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Market Movers

IRISH PAPERS TODAY

Kingspan looks to expand amid 'greater stability'
(The Irish Times)

Nama plans are not backed by public, says Gilmore
(The Irish Times)

IL&P set to poll investors on new corporate structure
(Irish Independent)

INTERNATIONAL PAPERS TODAY

GM looks at shelving Germany's Opel plan
(Financial Times)

RBS hits hurdle on china sale
(Financial Times)

Financial players flee UK over taxes
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.2%	11.5%
BP	0.1%	-0.4%
CRH	-1.2%	12.5%
DCC	3.1%	57.2%
E.ON	-0.1%	3.7%
HPQ	0.0%	23.4%
IL&P	-0.8%	131.7%
INM	3.0%	-35.8%
J&J	0.4%	2.4%
JPMorgan	-1.5%	36.4%
Microsoft	0.9%	26.7%
Vodafone	-0.3%	-4.6%

Market View

Analyst : David Dunk

In the US, markets closed flat after trading up almost 1% at one point, despite a lack of major catalysts. US president Obama announced last night that he would nominate Ben Bernanke for a second term as Federal Reserve Chairman. Risk aversion continued into Asian markets with the Shanghai Composite trading down 5% at one point before recovering half the losses into the close. The Japanese market put in a relatively stronger performance, closing down slightly less than 1%. Following on from the weak trading overnight, European indices are currently trading down, less than 1%. Looking forward, there are no major US companies reporting later today, so economic data releases are likely to be the main catalysts. The GDP data from Germany this morning was in-line with expectations of a quarter on quarter increase of 0.3%. The US case Shiller housing data is expected at 14.00 GMT. The market is expecting a decline in house prices of 16.4%, compared to a decline of 17.06% for the previous reading. From the US at 15.00 GMT we will have the consumer confidence data, with a reading of 47.9 expected. In addition the Richmond Fed Manufacturing index is also due at 15.00 GMT, with a reading of 16 expected, an increase over the previous reading of 14.

Kerry Group : Buy Current Price (€18.25) Price target (€19.90) Analyst : Oliver Gilvarry

Kerry Group reported interim results this morning, which were better than expected. First half sales were €2.27bn compared to consensus expectations of €2.224bn. On a like for like basis (lfl) revenues fell 3.2%, but operating profit increased by 4% to €180m on a similar basis. Operating margins for the group increased by a better than expected 60bps to 8.00% with Ingredients & Flavours margins increasing by 60bps to 8.7% and Consumer Foods margins increasing by 30bps to 6.7%. The strong performance in margins was driven by "on-going focus on business efficiency and lean manufacturing programmes." Adjusted EPS came in at 67.2c compared to consensus of 64.5c and management have increased the interim dividend by 11.6% to 7.7c. On the individual divisions, sales in Ingredients & Flavours fell by 1% on lfl with Asia Pacific sales increasing by 8% on a lfl. Sales in consumer foods fell 7.7% lfl as consumption trends changed with consumers moving to more value offerings. The depreciation of Sterling against the Euro has had a significant impact on the business in the first half of the year and led to re-structuring of a number of operations. Despite this, UK sales have held up well. In Ireland, the chilled sector saw gains in private label brands and discounters. The integration of Breeo Foods is continuing and is "performing up to expectations". The balance sheet of the group remains strong with FCF increasing to €76m from €51m in the same period in 2008. Net debt to EBITDA has increased slightly to 2.6x, but EBITDA to net interest improved to 7x. On guidance, management are now stating full year EPS will be at the higher end of the range 160-165c and they expect to maintain positive margin momentum in the second half of the year. The strong results this morning highlight the quality of the business model Kerry Group operates. It remains our preferred pick in the sector and we reiterate our buy recommendation.

CRH : Buy Current Price (€18.41) Price target (€19.00) Analyst : Stephen Taylor

CRH has this morning released interim results for the six month period ending 30/06/09. The group reported an 84% drop in EPS to 12.2c from 77.1c for the same period last year. Revenue declined by 15% to €8.29bn. EBITDA declined by 41% to €453m in line with guidance set out in its trading statement in July. Cash outflow over the period amounted to €200m, an improvement on the €577m last year. The decrease was due to tight control of capital expenditure and delivery of a lower seasonal working capital requirement. The group reiterated that it is to generate additional cost savings of €555m in 2009 and 2010 bringing total gross annualised savings over the period 2007 – 2010 to €1.45bn. The cost of implementing the additional savings will be c. €165m, the bulk of which will be incurred in 2009. Net debt declined to €5.12bn from €6.56bn last year. EBITDA/Net interest cover was 6.3x. Acquisitions totalled €280m in the first half of the year including the previously announced €224m purchase of a 26% associate stake in Yatai Cement in addition to a further six transactions across the group's Materials and Distribution segments. CRH pointed out that it sees acquisition opportunities over the next 18th months. CRH noted that it is looking at a number of deals, while it has walked away from a number of deals. CRH maintained its interim dividend at 18.5c. In relation to its outlook, CRH expects that the overall rate of profit decline experienced in the first half of the year is expected to improve in its seasonally more profitable second half of the year. In addition the group expects to benefit from the US infrastructure stimulus package although spending to date has been lower than expected. We will provide a detailed note on CRH with updated estimates tomorrow morning.

Persimmon : Interim Results Current Price (519p) Analyst : Stephen Taylor

The UK house builder Persimmon has reported pre tax profit of £8.9m for the six months to June 30th, down £37m from the same period last year. However the group did report that selling prices have stabilised and had increased by 6.7% in the past month. In addition it has increased the value of its portfolio for the first time since the housing downturn began. A review of its land provisions allowed Persimmon to release £28m of £652m in provisions for falling land values made in 2008. Its net debt has fallen to £494m from £905m. The Chairman of Persimmon has said he expects "sales rates to remain resilient due to the successful destocking that has occurred in the industry, combined with continuing good levels of underlying demand for new homes in the UK". This positive outlook is in line with guidance given by UK housebuilder peers Barratt Developments and Bovis Homes earlier in the month.

Banco Santander : Securities buy back Current Price (€10.48) Analyst : Oliver Gilvarry

Yesterday Banco Santander announced a tender for a number of securitised bonds with a face value of €16.5bn. The buy back relates to 24 securitisations originated by the bank. The prices offered by Santander are between 61% and 95.5% of par value. The underlying assets include mortgages, consumer credit and car loans. The aim of the deal is to improve the efficiency of the group's capital structure and more importantly strengthen its balance sheet in a cost efficient manner. As the group will be buying the debt back at less than face value and be able to realise a once off gain from the transaction, helping to increase equity capital within the group. In a separate move the group has offer to replace more than 30 securities with two new issues, again to profit from the discount to par these securities are trading at in secondary markets. The large size of the transaction will help to put a floor under the securitisation market, especially in asset classes that are hard to value. In Ireland, EBS announced in July a similar buy-back of certain mortgage backed securitisations under its Emerald 4 securitisation vehicle as Santander is currently undertaking.

C&C : Neutral Current Price (€2.17) Price target (€1.74) Analyst : David Dunk

Punch Taverns has released a trading update this morning. The UK pub group expects to meet full year expectations, despite difficult trading conditions. Punch Taverns do not expect an improvement in demand in the short term, although they have seen some initial signs of stabilisation. Leased pubs EBITDA was down about 11% for the year so far, compared with the same period last year. Rents for leased pubs are continuing to soften, on the back of weak customer demand. For the managed pubs, like for like full year sales was down about 1.4%. Operating margins declined about 0.35% on higher food and energy costs. Looking forward the group remains cautious on the near term outlook given the lack of visibility into future. The continuing weakness in UK pub consumer demand has negative implications for C&C.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,007	0.4%	28.4%
FTSE	4,896	0.9%	9.8%
Dow Jones	9,506	1.7%	8.4%
S&P	1,026	1.9%	13.5%
Nikkei	10,581	3.3%	18.5%
Stoxx 50	2,778	1.2%	12.7%

Sector Performances

Sector	Index	1-Day	YTD
Construction	259	2.1%	2.0%
Technology	178	0.6%	4.0%
Oil & Gas	304	0.3%	3.0%
Financials	231	1.8%	2.6%
Retail	228	-0.5%	1.8%
Food & Drink	260	-0.3%	4.3%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	74.4	0.6%	29.1%
Copper	151.2	1.3%	101.0%
Gold	843.0	-1.3%	7.4%
Silver	11.1	0.2%	25.8%
Wheat	613.3	2.5%	-26.3%
Cattle	85.8	0.2%	-0.3%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.430	-0.2%	-2.1%
€/£	0.871	0.4%	9.5%
£/\$	1.642	-0.6%	-10.6%
\$/JPY	94.570	0.2%	-3.7%
€/JPY	135.269	0.0%	-5.7%
€/SFR	1.518	0.1%	-1.5%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	103.2	-4.1%	-40.5%
High Yield	151.2	-3.0%	-37.2%
Financials	843.0	-4.1%	-27.1%
BoI	11.1	0.6%	12.7%
AIB	613.3	-0.6%	36.4%
RBS	85.8	-1.6%	-4.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.2%
3-Month	0.8%	0.7%	0.4%
1-Year	1.3%	1.0%	0.7%
2-Year	1.8%	2.0%	1.4%
5-Year	2.8%	3.5%	2.9%
10-Year	3.5%	4.0%	3.7%

Calendar of Events

Date	Company	Region	Event
24/08/2009	Kingspan	IE	INTERIM
24/08/2009	Petrofac Ltd	GB	INTERIM
25/08/2009	CRH	IE	INTERIM
25/08/2009	Kerry Group	IE	INTERIM
25/08/2009	Burger King	US	Q4
25/08/2009	Persimmon	GB	INTERIM
26/08/2009	Aminex	IE	EGM
26/08/2009	FBD	IE	INTERIM
26/08/2009	Glanbia	IE	INTERIM
26/08/2009	Irish Life & Permanent	IE	INTERIM
26/08/2009	Paddy Power	IE	INTERIM
26/08/2009	Tullow Oil	GB	INTERIM
26/08/2009	Antofagasta	GB	INTERIM
26/08/2009	WPP Group	GB	INTERIM
26/08/2009	Heineken	NL	Q2
27/08/2009	Aer Lingus	IE	INTERIM
27/08/2009	Dell	US	Q2
27/08/2009	Fortis	BE	H1
27/08/2009	Natixis	FR	INTERIM
27/08/2009	Credit Agricole	FR	Q2
27/08/2009	Titan Cement Company	GR	H1

Calendar of Events

Date	Event	Region	Estimate
24/08/2009	Industrial New Orders SA (M	EC	--
24/08/2009	Chicago Fed Nat Activity Indi	US	--
25/08/2009	GDP	GE	--
25/08/2009	Capital Investment	GE	--
25/08/2009	BBA Loans for House Purch	UK	--
25/08/2009	S&P/CS Composite-20 YoY	US	--
25/08/2009	Consumer Confidence	US	--
25/08/2009	Richmond Fed Manufact. Ind	US	--
25/08/2009	House Price Index MoM	US	--
25/08/2009	ABC Consumer Confidence	US	--
26/08/2009	IFO - Business Climate	GE	--
26/08/2009	MBA Mortgage Applications	GE	--
26/08/2009	Durable Goods Orders	US	--
26/08/2009	New Home Sales	US	--
27/08/2009	Durables Ex Transportation	US	--
27/08/2009	New Home Sales MoM	US	--
27/08/2009	GfK Consumer Confidence S	GE	--
27/08/2009	Consumer CPI	GE	--
27/08/2009	Euro-Zone M3 s.a. (YoY)	EC	--
27/08/2009	Total Business Investment(C	UK	--
27/08/2009	U.K. CBI Quarterly Distributi	UK	--

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