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### Market Movers

## IRISH PAPERS TODAY

AIB told to stop paying interest on some debts  
*(The Irish Times)*

Tullow has weeks to decide on purchase of Ugandan oil assets  
*(The Irish Times)*

Natiowide pulls €1.5bn bond plan in wind-down to EBS merger  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Creditors mobilise over Dubai debt plan  
*(Financial Times)*

Concerns grow of overheated debt market  
*(Financial Times)*

Airbus plane edges toward take off  
*(The Wall Street Journal)*

## Market View

Analyst : Stephen Taylor

European equity markets are strong this morning adding to yesterday's gains and following higher finishes in Asia overnight. Concerns around Dubai's debt issues are continuing to fade, while economic data out of the US was broadly supportive of equity markets. Yesterday's manufacturing data out of the US was slightly below expectations while pending home sales showed their eight monthly increase in a row and construction spending data was flat and slightly better than what the market had been expecting. European manufacturing data is also showing further signs of stabilisation with PMI figures yesterday beating consensus. As for today the main focus will be on economic data out of the US in particular the ADP employment report which is seen as a key read across for Friday's nonfarm payroll figure. The ADP report is expected to show 150,000 job losses in the US during November. In addition the Federal Reserve's Beige Book will also be released after the European market closes today. We expect the report to show further signs of stabilisation in the US, however the report is likely to highlight continuing concerns around unemployment levels and consumer spending.

**Aer Lingus: Neutral Yesterday's Close €0.53 Price Target €0.65 Analyst Edward Keeling**

Aer Lingus CEO Christoph Mueller has released a statement this morning explaining that the airline and all of its employees have not reached agreement in respect of all aspects of the proposed transformation plan. He has indicated that an agreement was close with most union groups but that the exception to this promising outcome was the Irish Airline Pilots Association and to a lesser extent, the Cabin Crew. Management have reiterated that Aer lingus needs to make urgent changes if it is to have an independent and successful financial future. In this light management will now move to reduce capacity, further eliminating routes which are loss making as a result of its high cost base. This will result in the operation of fewer aircraft, which in turn will lead to additional redundancies beyond those included in the transformation plan. It is therefore likely these redundancies will commence immediately and will be compulsory. We would share Mueller views that the airline needs to reduce costs as a matter of urgency. If the airline is to secure an independent future, it needs to align its cost base closer to its peers. With oil prices at current levels, its high exposure to the depressed Irish consumer environment and its uncompetitive cost base, radical changes need to be implemented in order ensure the survival of the currently loss making airline.

**Tullow Oil: Buy Yesterday's Close 1277p Target Price 1300p Analyst Stephen Taylor**

Yesterday Tullow Oil's Ugandan manager Brian Glover stated the company is "seriously considering" acquiring Heritage Oil's assets in Uganda. The news follows a \$1.3bn deal struck between Heritage Oil and Eni which would see the Italian oil company acquire Heritage's 50% stakes in blocks 1 and 3a in the region. Tullow Oil owns the other halves of these licences which also means that they are entitled to make pre-emptive bids before the assets are sold to outside interests. We foresee two difficulties with a counterbid. Firstly, Tullow Oil are under time pressure as it believed they have only 30 days to prepare their offer. Secondly a counterbid must be approved by the Ugandan officials which we feel is unlikely considering how long Eni has been working with the Government. Furthermore an official from the president's office stated yesterday that "Eni is a big and respectable company. Government will not allow Tullow Oil to block the deal". If Tullow Oil do attempt a counterbid they will more than likely finance it via a temporary loan facility provided by a larger company who would then be sold the assets at a later date.



### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,850	1.5%	22.2%
FTSE	5,312	2.3%	19.6%
Dow Jones	10,472	1.2%	19.3%
S&P	1,109	1.2%	22.8%
Nikkei	9,572	2.4%	8.5%
Stoxx 50	2,872	2.7%	17.4%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	266	4.0%	1.8%
Technology	179	1.8%	3.5%
Oil & Gas	317	2.7%	2.7%
Financials	225	2.8%	2.2%
Retail	240	1.7%	1.7%
Food & Drink	288	2.2%	3.9%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	78.4	1.4%	31.2%
Copper	323.1	1.7%	123.7%
Gold	1,196.6	1.4%	37.5%
Silver	19.2	3.7%	69.7%
Wheat	584.0	-0.8%	-15.3%
Cattle	84.8	-1.0%	-7.4%

### Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.508	0.5%	-7.4%
€/£	0.908	-0.5%	5.1%
£/\$	1.661	1.0%	-12.0%
\$/JPY	86.688	0.3%	3.8%
€/JPY	130.740	0.8%	-3.9%
€/SFR	1.507	-0.1%	-0.9%

### 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	86.0	-4.0%	-52.6%
High Yield	511.4	-3.0%	-50.6%
Financials	78.6	-4.9%	-36.0%
BoI	251.1	-2.5%	1.9%
AIB	295.4	-1.7%	41.7%
RBS	141.3	0.7%	2.7%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.4%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.2%	0.9%	0.5%
2-Year	1.7%	1.7%	1.0%
5-Year	2.7%	3.0%	2.4%
10-Year	3.4%	3.7%	3.4%

Date	Company	Region	Event
02/12/2009	Sage Group PLC	GB	PRELIM
02/12/2009	France Telecom SA	FR	S/HOLDERS
02/12/2009	Compagnie de Saint Go	FR	S/HOLDERS
03/12/2009	Siemens AG	DE	FINAL
03/12/2009	British Airways PLC	GB	TRAFFIC
03/12/2009	Kingfisher PLC	GB	TRADE
03/12/2009	Volkswagen AG	DE	EGM
03/12/2009	Novell	US	Q4
04/12/2009	Bellway PLC	GB	TRADE
04/12/2009	Berkeley Group Holding	GB	INTERIM
04/12/2009	Associated British Food:	GB	AGM
04/12/2009	Big Lots	US	Q3
07/12/2009	Air Berlin PLC	DE	TRAFFIC
07/12/2009	SAS AB	SE	TRAFFIC
07/12/2009	Axa SA	FR	S/HOLDERS
07/12/2009	The Kroger Co.	US	Q3
07/12/2009	KMG Chemicals	US	Q1
08/12/2009	Finnair Oyj	FI	TRAFFIC
08/12/2009	Game Group PLC	GB	TRADE
08/12/2009	H&R Block	US	Q2
09/12/2009	Austrian Airlines AG	AT	TRAFFIC
09/12/2009	Deutsche Lufthansa AG	DE	TRAFFIC

Date	Event	Region	Estimate
02/12/2009	PMI Construction	UK	46.8
02/12/2009	Euro-Zone PPI (MoM)	EC	0.00%
02/12/2009	ADP Employment Change	US	-155K
02/12/2009	Fed's Beige Book	US	--
03/12/2009	PMI Services	GE	51.5
03/12/2009	PMI Services	EC	53.2
03/12/2009	PMI Services	UK	57
03/12/2009	Euro-Zone Retail Sales (MoM)	EC	0.20%
03/12/2009	Euro-Zone GDP s.a. (QoQ)	EC	0.40%
03/12/2009	ECB Announces Interest Rates	EC	1.00%
03/12/2009	Initial Jobless Claims	US	483K
03/12/2009	Continuing Claims	US	5540K
03/12/2009	ISM Non-Manf. Composite	US	51.5
04/12/2009	New Car Registrations (YoY)	UK	--
04/12/2009	Change in Nonfarm Payrolls	US	-118K
04/12/2009	Unemployment Rate	US	10.20%
04/12/2009	Factory Orders	US	0.10%
07/12/2009	Consumer Credit	US	--
08/12/2009	BRC November Retail Sales Mor	UK	--
08/12/2009	RICS House Price Balance	UK	--
08/12/2009	Industrial Production (MoM)	UK	--
08/12/2009	Industrial Production MoM (sa)	GE	--

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