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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9543 ↓	-31	-0.32%	14.1	1.43%
FTSE 100	6462 ↑	32	0.50%	13.2	3.88%
DAX 30	7343 ↑	73	1.00%	14.2	11.31%
DOW	13090 ↑	136	1.05%	15.2	5.03%
NASDAQ	2548 ↑	23	0.92%	26.1	5.49%
S&P	1495 ↑	15	1.01%	15.9	5.44%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3615	0.6814	162.3000
Dollar	1.3615	1.0000	1.9979	119.2000
Sterling	0.6814	1.9979	1.0000	238.0900
Interest Rates (%)	3.7500	5.2500	5.2500	0.4800
Oil (Nymex)	65.8400			

This Week's Research
 Deutsche Bank
 Aviva
 RBS

Today's Research
 GSK

Today's Recommendation

Breaking News

Legal & General's first quarter sales miss expectations

Legal & General reported first quarter group new business sales that rose 6% year on year to £413m boosted by its thirteenth straight quarter of growth in its core UK business. However, the figure fell short of the £456m expected by analysts. UK new business rose by 27% to £303m. The insurer said that it remains confident in the fundamentals of the UK economy for 2007 and in the potential for the UK's savings, protection and investment markets. Legal & General is in exclusive talks with Bank of Baroda, India's fourth-largest lender by assets, to set up a joint venture to sell insurance and savings products through the bank's 2,800 branches. That would give the group access to 27m new customers in India.

Game Group's fiscal full year 2007 profit soars

Game Group, a UK video games retailer and peer of DCC's SerCom division, reported fiscal full year net profit for 2007 that climbed to £21.1m from £2.74m last year. Revenue rose to £801.3m from £645.1m in the previous. Game Group commented that gross margin had remained robust at 27% despite the increased participation of lower-margin games hardware in the sales mix. Game Group entered three new territories during the year - Australia, Norway and Portugal - and opened 52 new stores in Spain, which it said was one of the fastest growing markets for the company. The company also pointed out that trading in the current year has begun well, with sales growth accelerating in the first 12 weeks of the new fiscal year.

Irish company's exposure to Spanish real-estate

Spanish property stocks continued their decline today as investors continue to worry how a slowdown in the Spanish property market will affect earnings. From an Irish perspective, approximately 10% of FBD's market capitalisation can be attributed to the Spanish market, comprising of the La Cala resort and the Sunset Beach Club on the Costa Del Sol. McInerney has a limited exposure to the Spanish property market with approximately 5% of group operating profit attributable to the market, with part of that figure coming from the management of a holiday resort.

GSK (£14.64) Q1 results announced Stuart Draper
Target : £16 (26/04/07; previously £15, issued 14/12/06)

- Q1 results : GlaxoSmithKline (GSK) has announced its results for the 3 months ended 31/03/07. Profit before tax and earnings per share of £2.166 bn and 27p respectively were 5% and 4% ahead respectively of consensus forecasts of £2.066 bn and 25.9p. The Q1 profit before tax of £2.166 bn was almost exactly the same as the Q1 2006 comparative of £2.17 bn, and the Q1 eps of 27p showed 2% year on year growth.
- Productivity improvements : The better than expected profitability was driven by continued productivity improvements and stronger recurring royalty income, as the Q1 2007 constant exchange rate (CER) sales growth of 4% was c.2% lower than the consensus forecast. The group's previous guidance for 8-10% 2007 CER eps growth was re-iterated. However, the Q1 results would indicate that the group is currently on course to beat this guidance.
- Upcoming catalysts : Important catalysts for the share price between now and the end of Q2 2007 include an ATS meeting between 18th and 23rd May at which the GOLD COPD guidelines are expected to be updated to reflect the TORCH data (relevant for Avandia and Advair), an FDA decision on 29th May on whether Cervarix is to be granted a fast-track status, and Phase III data for Tykerb in inflammatory breast cancer between 1st and 6th June.
- Buyback support : The EU pharma sector average is now trading at c.17x 2007 earnings, and our view is that no more than a 10% discount is warranted for GSK, given its slightly lower than average 2007 earnings growth. As a result, our new 12 month price target of £16 (9% further upside) is based on 15.3x 2007 eps of £1.04. When combined with a current dividend yield of c.3.4%, this provides a sufficient further total return from current levels to justify re-iterating our current BUY recommendation. In Q4 2006, GSK also increased its share buyback programme from £1 bn to £2 bn per annum over the next 3 years, which provides some downside protection : **BUY**.

Business Press

- Dow races past the 13,000 level (II)
- Sage opens Dublin localisation centre (IT)
- Euro nears new high against dollar (IT)

Investment Press

- Japan's trade patterns: Further evidence of the shift in global power, or just gone? China overtook the US to become Japan's biggest trading partner in the fiscal year just ended.

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