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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6479	↑ 91	1.42%	11.0	4.53%
FTSE 100	5208	↑ 66	1.27%	13.5	8.18%
DAX 30	4902	↑ 63	1.31%	15.0	15.17%
DOW	10385	↑ 170	1.66%	19.5	-3.69%
NASDAQ	2116	↑ 34	1.61%	15.6	1.28%
S&P	1199	↑ 20	1.68%	21.0	-1.04%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.1953	0.6768	137.6000
Dollar	1.1953	1.0000	1.7456	115.5900
Sterling	0.6768	1.7456	1.0000	200.3800
Yen	137.6000	115.5900	200.3800	1.0000
Oil (Nymex)	60.3200			

This Week's Research
Eircom

Today's Research
DCC

Breaking News

BP Q3 results behind consensus forecasts

BP has announced a 27 percent increase in earnings for Q3, in line with expectations, as gains from high oil prices and refining margins far outweighed the hit in production and earnings from hurricanes Rita and Katrina. Third quarter net profit rose to 5.33 billion dollars from 4.185 billion in the corresponding period last year, well within the forecast range of 5.2-5.6 billion dollars but slightly behind the consensus forecast of 5.4 billion. One-off charges increased to 921 million dollars from 394 million last time, mainly reflecting the impact of the hurricanes which cut the group's output by 2 percent to 3.824 million barrels of oil equivalent per day.

Marconi sells assets to Ericsson

Telecoms equipment firm Marconi has agreed to sell the bulk of its assets and its name to Ericsson in a deal worth about £1.2bn. The deal will see Marconi's telecoms equipment business bought by Ericsson, leaving the UK firm with its services business, which will be renamed Telent. After the sale, Marconi shareholders are set to receive 275 pence per share.

US stocks rally on Bernanke appointment

U.S. stocks jumped on Monday with the Dow and S&P 500 rallying to their biggest one-day point gains in six months, after the George Bush nominated White House economic adviser Ben Bernanke to succeed Alan Greenspan as the Federal Reserve chairman. Bernanke said following the nomination that his "first priority will be to maintain continuity with the policies and policy strategies established during the Greenspan years." A Fed governor from 2002 until June 2005, Bernanke had been seen as the front-runner for the top Fed position. He is a long-time advocate of inflation targets, which would require the Fed to take certain actions if inflation reached some predetermined level.

DCC (€14.97) Upgrading from NEUTRAL to BUY Stuart Draper

- Recent weakness : Following the further 10% fall in the DCC share price since our last NEUTRAL note of 13/09/05, the current difficult trading conditions for the group's IT Distribution division and the current litigation risk surrounding the Fyffes' legal case may now both be largely discounted by the current share price.
- Growth businesses : What may not be fairly discounted by the current share price is the continued strong earnings growth prospects for DCC's 4 other major businesses, Energy, Health-care, Food & Beverage and Homebuilding. These 4 businesses are expected to contribute c.85% of current year operating profit, as the relative importance of the IT division has diminished significantly over the past 5 years.
- Upcoming results : The continued strong earnings growth of these other 4 businesses should be more visible following the announcement of the group's results for the 6 months ended 30/09/05 on Monday week, 7th November. Even though the H1 group adjusted eps is expected to be 10% lower year on year, driven by a 45% fall in the contribution from the IT division, the update on current trading is likely to indicate that overall group earnings growth of 5% to €1.44 will still be achieved for the 12 months ending 31/03/06 as double digit group earnings growth resumes in H2.
- Recommendation upgrade : With further group earnings growth of c.8% to €1.55 likely to be generated in the 12 months ending 31/03/07, a 12 month price target of €17 (14% upside) based on 11x forward eps of €1.55, now looks achievable. With attractive upside now to this level, we upgrade our DCC recommendation from NEUTRAL to BUY ahead of the upcoming H1 results.
- Legal risk : Also even though there is a significant risk of further legal costs being incurred this year from the Fyffes' legal case, with the share price having reached a high of €18.93 in early August without any resolution of the case, the market would appear to consider such costs exceptional in nature and very manageable given the group's negligible net debt of €8m as at 31/03/05. The removal of this long-running uncertainty in the coming months could even act as a positive catalyst for the share price : BUY.

Business Press

- Eircom delivers local loop report (IT)
- ALB prepares to raise €500m (IT)
- Anderson lifts stake at IWP (IT)
- Ryanair cancels flights as Charleroi closed by Belgian general strike (IT)

Investment Press— Lex

- Federal Reserve: It is little surprise that George Bush played safe. Ben Bernanke was favourite to become the new Federal Reserve chairman. He was duly nominated. The last thing markets needed was controversy.



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