

## CONTENTS

**Market View** : Concerns over sovereign debt are outweighing continued strength from the ongoing earnings season

**BP** : Peer Royal Dutch Shell releases Q4 results

**Aviva** : Full year sales exceed market expectations

**European Financials** : Deutsche Bank, Danske Bank & Banco Santander report results to the market

**Ryanair** : easyJet's traffic figures show a 10% yoy increase

**Cisco** : Strong Q2 results

**Vodafone** : Puts in a strong Q3 performance

## Market Movers

## IRISH PAPERS TODAY

Number on live register rises to 434,700  
*(The Irish Times)*

Commission threatens to get tough if Greek recovery misfires  
*(The Irish Times)*

EU orders Greece to cut public sector wages in deficit battle  
*(The Irish Independent)*

## INTERNATIONAL PAPERS TODAY

More woes for Toyota as Japanese and US governments raise pressure  
*(Financial Times)*

Moody's warns US over credit rating fears  
*(Financial Times)*

EU supports Greece's plan to lower debt  
*(The Wall Street Journal)*

## Market View

Analyst : Edward Keeling

European equity markets have opened broadly lower this morning following weakness in both the US and Asia overnight. US stocks were negatively impacted by renewed fears of increased regulation as US President Barack Obama reiterated his desire to impose stricter reforms on Wall Street. In addition a weaker than expected US non-manufacturing index weighed on investor sentiment. In Europe, concerns over widening yields on Portuguese, Spanish and Greek debt are outweighing continued strength from the ongoing earnings season. After the bell last night both Cisco (see below) and Visa posted strong earnings and were up 3.6% and 1.8% respectively in after hours trading. Looking ahead towards today session, the ECB will be announcing its latest interest rate decision where we expect it will leave interest rates at a record low of 1%. However more significant will be any statement regarding European peripheral economies. Meanwhile we also expect the Bank of England will announce it will leave its base rates on hold today. However more in focus will be the Monetary Policy Committee's decision on whether to increase or not its quantitative easing programme. Market consensus is for policymakers to announce no further increase in its asset purchasing programme but to leave the door open to further QE if the economy falters. In the US, factory orders and weekly jobless claims will be in focus, while on the corporate front Kellogg's, MasterCard and Moody's are all expected to update the market.

**BP : Buy**      **Yesterday's Close** 574p      **Price Target** 680p      **Analyst** Brian Gallagher

BP's peer, Royal Dutch Shell, reported a disappointing set of Q4 results this morning. Net income came in at the bottom end of analyst's estimates with the company reporting a figure of \$1.88bn. Similar to BP, the main driver for the poor results was weak refining margins which continue to remain depressed due to a significant over capacity in the Atlantic Basin. The company also reported weaker than expected production and guided that the economic environment would continue to be uncertain. BP continues to be our preferred play in the European space and we feel that this week's results have highlighted the disparity between the two companies.

**Aviva : Buy**      **Yesterday's Close** 398p      **Price Target** 520p      **Analyst** Oliver Gilvarry

Aviva released full year sales this morning which were stronger than expectations. On a PVNBP basis sales for the full year were £32bn compared to sub £31.1bn expected. Sales in the UK were stronger than expected at £8.9bn with sales in the US slightly weaker at £4.5bn. The trend in Q4 was strong with QoQ changes in sales showing growth of 21% with the US business increasing by 45% and Aviva Europe sales were up 39%. Aviva's CEO stated that Q4 sales were strong across all regions and the company is seeing the first signs of improved appetite for saving from customers. Comments on Ireland were unsurprisingly negative with retail sales down 11% in local currency terms due to economic conditions and a competitive market place. The release guided that the impact of the bad weather in Ireland and the UK will result in exceptional weather claims of £100m that will negatively impact on the combined ratio. The level of exceptional claims is mainly in line with expectations. The capital position was in line with expectations at £4.5bn. The statement today is positive highlighting the group's gaining momentum in sales in Q4 and this seems to be following into 2010. Management are still focused on not chasing business for market share. The lack of guidance on the combined ratio (COR) for 2009 was a surprise, but with the exceptional claims for the bad weather roughly in line with expectations the COR should come in at the 98% group target. We remain positive on the company and see further upside over the next number of weeks. A conference call will be held at 09.30 this morning.

## European Financials Results

Analyst Oliver Gilvarry

A number of European banks reported this morning with Deutsche Bank reporting Q4 figures. The company beat expectations on net profit, but the €1.3bn figure was supported by a €554m tax benefit. The group is paying a dividend of 75c at the lower end of what was expected by the market. Core tier 1 was 12.6%, which is a positive but concerns over potential capital raisings to increase capital further will weigh on the stock. In Spain, Santander released full year results beating expectations on net profit. Revenues were higher than expected also, but seem to be have been driven by trading. Non performing loans in Spain increased to 3.4%, but the coverage ratio increased to 73% in the quarter compared to 67% in Q3. Core capital increased to 8.6%, in line with expectations. The group is benefitting from geographic diversity as earnings in the UK increased as the group takes market share from weaker competitors. Danske Bank also reported this morning, owner of NIB. The group misses on net profit, but loan losses have fallen from last year's levels. The company guided that loan losses will remain high in 2010, but will be lower than 2009. In Ireland NIB reported operating profit of €42m, but reported a loss before tax of €661m due to loan impairment charges. NIB had an impairment charge of 6.83% compared to 2.14% charge in 2008. The freeze in the property market is the reason for the high impairment charge. The loan book fell by 3.3% with deposits growing by 25%, indicating the competition for Irish deposits remains intense with non-domestic banks still active in the market.

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**Ryanair: Buy** Yesterday's Close €3.52 Price Target €4.30 Analyst : Edward Keeling

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easyJet posted its latest monthly traffic figures this morning and it carried 3.14m passengers in January, up over 10% year on year. Its load factor for the period, a measure of how full its planes were on average, was 79.3%. This is compared with 75.7% for the same period in 2009 and is a good indication of some pricing power returning to the airline. With the airline now increasing its growth rates, any pick up in load factors is even more encouraging and provides a good read through for continued stabilisation in Ryanair's average fare trends.

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**Cisco: Buy** Yesterday's Close €3.52 Price Target Under Review Analyst : Stephen Taylor

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Last night, one of our preferred large cap technology names, Cisco, reported a strong set of fiscal second quarter results and guidance that were well ahead of analyst expectations. EPS of \$0.40 and revenue of \$9.8bn were both well ahead of analyst expectations of \$0.35 and \$9.41bn, respectively. On the back of the global economic recovery, Cisco expects fiscal third quarter revenue to grow by between 23% - 26%, well ahead of consensus for c. 17% growth. The results should be taken as a positive read across for both Intel and Microsoft as it clearly indicates that corporate spending is beginning to rebound. On a further positive note for the global economy, Cisco said that it intends to hire between 2000-3000 people over the coming quarters. We will be issuing a detailed note on Cisco next week.

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**Vodafone : Buy** Yesterday's Close 135p Price Target 150p Analyst Stephen Taylor

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This morning, Vodafone has issued a positive third quarter trading statement and also raised its forecasts for the full year. Group revenue increased by 10.3% to £11.5bn, with service revenue increasing by 11% to £10.7bn. Vodafone saw improving trends across the majority of its businesses in particular Europe where the decline in revenue continues to moderate. Service revenue in Europe declined by 3.2%, a 1.2% improvement on the second quarter and better than the 4% decline that had been expected. Group data revenue exceeded £1bn for the first time, up 17.7% year on year. With Vodafone now selling Apple's iPhone in the UK we expect to see further improvements here over the coming quarters. As a result of the positive quarter, Vodafone has raised its free cash flow forecast for the year by £500m to £6.5bn to £7.0bn and also raised the bottom end of its operating profit forecast to between £11.4bn to £11.8bn from the previous range of £11bn to £11.8bn. We reiterate our buy rating on Vodafone.

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### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,025	0.3%	1.2%
FTSE	5,253	-0.6%	-3.6%
Dow Jones	10,271	-0.3%	-1.5%
S&P	1,097	-0.5%	-1.6%
Nikkei	10,404	0.3%	-1.8%
Stoxx 50	2,805	-0.9%	-6.2%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	270	0.1%	-3.5%
Technology	199	0.2%	8.0%
Oil & Gas	322	-0.4%	-3.3%
Financials	211	-1.5%	-6.8%
Retail	250	-0.6%	2.0%
Food & Drink	308	0.1%	0.3%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	77.0	-0.3%	-4.7%
Copper	297.4	-3.8%	-11.3%
Gold	1,109.8	-0.4%	0.6%
Silver	16.3	-2.5%	-3.8%
Wheat	469.0	-3.7%	-12.4%
Cattle	90.1	0.3%	-0.1%

### Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.389	-0.5%	3.5%
€/£	0.874	0.0%	1.6%
£/\$	1.589	-0.5%	2.0%
\$/JPY	90.980	0.7%	2.4%
€/JPY	126.420	0.2%	6.1%
€/SFR	1.472	-0.1%	0.9%

### 5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	76.9	-1.0%	13.8%
High Yield	448.2	0.6%	6.5%
Financials	85.7	0.9%	32.2%
BoI	217.9	1.1%	-10.0%
AIB	233.2	-1.2%	-14.5%
RBS	134.5	0.2%	-0.6%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.2%	0.9%	0.5%
2-Year	1.7%	1.7%	1.2%
5-Year	2.6%	3.1%	2.7%
10-Year	3.4%	3.9%	3.8%

Date	Company	Region	Event
04/02/2010	Danske Bank A/S	DK	FINAL
04/02/2010	Deutsche Bank AG	DE	PRELIM
04/02/2010	Enel SpA	IT	PRELIM
04/02/2010	Royal Dutch Shell Plc	NL	Q4
04/02/2010	Banco Santander SA	ES	Q4
04/02/2010	Swatch Group AG	CH	YRSALES
04/02/2010	Zurich Financial Services AG	CH	FINAL
04/02/2010	Aviva Plc	GB	NEW BIZ
04/02/2010	EasyJet PLC	GB	TRADE
04/02/2010	Yell Group PLC	GB	Q3
04/02/2010	Unilever PLC	GB	FINAL
04/02/2010	GlaxoSmithKline PLC	GB	Q4
04/02/2010	Vodafone Group Plc	GB	TRADE
04/02/2010	Allergan	US	Q4
04/02/2010	CIGNA	US	Q4
04/02/2010	Kellogg Co.	US	Q4
04/02/2010	MasterCard Incorp.	US	Q4
04/02/2010	Moody's Corp.	US	Q4
04/02/2010	Sunoco	US	Q4
05/02/2010	Finnair Oyj	FI	Q4
05/02/2010	Air Berlin PLC	DE	TRAFFIC
05/02/2010	Volvo AB	SE	Q4

Date	Event	Region	Estimate
04/02/2010	Factory Orders MoM (sa)	GE	0.20%
04/02/2010	BOE ANNOUNCES RATES	UK	0.50%
04/02/2010	BOE Asset Purchase Target	UK	200B
04/02/2010	ECB Announces Interest Rates	EC	1.00%
04/02/2010	Initial Jobless Claims	US	460K
04/02/2010	Factory Orders	US	0.90%
05/02/2010	PPI Input NSA (MoM)	UK	0.80%
05/02/2010	PPI Output n.s.a. (MoM)	UK	0.30%
05/02/2010	Industrial Production MoM (sa)	GE	0.30%
08/02/2010	Sentix Investor Confidence	EC	--
09/02/2010	RICS House Price Balance	UK	--
09/02/2010	BRC January Retail Sales Monitc	UK	--
09/02/2010	Trade Balance	GE	--
09/02/2010	Imports SA (MoM)	GE	--
09/02/2010	Current Account (EURO)	GE	--
09/02/2010	Exports SA (MoM)	GE	--
09/02/2010	Consumer Price Index (YoY)	GE	--
09/02/2010	Total Trade Balance (GBP/Mln)	UK	--
09/02/2010	Wholesale Inventories	US	--
09/02/2010	ABC Consumer Confidence	US	--
10/02/2010	Industrial Production (MoM)	UK	--
10/02/2010	Manufacturing Production (MoM)	UK	--

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