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Market Movers

IRISH PAPERS TODAY

Standard of living likely to stay lower permanently, OECD warns
(The Irish Times)

Bol reports €979 loss for six months to end of September
(The Irish Times)

Ireland downgraded by Fitch to worst level yet in recession
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Germany and Russia furious at Opel blow
(Financial Times)

Consumer spending on the way back, says Rose
(Financial Times)

US Fed holds steady, shows more optimism
(The Wall Street Journal)

Market View

Analyst : Stephen Taylor

European equity markets are lower this morning following a late sell off in the US last night and weaker finishes in Asia overnight. Last night, the Federal Reserve left rates on hold as expected and again reiterated that it intends to keep rates at 'exceptionally low levels for an extended period of time'. The Fed did provide some parameters for its view on lower rates for longer that included continued subdued rates of resource utilization, inflation trends in addition to stable inflation expectations. The Fed also pared back its agency debt program to c. \$175bn from \$200bn previously. While some might read into these minor changes as the Fed setting the tone for rate hikes earlier than might have been expected, we do not expect a move until next summer as unemployment rates are likely to continue to increase. As for today the main focus will be on interest rate decisions out of the Bank of England and ECB. We expect both central banks to keep interest rates on hold at 0.5% and 1.0% respectively. There are expectations that the Bank of England will extend its quantitative easing program by £50bn which would be a short-term negative read through for sterling. We expect the ECB to reiterate its cautious stance in relation to the current economic outlook and don't expect any indications of a rate increase until well into next year. On the corporate front, monthly sales figures from US retailers will be closely watched before the US market opens.

Barclays : Buy **Current Price** 330p **Price target** 415p **Analyst** : Oliver Gilvarry

A number of banks reported Q3 results this morning with BNP Paribas beating expectations on earnings. Net profit for Q3 was €1.305bn compared to market estimates of €1.26bn. Earnings were 45% higher year on year driven by the Fortis acquisition and its investment banking division. The bank's equity tier 1 capital ratio has moved to 7.8% at the end of quarter, an increase of 60bps. This increase was mainly due to the rights issue the bank successfully completed to repay French Government capital provided late last year. The strong performance of the Investment Banking arm is a positive read through for Barclays next Tuesday when it reports Q3 earnings.

Aviva : Buy **Current Price** 400p **Target Price** 440p **Analyst** : Oliver Gilvarry

RSA released an interim management statement (IMS) this morning reporting a strong capital ratio and combined ratio. IGD surplus cover is 2.4x, the minimum requirement and management are guiding a combined ratio of 95% for the full year. The CEO stated that while economic conditions remain challenging, some encouraging signs are appearing in International and Emerging markets. These statements are a positive read through for Aviva.

Cisco : Buy **Current Price** \$23.29 **Target Price** Under Review **Analyst** : Stephen Taylor

After the US close last night, Cisco reported a solid set of first quarter results that beat expectations and provided reassuring guidance in relation to its second quarter. Ex-items EPS came in at \$0.36 compared to \$0.31 expected. Revenue declined by 13% to \$9bn also beating consensus of \$8.7bn. Cisco also announced that it was boosting its current share buyback program by \$10bn, a further indication of the strength of the group's balance sheet and confidence in business going forward. For the current quarter, Cisco expects revenue to be in the region of \$9.2bn to \$9.5bn, which would represent an increase of between 1% to 4%. Cisco's CEO John Chambers indicated that the recovery is 'well underway' adding that economic improvements were "gaining momentum world wide". Chambers comments should be taken as a significant positive as he was one of the first CEO's to warn of the economic downturn back in 2007. The group also indicated that it will gradually increase expenses and potentially look to expand its workforce. Shares in Cisco were up 3% in after hours trade. We continue to like Cisco and again reiterate our view that technology is the best way to play the global recovery. As Cisco has surpassed our price target we will be updating our target and estimates shortly.

Vodafone : Buy **Current Price** 137p **Target Price** 150p **Analyst** : Stephen Taylor

German peer of Vodafone, Deutsche Telekom, reported a solid set of third quarter results. Net income increased by 7.2% to €959m well ahead of analyst expectations of €830m. Revenue increased by 5% to €16.3bn, in line with consensus. The company also reiterated its full-year free cash flow target of €7bn. We take Deutsche Telekom's results as a positive read across for Vodafone and reiterate our buy rating on the stock. In addition to stabilising European markets, we expect Vodafone to benefit from its continued push in to emerging markets; including India and Africa. Vodafone are due to issue interim results on November 10th.



Ryanair : Buy **Current Price** €2.90 **Price target** €4.00 **Analyst :** Edward Keeling

easyJet have reported its October traffic figures this morning. Passengers carried increased 6.6% to 4.2m, while its load factor, which measures the proportion of filled seats, was 86.8%, up from 83.9% from the same period last year. These are very encouraging statistics when one considers easyJet's business strategy. As apposed to Ryanair, it operates an average fare intensive, market share passive model. This implies that unlike Ryanair, it is not sacrificing profitability for continued aggressive passenger growth. Incorporating this knowledge into the fact that easyJet's load factor for the month was 86.8%, implies that its customer base is becoming less price sensitive.

Man Group : Half year results **Current Price** €54.05 **Analyst :** Edward Keeling

Man group have reported half year results this morning. The group posted profit before tax of \$302m, 8% better than the group's guidance issued as recently as the end of September. Reflecting a strong financial position with a regulatory surplus over \$1.6bn, it maintained its interim dividend of 19.2c which is compared with its eps for the period of just 13.8c. There was a significant improvement in the rate redemptions for both institutional and private clients in Q2, while funds under management were unchanged from its trading statement in September at \$44bn.



International Equity Markets

| Index | Value | 1-Day | YTD |
|-----------|-------|-------|-------|
| ISEQ | 2,924 | 4.0% | 24.5% |
| FTSE | 5,108 | 1.4% | 13.9% |
| Dow Jones | 9,772 | -0.2% | 11.7% |
| S&P | 1,045 | 0.2% | 15.9% |
| Nikkei | 9,844 | 0.4% | 9.7% |
| Stoxx 50 | 2,763 | 1.9% | 11.4% |

Sector Performances

| Sector | Index | 1-Day | YTD |
|--------------|-------|-------|------|
| Construction | 256 | 3.2% | 1.7% |
| Technology | 180 | 2.0% | 3.9% |
| Oil & Gas | 315 | 1.4% | 2.9% |
| Financials | 223 | 2.5% | 2.4% |
| Retail | 232 | 1.9% | 1.7% |
| Food & Drink | 281 | 0.2% | 4.2% |

Commodity Prices

| Commodity | Index | 1-Day | YTD |
|-----------|---------|-------|--------|
| Crude Oil | 80.4 | 1.0% | 35.7% |
| Copper | 299.3 | 1.3% | 105.9% |
| Gold | 1,092.2 | 0.7% | 23.2% |
| Silver | 17.4 | 1.3% | 52.9% |
| Wheat | 521.0 | 1.0% | -23.0% |
| Cattle | 86.3 | 0.6% | -4.4% |

Currency Exchange Rates

| Commodity | Index | 1-Day | YTD |
|-----------|---------|-------|--------|
| €/\$ | 1.486 | 0.9% | -5.7% |
| €/£ | 0.898 | 0.2% | 6.4% |
| £/\$ | 1.656 | 0.7% | -11.4% |
| \$/JPY | 90.760 | 0.5% | 0.5% |
| €/JPY | 134.870 | 1.4% | -5.3% |
| €/SFR | 1.510 | 0.0% | -1.1% |

5Yr Credit Spreads

| Commodity | Index | 1-Day | YTD |
|--------------|-------|-------|--------|
| Invest Grade | 90.4 | -3.2% | -48.6% |
| High Yield | 513.2 | -2.6% | -49.4% |
| Financials | 73.7 | -3.2% | -38.9% |
| BoI | 165.8 | -0.2% | -32.1% |
| AIB | 172.2 | -0.7% | -16.1% |
| RBS | 125.5 | 6.5% | -8.7% |

Money Market Rates

| Rate | EUR | UK | US |
|-----------|------|------|------|
| Overnight | 0.3% | 0.4% | 0.2% |
| 3-Month | 0.7% | 0.6% | 0.3% |
| 1-Year | 1.3% | 1.0% | 0.6% |
| 2-Year | 1.8% | 2.0% | 1.3% |
| 5-Year | 2.8% | 3.4% | 2.7% |
| 10-Year | 3.6% | 4.0% | 3.7% |

Date Company Region Event

| Date | Company | Region | Event |
|------------|--------------------------|--------|----------|
| 05/11/2009 | L'Oreal SA | FR | Q3 SALES |
| 05/11/2009 | BNP Paribas SA | FR | Q3 |
| 05/11/2009 | Air Berlin PLC | DE | TRAFFIC |
| 05/11/2009 | COMMERZBANK AG | DE | Q3 |
| 05/11/2009 | Deutsche Boerse AG | DE | Q3 |
| 05/11/2009 | Deutsche Post AG | DE | Q3 |
| 05/11/2009 | Deutsche Postbank AG | DE | Q3 |
| 05/11/2009 | Deutsche Telekom AG | DE | Q3 |
| 05/11/2009 | Telecom Italia SpA | IT | Q3 |
| 05/11/2009 | SAS AB | SE | Q3 |
| 05/11/2009 | Adecco SA | CH | Q3 |
| 05/11/2009 | Zurich Financial Service | CH | Q3 |
| 05/11/2009 | Vedanta Resources PLC | GB | H1 |
| 05/11/2009 | Man Group Plc | GB | INTERIM |
| 05/11/2009 | Cable & Wireless Plc | GB | INTERIM |
| 05/11/2009 | Unilever PLC | GB | Q3 |
| 05/11/2009 | RSA Insurance Group P | GB | TRADE |
| 05/11/2009 | SEGRO Plc | GB | TRADE |
| 05/11/2009 | Prudential Fincl. | US | Q3 |
| 05/11/2009 | Dr Pepper Snapple Grp | US | Q3 |
| 05/11/2009 | The NASDAQ OMX Grp | US | Q3 |
| 05/11/2009 | Starbucks | US | Q4 |

Date Event Region Estimate

| Date | Event | Region | Estimate |
|------------|--------------------------------|--------|----------|
| 05/11/2009 | Industrial Production (MoM) | UK | -- |
| 05/11/2009 | Manufacturing Production (MoM) | UK | -- |
| 05/11/2009 | Euro-Zone Retail Sales (MoM) | EC | -- |
| 05/11/2009 | BOE ANNOUNCES RATES | UK | 0.50% |
| 05/11/2009 | BOE Asset Purchase Target | UK | -- |
| 05/11/2009 | ECB Announces Interest Rates | EC | -- |
| 05/11/2009 | Initial Jobless Claims | US | -- |
| 05/11/2009 | Continuing Claims | US | -- |
| 06/11/2009 | PPI Input NSA (MoM) | UK | -- |
| 06/11/2009 | PPI Output Core NSA (MoM) | UK | -- |
| 06/11/2009 | Factory Orders MoM (sa) | GE | -- |
| 06/11/2009 | Change in Nonfarm Payrolls | US | -175K |
| 06/11/2009 | Unemployment Rate | US | 9.90% |
| 06/11/2009 | Wholesale Inventories | US | -- |
| 06/11/2009 | Consumer Credit | US | -- |
| 09/11/2009 | Trade Balance | GE | -- |
| 09/11/2009 | Current Account (EURO) | GE | -- |
| 09/11/2009 | Imports SA (MoM) | GE | -- |
| 09/11/2009 | Exports SA (MoM) | GE | -- |
| 09/11/2009 | Sentix Investor Confidence | EC | -- |
| 09/11/2009 | Industrial Production MoM (sa) | GE | -- |

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