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## IRISH PAPERS TODAY

Waterford Crystal to return with new plant  
*(The Irish Times)*

Elan to benefit from US approval of new MS drug  
*(The Irish Times)*

"Drive-by valuations" blamed for additional Nama loan discounts  
*(The Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Chairman of HSBC hits at big bonuses  
*(The Financial Times)*

Dubai blow as vehicle's rating is withdrawn  
*(The Financial Times)*

Debt sale refills Greece's coffers at a steep price  
*(The Wall Street Journal)*

## Market View

Analyst : Stephen Taylor

European equity markets are lower again this morning following weaker closes in Asia overnight. Concerns over further tightening measures in China, S&P placing Japan's credit rating on negative watch in addition to uncertainties surrounding the reappointment of Ben Bernanke and Obama's bank plan are weighing on equities. While the previous points are clearly risks, it cannot be disputed that there are still a number of positives out there. M&A activity has begun to return, corporate earnings season has been reasonably good and western central banks are likely to keep monetary extremely accommodative for the foreseeable future. While we do not discount the possibility of a further correction in markets, we continue to maintain our buy on weakness approach. Results overnight, from Apple, Texas Instrument, VMware and Siemens this morning all highlight the improved trends that large-cap companies are now facing. As for today the main focus will be on the economic front with UK GDP data out at 9.30am and Consumer Confidence data out of the US at 3pm. Earnings from Johnson & Johnson and Verizon will also be in focus before the US market opens.

## Greek Sovereign Debt

Analyst Oliver Gilvarry

Greece successfully raised €8bn in 5-year debt yesterday at a yield of 6.20% or 3.88% over equivalent German Government debt. Investors placed €25bn of orders after the Greek Government offered 0.30% more in yield terms than on existing debt with a similar maturity. Greece has a financing requirement of €53bn or 20% of GDP this year, including the financing of a budget deficit of 12.7% of GDP plus refinancing maturing debt. The ability of Greece to complete a successful auction was a positive for the peripheral Euro-Zone members. It should also reduce some of the noise about a default of Greece and the break-up of the Euro. Despite the successful bond issuance and the large demand, the issues facing Greece are not gone and the market will be waiting for firm plans and actions to be taken by the Greek Government to solve the fiscal problems facing the country. For Irish debt it highlights the positives of Ireland over some of our other Euro-Zone colleagues. Ireland has raised €6.5bn so far this year plus pre-funded €5bn of the 2010 deficit last year, resulting in circa 50% of this year's requirement already raised. This allows the NTMA to tap the market at times of its choosing. Also the Irish Government have put forward plans to reduce the deficit and has shown its commitment to implement these plans already to the market.

**Ryanair : Buy**    Yesterday's Close €3.43    Price Target €4.00    Analyst Edward Keeling

Aer Lingus have released a statement ahead of its investor day and the group has announced several revenue management initiatives. It intends to enhance its network, extending into currently un-used short haul markets, including the new franchise arrangement with Aer Arann. In the longer term it also hopes to improve long haul connectivity by enhancing its existing partner network, particularly to Asia. In relation to its cost restructuring, Aer Lingus has already reached agreement in principle on the staff-related aspects, and it expects the benefit of staff savings to be €40m for 2010. Further staff savings are expected in 2011 and 2012 as the head office is restructured and as a result total staff cost savings of €74m are anticipated by the end of 2012. In terms of non-staff cost savings, it is expecting to deliver €23m of savings by the end of 2011. The group's financial position remains strong for the moment, but 2009 was another year of significant cash burn. During 2009, Aer Lingus' gross cash fell by approximately €400m, reflecting its operating loss, restructuring losses, capital expenditure and the repayment of maturing debt. It has reiterated that it has more than sufficient liquidity to meet both its short term and medium term financial requirements. At 31<sup>st</sup> December it had hedged 67% of its fuel requirements at c.\$75 a barrel and 72% of its estimated 2010 US Dollar exposure at a rate of \$1.48. However in terms of outlook, the group has said it remains too early to provide any meaningful guidance. It anticipates that market conditions will remain extremely challenging in 2010 and that revenues will be lower year on year. It has indicated that the severe weather conditions have resulted in lower than expected level of bookings and that it will retain its focus on tight capacity management to continue to improve yields against a backdrop of difficult market conditions.



### International Equity Markets

| Index     | Value  | 1-Day | YTD   |
|-----------|--------|-------|-------|
| ISEQ      | 3,016  | -0.7% | 0.9%  |
| FTSE      | 5,260  | -0.8% | -3.4% |
| Dow Jones | 10,197 | 0.2%  | -2.2% |
| S&P       | 1,097  | 0.5%  | -1.6% |
| Nikkei    | 10,513 | -0.7% | -2.1% |
| Stoxx 50  | 2,807  | -1.0% | -5.9% |

### Sector Performances

| Sector       | Index | 1-Day | YTD   |
|--------------|-------|-------|-------|
| Construction | 269   | -0.6% | -3.5% |
| Technology   | 187   | -1.4% | 1.0%  |
| Oil & Gas    | 326   | -0.7% | -1.7% |
| Financials   | 212   | -0.1% | -5.1% |
| Retail       | 243   | -0.8% | -0.4% |
| Food & Drink | 302   | -0.9% | -1.5% |

### Commodity Prices

| Commodity | Index   | 1-Day | YTD   |
|-----------|---------|-------|-------|
| Crude Oil | 75.3    | 1.0%  | -7.1% |
| Copper    | 339.3   | 1.4%  | -0.6% |
| Gold      | 1,098.4 | 0.5%  | -0.4% |
| Silver    | 17.1    | 1.3%  | 0.7%  |
| Wheat     | 498.3   | -0.1% | -8.3% |
| Cattle    | 90.2    | -0.4% | 0.3%  |

### Currency Exchange Rates

| Currency | Index   | 1-Day | YTD   |
|----------|---------|-------|-------|
| €/\$     | 1.415   | 0.1%  | 1.6%  |
| €/£      | 0.871   | -0.7% | 2.0%  |
| £/\$     | 1.624   | 0.8%  | -0.3% |
| \$/JPY   | 90.280  | 0.5%  | 3.2%  |
| €/JPY    | 127.740 | 0.6%  | 4.9%  |
| €/SFR    | 1.471   | -0.1% | 0.8%  |

### 5Yr Credit Spreads

| Product      | Index | 1-Day | YTD    |
|--------------|-------|-------|--------|
| Invest Grade | 76.1  | 0.3%  | 12.4%  |
| High Yield   | 445.8 | 1.0%  | 7.1%   |
| Financials   | 79.9  | -2.1% | 12.2%  |
| BoI          | 196.4 | -1.3% | -18.0% |
| AIB          | 220.4 | -2.5% | -19.4% |
| RBS          | 130.6 | -3.8% | -4.2%  |

### Money Market Rates

| Rate      | EUR  | UK   | US   |
|-----------|------|------|------|
| Overnight | 0.3% | 0.5% | 0.2% |
| 3-Month   | 0.7% | 0.6% | 0.2% |
| 1-Year    | 1.2% | 0.9% | 0.5% |
| 2-Year    | 1.6% | 1.8% | 1.1% |
| 5-Year    | 2.6% | 3.2% | 2.7% |
| 10-Year   | 3.4% | 4.0% | 3.7% |

| Date       | Company                   | Region | Event   |
|------------|---------------------------|--------|---------|
| 26/01/2010 | Siemens AG                | DE     | Q1      |
| 26/01/2010 | Banco Popular Espanol SA  | ES     | Q4      |
| 26/01/2010 | Novartis AG               | CH     | FINAL   |
| 26/01/2010 | STMicroelectronics NV     | CH     | FINAL   |
| 26/01/2010 | PZ Cussons Plc            | GB     | INTERIM |
| 26/01/2010 | Sage Group PLC            | GB     | TRADE   |
| 26/01/2010 | Altera Corp.              | US     | Q4      |
| 26/01/2010 | DuPont                    | US     | Q4      |
| 26/01/2010 | EMC Corp.                 | US     | Q4      |
| 26/01/2010 | Johnson & Johnson         | US     | Q4      |
| 26/01/2010 | The McGraw Hill Co.       | US     | Q4      |
| 26/01/2010 | The Travelers Co.         | US     | Q4      |
| 26/01/2010 | United States Steel Corp. | US     | Q4      |
| 26/01/2010 | Verizon                   | US     | Q4      |
| 26/01/2010 | W.W. Grainger             | US     | Q4      |
| 26/01/2010 | Yahoo                     | US     | Q4      |
| 27/01/2010 | Britvic Plc               | GB     | TRADE   |
| 27/01/2010 | Renishaw PLC              | GB     | INTERIM |
| 27/01/2010 | Tullow Oil PLC            | GB     | TRADE   |
| 27/01/2010 | WH Smith Plc              | GB     | TRADE   |
| 27/01/2010 | Caterpillar               | US     | Q4      |
| 27/01/2010 | QUALCOMM                  | US     | Q1      |

| Date       | Event                             | Region | Estimate |
|------------|-----------------------------------|--------|----------|
| 26/01/2010 | BOJ Target Rate                   | JN     | --       |
| 26/01/2010 | IFO - Business Climate            | GE     | --       |
| 26/01/2010 | ECB Euro-Zone Current Account     | EC     | --       |
| 26/01/2010 | GDP (QoQ)                         | UK     | --       |
| 26/01/2010 | S&P/CaseShiller Home Price Ind    | US     | --       |
| 26/01/2010 | Consumer Confidence               | US     | --       |
| 26/01/2010 | House Price Index MoM             | US     | --       |
| 26/01/2010 | Richmond Fed Manufact. Index      | US     | --       |
| 26/01/2010 | ABC Consumer Confidence           | US     | --       |
| 27/01/2009 | U.K. CBI January Distributive Tra | UK     | --       |
| 27/01/2009 | MBA Mortgage Applications         | US     | --       |
| 27/01/2009 | Consumer Price Index (MoM)        | GE     | --       |
| 27/01/2009 | New Home Sales MoM                | US     | --       |
| 27/01/2009 | FOMC Rate Decision                | US     | 0.25%    |
| 28/01/2009 | Unemployment Rate (s.a)           | GE     | --       |
| 28/01/2009 | Business Climate Indicator        | EC     | --       |
| 28/01/2009 | Euro-Zone Indust. Confidence      | EC     | --       |
| 28/01/2009 | Euro-Zone Consumer Confidence     | EC     | --       |
| 28/01/2009 | Chicago Fed Nat Activity Index    | US     | --       |
| 28/01/2009 | Durable Goods Orders              | US     | 1.60%    |
| 28/01/2009 | Initial Jobless Claims            | US     | --       |
| 29/01/2009 | GfK Consumer Confidence Surve     | UK     | --       |

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