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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8873	↓ -27	-0.30%	11.0	20.49%
FTSE 100	6122	↓ -18	-0.29%	12.4	8.96%
DAX 30	6412	↓ -63	-0.98%	15.0	18.56%
DOW	12280	↓ -47	-0.38%	19.5	13.88%
NASDAQ	2460	↓ -6	-0.23%	15.6	11.56%
S&P	1401	↓ -5	-0.36%	21.0	12.53%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3124	0.6776	152.3200
Dollar	1.3124	1.0000	1.9368	116.0400
Sterling	0.6776	1.9368	1.0000	224.7600
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	59.2400			

## This Week's Research

## Today's Research BP

## Breaking News

## Breaking News

### IFG to acquire Langtry Trust

IFG Group announced today that it has conditionally agreed to buy the Langtry Trust, a Jersey-based financial services firm for an initial cash payment of £3.43m. A further deferred cash amount of up to £7.44m is payable, dependent on Langtry turnover over the next two years, taking the total maximum payable to £10.87m. Langtry, which provides trust and company management services, had pretax profits of £1.29m on a turnover of £3.2m in the year to end-March 2006. Langtry Trust will be integrated into IFG's trustee and corporate services divisions. IFG Trust also said that it has placed over 4 million shares at a price of €1.92 each, or 6.02% of the company, to raise €7.94m for the acquisition and other purposes.

### Wilson Bowden up 13% on takeover speculation

Wilson Bowden, Britain's fifth-largest housebuilder, said it had received a number of takeover approaches, sending its shares up by more than 13% to a record high. An industry source said rivals George Wimpey, Redrow and Bellway were behind the bid approaches. In July, David Wilson, the chairman and founder of Wilson Bowden, said N.M. Rothschild, which acts for the Wilson family trusts, was undertaking a review of the family holdings of around 30% in the company, sparking takeover speculation.

### Euro reaches 19 month high against the Dollar

The euro reached a 19-month high against the dollar on Friday. The US currency has slumped against the euro for several reasons, including concerns about prospects for the US economy and thin trading conditions after Thursday's Thanksgiving Day public holiday. The euro rose above \$1.31 on Friday, reaching a level last seen in March 2005. The euro has been bolstered by expectations that the European Central Bank will continue to raise interest rates, while the Federal Reserve holds or even cuts rates in the US. Higher interest rates tend to strengthen a currency by making investments in that denomination more attractive. The ECB has raised rates five times since last year to 3.25%, while the Fed has left its rate at 5.25% for three months after 17 rate hikes.

## Business Press

- Selling property the best move for Greencore (IT)
- AA could be sold or floated for £3bn (II)
- Regulator plays down 'frenzy' over acquisitions (FT)

### BP (£5.75)

### Oil price rises by 8%

### Stuart Draper

- OPEC meeting : The 8% rise in the oil price last week could result in some renewed interest in the energy sector this week, particularly ahead of the upcoming OPEC meeting on Thursday fortnight, 14th December. Evidence of the previous OPEC production cut may also start to show up in oil inventory figures from Wednesday week, as there is usually a transportation time lag between the cuts and when they show up in inventories.
- 2007 production : In addition to a higher oil price, what is also not currently discounted by the BP share price is the potential for its production growth to resume in 2007. BP has a large number of new production start-ups coming on stream over the next 12 months, which should result in overall production growth of c.5% being achieved for 2007.
- New start-ups : The major new projects which should start to come on stream for BP over the next 12 months are ACG and Shah Deniz in Azerbaijan, as well as Dalia, Rosa, and Greater Plutonia in Angola. These new start-ups in both countries should increase production by 400,000 barrels per day.
- Attractive upside : The consensus forecast is that BP will generate an eps of 55p for 2006, increasing by 9% in 2007 to 60p. However, given the extent of BP's operations and the spread of its geographic risk, it is reasonable that it should be rated at a 10% premium to the energy sector average 2007 pe of 10x. As a result, our current 12 month price target for BP of £6.60 (15% upside) is based on 11x 2007 eps of 60p. BP will also pay a dividend yield of c.3.5% for waiting for this upside.
- Share buybacks : BP's ongoing share buyback programme should continue to support the share price at current levels, with the most recent share buyback being the purchase for cancellation of 2.725m shares last Thursday at prices between £5.71 and £5.76. This ongoing buyback programme will also continue to support BP's eps and dividend per share growth. Gearing of only 15%, the prospects of large dividends from the group's TNK investment, as well as the potential for some further asset disposals in Q4 2006, mean that large share buybacks should continue over the next 12 months : **BUY**.

## Investment Press

**Drugs industry:** Democrats have pledged to lift a ban preventing Medicare from negotiating drugs prices directly. But even if such proposals pass into law, the Bush administration will have ample discretion in the use of those powers.



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