times*)

O'Brien in last-ditch bid for INM control  
(*The Irish Times*)

EU finance watchdog plan welcomed  
(*Irish Independent*)

## INTERNATIONAL PAPERS TODAY

'Living wills' threat to banks' credit ratings  
(*Financial Times*)

Stizer's surprise Kraft hint  
(*Financial Times*)

Home builders raise cash for deals  
(*The Wall Street Journal*)

## Market View

Analyst : Edward Keeling

US markets finished lower overnight after the Fed's statement following its two day policy meeting spooked investors. As expected the Fed acknowledged that "economic activity has picked up" and that it expects to see a further "strengthening of economic growth". It also reiterated that it expects interest rates to remain at exceptionally low levels for some time to come. However, equity markets were concerned by its decision to take an extra three months to buy the \$1.250bn in mortgage-backed securities that it has already stated it will purchase. It seems equity markets are worried that this is an attempt by the Fed to prepare markets for the eventual withdrawal of its quantitative easing programme. Oil also finished lower on the day as data showed an unexpected high build in US crude oil stockpiles. Crude oil traded as much as \$2.80 lower to \$68.34 as traders speculated that prices had now outrun real demand fundamentals. In our view, oil has now broken its key long term uptrend and as a result we are targeting a move back to its support level at \$61.38 over the coming weeks. European equity markets have followed their lead from the US and are trading slightly lower this morning. Energy stocks are trading lower in response to fall in crude prices, while the financials seem to be suffering from a bout of risk aversion. Looking ahead to today's session, the main market moving economic data will come from the US in the form of weekly jobless claims at 13:30 and US existing home sales at 15:00.

**AIB : Neutral** Current Price (€3.16) Price target (€3.00) Analyst : Oliver Gilvarry

AIB have announced they are issuing senior unsecured debt with a three year term, its first with a maturity outside the government guarantee period since it was put in place almost a year ago. No details have been provided on the size of the issue, but we would expect it to be in the region of €1.25bn. Pricing on the deal is in the region of 262.5bps over mid-swaps. Based on three year mid swap rate of 2.11%, the yield on the issue will be in the region of 4.735%. Current yields on debt issued by AIB's peers are lower than this level. RBS debt maturing in Aug 2012 is 3.47% and Spanish bank BBVA Dec 2012 debt is trading at 3.03%. The issue is expensive, but it is a positive that an Irish bank can access wholesale markets with unsecured debt issuance. Books are currently open and further details of the issue will be released during the course of the day.

**IN&M : Neutral** Current Price (€0.30) Price target (€0.45) Analyst : Stephen Taylor

Denis O'Brien has been reported to have made a counter proposal to restructure Independent News & Media (INM). He is willing to invest €100m into the company through a vehicle called RescueCo. In return for this injection he will take a majority holding in the company, but will seek legal waivers to prevent being forced making a mandatory bid. The €100m is reported to be split between the company and bondholders, but no details of the split are given. RescueCo will remain listed, would sell the London Independent and retain the profitable South African outdoor advertising business. Alternatively, the proposals put forward by Gavin O'Reilly include a debt for equity swap converting some bond debt into equity and a rights issue at 5c per share to raise €100m to repay the remaining outstanding balances of the bond. Existing bank debt facilities would also be re-negotiated to extend maturities and relax covenants. If this proposal goes ahead, the level of dilution facing shareholders is large. Assuming the bond holders receive 767m shares at 15c each in return for cancelling €115m of their debt, a rights issue at 5c per share would result in an issue of 2bn shares. This rights issue we have assumed is taken up only by existing shareholders and not the bondholders. Total shares in issue after this would be over 3.6bn. If the bondholders convert their debt at a lower share price than 15c, the number of shares and potential dilution for existing shareholders increases further.

**BP : Buy** Current Price (554p) Price target (600p) Analyst : David Dunk

The FT reports today on the upcoming antitrust case in the US against BP. It is alleged by AmeriGas Propane, FerrellGas, Heritage Operating, and Inergy Propane that BP artificially inflated propane prices, in violation of antitrust laws. BP is contesting the lawsuit. BP paid a \$303m fine in 2007 as a part of a settlement with the Justice Department, in relation to manipulation of propane prices. BP maintains that as a result all criminal investigations against the company were concluded. At the same time, BP is facing pressure from the US Occupational Safety and Health Administration with regards to deviations from industry standards identified by the regulator at the Texas City refinery. BP has asked for an extended deadline, to comply with the requests. We do not anticipate any significant market moves as a result of this story.



### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,404	0.6%	43.5%
FTSE	5,139	-0.1%	15.2%
Dow Jones	9,830	0.5%	11.1%
S&P	1,072	0.7%	17.5%
Nikkei	10,371	-0.7%	19.0%
Stoxx 50	2,887	0.2%	16.9%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	268	-0.3%	1.7%
Technology	197	0.1%	3.8%
Oil & Gas	310	-0.9%	2.9%
Financials	238	1.2%	2.4%
Retail	230	1.1%	1.8%
Food & Drink	270	0.3%	4.1%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	69.0	-3.9%	17.8%
Copper	280.8	-2.0%	91.0%
Gold	1,008.4	-0.6%	14.4%
Silver	16.9	-1.2%	47.0%
Wheat	460.0	0.9%	-31.9%
Cattle	85.8	1.7%	-5.7%

### Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.474	-0.4%	-5.3%
€/£	0.902	-0.3%	5.0%
£/\$	1.634	-0.1%	-9.8%
\$/JPY	91.290	0.2%	0.1%
€/JPY	134.555	-0.2%	-5.1%
€/SFR	1.513	-0.1%	-1.3%

### 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	91.6	-5.3%	-47.9%
High Yield	534.5	-2.2%	-47.5%
Financials	69.9	-7.3%	-42.1%
BoI	177.4	-2.7%	-33.5%
AIB	176.6	-0.7%	-18.0%
RBS	104.2	-4.6%	-24.1%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.4%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.1%	0.9%	0.6%
2-Year	1.7%	1.9%	1.3%
5-Year	2.8%	3.4%	2.7%
10-Year	3.6%	4.0%	3.6%

### 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		--
28/09/2009	GfK Consumer Confidence	SE	--
28/09/2009	Chicago Fed Nat Activity Indi	US	--

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