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### Market Movers

## IRISH PAPERS TODAY

IL&P credit rating downgraded  
(*The Irish Times*)

Economists welcome first-quarter jump in export value  
(*The Irish Times*)

Anglo puts plan to buy back its own risky bonds on hold  
(*Irish Independent*)

## INTERNATIONAL PAPERS TODAY

BA staff volunteer to work for no pay  
(*Financial Times*)

M&A activity lowest in five years  
(*Financial Times*)

Britain hits bumps on the road to recovery  
(*The Wall Street Journal*)

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	1.4%	0.0%
BP	-0.2%	-8.5%
CRH	-1.9%	0.8%
DCC	0.7%	38.8%
E.ON	-1.2%	-9.0%
HPQ	2.4%	5.0%
IL&P	-0.9%	100.0%
INM	-10.7%	-41.8%
J&J	1.5%	-6.0%
JPMorgan	2.0%	8.3%
Microsoft	1.4%	22.4%
Vodafone	-1.3%	-15.1%

## Market View

**Analyst : Stephen Taylor**

European equity markets are higher across the board this morning following a strong finish in the US and Asia overnight. Commodity stocks were the main drivers of the rally boosted by higher Crude oil and Copper prices. After the US market closed, computer services company Accenture reported stronger than expected results pushing their shares 5% higher in after hours trade. The results provide a further positive data point in relation to the technology sector. Microsoft and Cisco remain two of our top picks. China has seen further upgrades to its GDP estimates this morning, this time from JP Morgan. The investment bank expects Chinese GDP to expand by 7.8% in 2009 up from its previous estimate of 7.2%. While in 2010, JP Morgan expects the economy to expand by 9% an increase from its previous estimate of 8.5%. The upgrade follows a slew of investment banks that have increased GDP forecasts, in addition to the World Bank. Such upgrades bode well for commodity stocks and BHP Billiton remains our top pick. The next key data point out of China, will be PMI Manufacturing data due out next Wednesday. On a more cautionary tone however, the weekly jobless claims yesterday were disappointing and remain well above the 600k level. The worse than expected number puts some risk into next week's non-farm payrolls figure. As for today, the main focus will be once again on the macro-economic front with personal consumption and income data both expected to show month on month increases of 0.3%. The final reading of the Michigan Confidence figure for June is also due to be released. We don't anticipate any revisions lower from the current level.

**IL&P : Buy**    **Current Price (€3.15)**    **Price target (€3.00)**    **Analyst : Oliver Gilvarry**

Standard & Poor, the credit rating agency, yesterday cut Irish Life & Permanent's long and short term counterparty credit rating to BBB+ from A-. S&P cited weak prospects for its banking operations and deteriorating earning prospects. Despite not having the same exposure to development property loans as Bank of Ireland and AIB, S&P said the group's overall financial profile is relatively poor, with pressure on margins due to its reliance on wholesale funding. While this is a negative for the group, it does not come as a surprise and we will not be changing our estimates or recommendation as a result. It remains our preferred pick from in the Irish financials due to its lower risk loan book and the large market share it holds in the Irish life market. In addition we are encouraged by its recent proposal to seek shareholder's approval to create a new holding company for the group. The plan is to give the group greater flexibility in the future. The new structure is rumoured to have a holding company for the group with three divisions, Permanent TSB, Irish Life Investment Managers and Irish Life. The flexibility this gives the group is to make it easier to sell off the banking arm into a super mutual structure or for the whole group to be moved into this structure. We believe it is more likely for the banking arm to be moved into a super mutual containing part of Irish Nationwide and EBS, creating a third banking force.

**IN&M : Speculative Buy**    **Price target (€0.45)**    **Analyst : Stephen Taylor**

The Financial Times has this morning reported that a debt-for-equity swap is still being considered by Independent News & Media (INM) shareholders and its creditors. An extension to the standstill agreement, which expires today, is expected to be signed off by all parties according to the newspaper. The paper also notes that negotiations have been focussing on a proposal to restructure €653m of debt by extending its maturity in exchange for increased interest rate payments. We expect a statement from INM today.

**Fyffes : Raises earnings guidance**    **Current Price (€0.36)**    **Analyst : Edward Keeling**

This morning Fyffes increased its earnings guidance for the full year 2009. It now expects that adjusted EBIT, excluding amortisation charges and the group's 40% share of the results of Blackrock International, will be in the range of €16 - €20m, up from €14m - €18m. Despite key input costs rising some 20%, this has been offset by more favourable market conditions in recent months, particularly in Continental Europe. As a result the group has achieved increases in average selling prices. The group's earnings have also been protected by more favourable currency hedging. Fyffes shares are currently trading some 8% higher in the morning session.

**British Airways: Sell**    **Current Price (130p)**    **Price target (120p)**    **Analyst : David Dunk**

British Airways has announced that almost 7,000 employees have applied for voluntary pay cuts. 4,000 workers have agreed to unpaid leave. Meanwhile, 1,400 will work part-time, and 800 will work for free for between one and four weeks. The move will save BA an estimated £10m this year. However given that BA are expected to incur a £200m operating loss in the current year, and have a pension deficit of almost \$3bn, BA will have to make further significant changes to return to profitability.



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**BHP Billiton: Buy**   **Current Price (1377p)**   **Price target (1800p)**   **Analyst : David Dunk**

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BHP is due to complete a review of the Yabulu nickel refinery, in Australia, next week. Separately, BHP is reviewing the Ravensthorpe nickel mine, and is expected to be finished by year end. It has been reported that BHP may be planning to sell both operations as a package. Xstrata is expected to be one of the leading suitors for the assets. BHP took a \$2.1 billion charge against the accounting value of the two assets in November. This was a result of the steep decline in Nickel prices, still over 70% lower than the 2007 peak, which prompted the closure of the Ravensthorpe mine. We do not view Yabulu or Ravensthorpe as core BHP assets, and would expect little change to our valuation, following their disposal. Separately, it has been reported that the South African mines ministry has met with company officials from both Xstrata, and Anglo American, to clarify issues regarding a potential merger between the two firms. Xstrata offered to merge with Anglo American on an equal partner status, earlier this week, but was promptly rejected. Since then, some investors have called for the management of Anglo American, to enter talks with Xstrata. The involvement of the South African mines ministry at this early stage is taken as a negative for the likelihood of a merger between the two companies.

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## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,702	-1.9%	17.2%
FTSE	4,253	-0.6%	-3.1%
Dow Jones	8,472	2.1%	-3.5%
S&P	920	2.1%	1.9%
Nikkei	9,877	0.8%	11.5%
Stoxx 50	2,402	-0.7%	-0.7%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	210	0.0%	4.8%
Technology	168	-1.1%	11.5%
Oil & Gas	281	-0.8%	7.0%
Financials	176	-1.4%	18.4%
Retail	210	0.1%	16.2%
Food & Drink	239	-0.1%	3.6%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	70.2	2.3%	28.6%
Copper	231.6	1.5%	63.0%
Gold	939.3	0.8%	7.1%
Silver	14.0	0.6%	25.3%
Wheat	533.0	-1.3%	-15.8%
Cattle	82.6	0.1%	-3.8%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.399	0.4%	0.6%
€/£	0.855	0.7%	-12.0%
£/\$	1.637	-0.2%	11.2%
\$/JPY	95.96	0.3%	5.4%
€/JPY	134.21	0.7%	6.0%
€/SFR	1.530	0.0%	2.4%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	136.6	-6.3%	-23.3%
High Yield	839.7	0.2%	-18.9%
Financials	118.8	-1.7%	-0.1%
BoI	368.1	-0.9%	50.1%
AIB	368.2	-3.6%	76.9%
RBS	176.4	-0.2%	28.6%

## Money Market Rates

Rate	EUR	UK	US
Overnight	1.4%	0.4%	0.3%
3-Month	1.1%	1.2%	0.6%
1-Year	1.4%	1.3%	0.9%
2-Year	1.8%	2.2%	1.5%
5-Year	2.9%	3.6%	3.0%
10-Year	3.7%	4.2%	3.8%

## Date Company Region Event

Date	Company	Region	Event
26/06/2009	Berkeley Group Holding	GB	PRELIM
29/06/2009	Asos PLC	GB	PRELIM
29/06/2009	Apollo Group	US	Q3
29/06/2009	Premier Foods Plc	GB	TRADE
30/06/2009	Telecom Italia Media SpA	IT	Q2
30/06/2009	Arriva PLC	GB	TRADE
30/06/2009	Drax Group Plc	GB	TRADE
30/06/2009	Safestore Holdings Plc	GB	INTERIM
30/06/2009	HMV Group PLC	GB	PRELIM
30/06/2009	Endesa SA	ES	S/HOLDERS
30/06/2009	Sterling Energy PLC	GB	AGM
01/07/2009	John Wood Group PLC	GB	TRADE
01/07/2009	Marks and Spencer Gro	GB	Q1 TRADE
01/07/2009	IFG Group PLC	IE	S/HOLDERS
01/07/2009	Home Retail Group plc	GB	AGM
01/07/2009	Constellation Brands, Inc	US	Q1
01/07/2009	General Mills, Inc.	US	Q4
02/07/2009	Donegal Creameries	IE	AGM
02/07/2009	NCC Group Plc	GB	PRELIM
02/07/2009	Game Group PLC	GB	AGM
03/07/2009	Bank of Ireland	IE	AGM

## Date Event Region Estimate

Date	Event	Region	Estimate
26/06/2009	Personal Income	US	0.30%
26/06/2009	Consumer Price Index (MoM)	GE	0.20%
26/06/2009	U. of Michigan Confidence	US	69
29/06/2009	Hometrack Housing Survey (MoM)	UK	--
29/06/2009	Net Consumer Credit	UK	--
29/06/2009	Mortgage Approvals	UK	--
29/06/2009	M4 Money Supply (MoM)	UK	--
29/06/2009	Business Climate Indicator	EC	--
29/06/2009	Euro-Zone Consumer Confidence	EC	--
29/06/2009	Chicago Fed Nat Activity Ind	US	--
29/06/2009	Dallas Fed Manf. Activity	US	--
30/06/2009	GfK Consumer Confidence (MoM)	UK	--
30/06/2009	Retail Sales (MoM)	GE	--
30/06/2009	Unemployment Rate (s.a)	GE	--
30/06/2009	Euro-Zone M3 s.a. (YoY)	EC	--
30/06/2009	GDP (QoQ)	UK	--
30/06/2009	Current Account (BP)	UK	--
30/06/2009	Euro-Zone CPI Estimate (YoY)	EC	--
30/06/2009	S&P/CaseShiller Home Price Index	US	--
30/06/2009	Chicago Purchasing Manager Index	US	--
30/06/2009	Consumer Confidence	US	--

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