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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9435	↑ 125	1.34%	11.0	0.29%
FTSE 100	6315	↑ 87	1.40%	12.4	1.51%
DAX 30	6748	↑ 69	1.04%	15.0	2.30%
DOW	12622	↑ 88	0.70%	19.5	1.27%
NASDAQ	2466	↑ 35	1.43%	15.6	2.11%
S&P	1440	↑ 12	0.85%	21.0	1.54%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2973	0.6589	156.2600
Dollar	1.2973	1.0000	1.9682	120.4800
Sterling	0.6589	1.9682	1.0000	237.1200
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	55.3700			

This Week's Research
 Sterling Energy
 UK Coal
 McInerney

Today's Research
 BHP Billiton

Today's Recommendation

Breaking News

Legal & General sales surge 42%

Legal & General announced today that worldwide annual premium equivalent sales for the year to end-December 2006 came in at £1.84bn, up 42% from £1.29bn in 2005, helped by strong sales growth in the UK market. The result beat the consensus analyst forecast of £1.69bn. Sales for Q4 of the year rose to £548m, up from £317m the previous year. APE sales in the UK market powered ahead to £1.737bn, up 46% from £1.187bn in 2005 and ahead of the £1.582bn predicted by analysts. However, international new business fell 4% to £105m from £109m in the previous year. Individual protection sales for 2006 were up 22% to £167m from £137m in 2005.

Independent makes a renewed bid for APN

Independent News and Media in conjunction with Carlyle Group to launch a renewed takeover for APN, with an offer of A\$6.05 a share, valuing the Australasian group at A\$2.8bn. Independent already owns about 40% of APN. Independent was expected to have a 35%-40% stake in APN if the deal goes ahead, with Carlyle and Providence holding about 30% each. The deal will be funded with A \$1.5bn in equity and A\$2.3bn in debt. A bid of A\$6.05 a share prices it at 17.2 times forecast earnings for this year, compared with the earnings multiple of 20.7 that News Corp and Seven paid to grab stakes in Australia's John Fairfax Holdings Ltd.

CPL Resources reported a 75% jump in pretax profit

CPL Resources reported a 75% jump in pretax profit for the first half on increased revenues, and said it is confident of continued growth. Pretax profit for the six months to end-December rose to €8.01m from €4.61m in the year-ago period, as revenues increased 42% to €94.2m. The company posted record earnings per share of 18.9c for the period, an increase of 78%, and said it has proposed an interim dividend of 1.75c. In a separate statement, CPL said it has bought a 75% stake in Czech recruitment company Key 6 Business Solutions from the founder Enda O'Coineen. The deal, for an undisclosed sum, forms part of its expansion into the central European region

BHP (€9.65) Trading statement released Stuart Draper
Target : £11.50 (25/01/07; previously £11, issued 13/12/06)

- Trading statement : This morning, BHP Billiton released a trading statement for the 3 months ended 31/12/06. Overall, the statement was only slightly below consensus forecasts, which given the 9% fall from its high of £10.60 on 07/11/06, will have been discounted by the current share price. The capital cost overruns were also previously flagged, and record Q2 and H1 production were reported in a number of businesses.
- Mixed production : Total H1 petroleum volumes of 57.85 mmbbl was slightly below the consensus forecast of 58.2 mmbbl, and was 2% lower year on year. Also, H1 copper output of 550,600t was slightly below the consensus forecast of 560,000t, and was a year on year decrease of 5%. However, H1 iron ore production of 49.57 mt was slightly ahead of the consensus forecast of 49 mt, and was a year on year increase of 8%, H1 nickel production of 92,800t was slightly ahead of the consensus forecast of 92,000t and H1 diamond production of 1,424,000ct was ahead of the consensus forecast of 1,350,000.
- Further catalyst : As a result, our view is that the group remains on target to generate current year earnings growth of 35%, which should be confirmed when the group announces its financial results for the 6 months ended 31/12/06 on 07/02/07. The announcement of these results could act as a further positive catalyst for the share price. BHP expects to increase production by c.8% per annum over the next 4 years. This will be achieved by its US\$14.4 bn sector leading project pipeline coming on stream.
- Further upside : Over the past 6 years, BHP has traded in a range of between 10x and 19x current year eps. As a result, our view remains that 10x is a worst case multiple, particularly given the group's strong earnings growth prospects, explained above. Our view is also that given that copper and nickel only represent c.one third of group operating profit, that there is the scope for continued buoyancy in iron ore, nickel and precious metal prices to provide a major offset for any H1 2007 softness in copper and oil prices. As a result, our current year and forward eps forecasts are £1.15 and £1.20 respectively, and our new 12 month price target of £11.50 (19% further upside), is based on 10x current year eps of £1.15 : **BUY**.

Business Press

- Blackrock €27m Scottish land deal (IT)
- Abbott posts €367m loss due to Kos acquisition (IE)
- BA strike deferred as Walsh intervenes (IE)
- RBS makes move in Russia (FT)

Investment Press

- Drug patents: Pfizer's headline-grabbing cost cuts, including 10,000 redundancies, are rightly seen as a self-administered shot in the arm. But just because it has openly admitted ill health, it does not mean emergency treatment is required for the rest of the sector.

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