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Market Movers

IRISH PAPERS TODAY

Aer Lingus steps up redundancies plan
(The Irish Times)

ECB unwinds liquidity scheme
(The Irish Times)

Irish banks facing a hike in loan repayments as ECB rethinks its support
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Darling to defer moves to cut deficit
(Financial Times)

Goldman reviews bonus policy in move to quell public anger
(Financial Times)

Senators heap criticism on Fed, spare Bernanke
(The Wall Street Journal)

Market View

Analyst : Stephen Taylor

Equity markets are slightly lower this morning following a late day sell off in the US overnight. Yesterday's disappointing ISM non-manufacturing data that showed economic contraction highlights the difficulties that the US economy is continuing to face. The index which represents over 80% of the US economy declined to 48.7 from 50.6 in October. Expectations had been for the index to expand to 51.5. It is clear that the manufacturing recovery is taking place quicker than the services side. It is important that service sectors rebound as this will be key for a jobs recovery in the US. As for today unemployment data out of the US at 1.30pm will be the main driver of markets. Expectations are that a further 125,000 people lost their Job during the months of November with the unemployment rate staying constant at 10.2%. Wednesday's disappointing ADP Employment report provides some risk for the nonfarm figure today that could potentially lead to some short-term weakness. However it must be noted that unemployment is in a bottoming phase and equity markets will always discount a recovery well before it takes place. We continue to recommend buying any dips in markets in our preferred sectors including; technology, basic resources, telecoms and healthcare.

UK Financials : Lloyds and RBS failing to meet lending targets

Analyst Oliver Gilvarry

Lloyds Banking Group (LBG) and Royal Bank of Scotland (RBS) have been criticised in a report for failing to meet lending targets set out by the UK Government. The report, which was conducted by the National Audit Office, also remarks that the two banks who have received £76bn from the UK Government can not be forced to lend by the Treasury. This will do little to assuage public anger surrounding the unprecedented assistance which UK banks received during the crisis and will not be received well considering reports that Lloyds execs may be paid bonuses of up to 80% for working on the HBOS Lloyds merger. Our view remains that although it is important for the banks to resume lending to consumers and the private sector, they should also show prudence when doing so. The levels of lending that we saw at the top of the market were one of the primary reasons for the financial crisis and should not be revisited.

Irish Financials : New bank guarantee scheme passes Dail vote

Analyst Oliver Gilvarry

The new bank guarantee scheme called the Eligible Liabilities Guarantee (ELG) scheme was passed in the Dail last night. The new scheme allows banks to issue debt between the commencement date and the end of September 2010 under Government guarantee for a period no longer than 5-years. The guarantee covers senior unsecured debt and deposits. Unlike the blanket guarantee, banks can decide to issue debt or take deposits under the scheme or outside the scheme. Once the new guarantee scheme is signed off by the Minister of Finance, banks can apply to take part. Irish Life and Permanent is expected to issue shortly under the scheme and we expect Anglo Irish Bank to issue in the near future also. Both AIB and BOI have issued senior unsecured debt with maturity dates outside the current guarantee scheme, but we would also expect both to issue debt under the scheme.

Ryanair : Buy Yesterday's Close €2.93 Target Price €3.20 Analyst Edward Keeling

easyJet released its November traffic figures this morning and the British low cost airline carried 3.35m passengers in November, a 12.2% increase year on year. The trend of stronger load factors continued on from October, with the passengers as a percentage of available seats coming in at 84.9%. This is compared with 83.9% last year and Ryanair's load factor, released yesterday afternoon of 80%. easyJet's stronger load factor is a function of several factors. It operates on mainly primary airline routes compared with Ryanair's significant exposure to secondary routes. In addition, easyJet has not grown into the downturn at the same pace as Ryanair. It is operating a more conservative growth model, in order to protect medium term profitability. In contrast, Ryanair is aggressively perusing market share, dropping ticket prices to whatever levels are needed in order to stimulate demand. However with the amount of capacity that has come out of the industry and consumers continuing to trade down to the cheaper low cost carriers, we forecast that Ryanair's profitability won't suffer by as much as management's guidance.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,918	1.1%	23.7%
FTSE	5,313	-0.3%	19.3%
Dow Jones	10,366	-0.8%	18.1%
S&P	1,100	-0.8%	21.8%
Nikkei	9,978	3.8%	13.1%
Stoxx 50	2,876	-0.1%	17.0%

Sector Performances

Sector	Index	1-Day	YTD
Construction	269	0.1%	1.8%
Technology	176	-0.8%	3.5%
Oil & Gas	316	-0.6%	2.6%
Financials	225	0.4%	2.2%
Retail	241	0.0%	1.6%
Food & Drink	293	0.7%	3.9%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	76.5	-0.2%	27.8%
Copper	324.0	-0.6%	122.7%
Gold	1,207.6	-0.7%	36.5%
Silver	19.1	-1.0%	66.2%
Wheat	571.5	-0.8%	-16.5%
Cattle	82.9	-1.6%	-9.2%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.505	0.1%	-7.3%
€/£	0.910	0.6%	5.3%
£/\$	1.654	-0.5%	-12.0%
\$/JPY	88.270	1.0%	2.9%
€/JPY	132.873	1.1%	-4.6%
€/SFR	1.507	0.0%	-0.9%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	81.9	-2.0%	-52.8%
High Yield	492.9	-2.2%	-51.3%
Financials	71.9	-6.8%	-36.6%
BoI	251.6	-1.0%	1.2%
AIB	280.1	-2.8%	33.9%
RBS	136.2	-1.4%	-0.5%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.3%	0.9%	0.5%
2-Year	1.8%	1.7%	1.1%
5-Year	2.7%	3.0%	2.5%
10-Year	3.4%	3.8%	3.5%

Date	Company	Region	Event
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
09/12/2009	IG Group Holdings plc	GB	TRADE
09/12/2009	PZ Cussons Plc	GB	TRADE
09/12/2009	Rexam PLC	GB	TRAFFIC
10/12/2009	DS Smith Plc	GB	INTERIM
10/12/2009	Sports Direct Internatio	GB	INTERIM
10/12/2009	Costco Wholesale Corp	US	Q1
10/12/2009	National Semiconductor	US	Q2
10/12/2009	Ciena Corp.	US	Q4

Date	Event	Region	Estimate
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%
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	--
08/12/2009	ABC Consumer Confidence	US	--
09/12/2009	Nationwide Consumer Confidenc	UK	--
09/12/2009	Trade Balance	GE	--
09/12/2009	Consumer Price Index (MoM)	GE	--
10/12/2009	BOE ANNOUNCES RATES	UK	0.50%
10/12/2009	BOE Asset Purchase Target	UK	--
10/12/2009	Trade Balance	US	-\$38.1B
10/12/2009	Initial Jobless Claims	US	--
11/12/2009	PPI Input NSA (MoM)	UK	--
11/12/2009	PPI Output n.s.a. (MoM)	UK	--
11/12/2009	Import Price Index (MoM)	US	--
11/12/2009	Advance Retail Sales	US	--
11/12/2009	U. of Michigan Confidence	US	--
11/12/2009	Business Inventories	US	--

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