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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	7917 ↑	44	0.55%	11.0	7.52%
FTSE 100	5879	0	0.01%	12.4	4.63%
DAX 30	5855 ↑	44	0.75%	15.0	8.26%
DOW	11352 ↑	68	0.60%	19.5	5.28%
NASDAQ	2161 ↑	20	0.95%	15.6	-2.02%
S&P	1302 ↑	7	0.52%	21.0	4.56%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2820	0.6753	149.7900
Dollar	1.2820	1.0000	1.8978	116.8800
Sterling	0.6753	1.8978	1.0000	221.7300
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	70.6100			

This Week's Research
Abbey

Today's Research
CRH

Today's Recommendation

CRH (€26.17) **Strong results announced** **Stuart Draper**
Target : €30 (05/07/06 ; previously €27, issued 19/05/06)

- Results announced : This morning, CRH announced strong results for the 6 months ended 30/06/06. Profit before tax and earnings per share of €526m and 73.7c respectively were slightly ahead of consensus forecasts of €510m and 72.5c, and were year on year increases of 37% and 32%. In line with peer results of recent weeks, CRH's results showed that higher energy prices are continuing to be successfully passed on in the form of higher cement prices and that the group's European Materials business, European Products business and European Distribution business are all recovering strongly on their 2005 performances.
- Strong outlook : CRH issued a positive outlook for H2 2006, with its European markets continuing to recover, and its infrastructure and non-residential construction markets in the US remaining strong. Even though the slowdown in the US housing market is having an impact on the Americas products division, **the Americas distribution division, which has a 65% exposure to the US residential RMI market is continuing to experience strong growth.** Evidence of the strength of this outlook was **the 20% increase in the H1 dividend to 13.5c.**
- APAC acquisition : CRH also reported a **€9m boost to group EBITA from a positive year on year currency effect.** The recent acquisition of Ashland Paving and Construction (APAC) for \$1.3 bn facilitated an upgrade of c.3% to the group's 2007 eps forecast, from c.€2.29 to €2.35. In addition to APAC, CRH completed a further €1.9 bn of acquisitions during the 12 months ended 30/06/06, which should ensure that double digit earnings growth is achieved in both 2006 and 2007.
- European recovery : With CRH's mainland European businesses markets also recovering strongly this year, particularly its Dutch operations, and a massively increased acquisition spend of c.€3 bn over the 14 months since 30/06/05, consensus earnings forecasts for 2006 and 2007 have continued to move higher.
- Further upside : As a result, we recently upgraded our 12 month price target from €27 to €30 (15% further upside), which is based on 13x consensus 2007 eps of €2.35. Our view remains that a multiple of 13x forward earnings is a fair rating for CRH, given the multiple range of 14x to 16x forward earnings at which deals have recently taken place in the cement sector, and given the group's continued double digit growth : **BUY.**

Breaking News

AIB declines to comment on BNY reports

AIB has declined to comment on reports that it is to sell its stake in Bank of New York. Reports over the weekend suggested that AIB is set to announce the sale of its half share in the fund management joint venture with Bank of New York for up to €150m. The sell-off of AIB's joint operation comes as part of AIB programme of divestment of the bank's non-core operations and the accumulation of capital to strengthen its balance sheet. AIB/BNY Securities Services, which is the second largest fund administration company in the IFSC, currently has more than €200bn in funds under administration.

Hardman reports strong results from Chinguetti field

Interim results from Hardman Resources contained positive comments regarding drilling results in areas where Sterling Energy has significant interests. The company said profit was driven by the first commercial oil production from the Chinguetti field off the coast of Mauritania in February. Hardman has a 19.01% stake in Chinguetti and Sterling has an 8% stake in the field.

A busy ahead week ahead for data

The week ahead is a very busy one for data, in both the US and in Europe. The ECB meets next Thursday and while a rate change is not expected, the ECB may hint at further tightening in Q4. In the US we expect to see some softening in consumer confidence for August (Tuesday) but for a slightly stronger consumer spending number for July (Thursday) - watch out within this release for the core PCE deflator, the Fed's preferred measure of inflation. The week's most widely watched indicator will be the August nonfarm payrolls report, due on Friday. Wall Street is forecasting that 120,000 jobs were added in August, up from 113,000 in July. Hurricane warnings could also put equity markets under pressure.

Business Press

- GDF highlights Gazprom threat (FT)
- BP chief ordered to testify over US blast (FT)
- Battle for Spanish skies (FT)

Investment Press

- Commerzbank/Russia: Russia can be a tricky place to do business, as Commerzbank knows only too well. But the German bank has clearly decided that the risks are outweighed by the opportunities for rapid growth.



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