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Market Movers

IRISH PAPERS TODAY

EU expresses grave doubts over State's survival plan for Anglo
(The Irish Times)

Eircom in talks with unions over job cuts
(The Irish Times)

Major road rail projects axed as cash pile runs out
(Irish Independent)

INTERNATIONAL PAPERS TODAY

BP rules out share issue
(Financial Times)

BT strike ballot halted
(Financial Times)

Crises take toll on euro-zone lenders
(Wall Street Journal)

Market View

Analyst: Stephen Taylor

European equity markets have opened higher this morning following positive closes in Asia overnight. Cyclical sectors are the drivers with the miners, financials and energy stocks the main gainers lifting the FTSE. Crude oil has also rebounded trading back above the \$72.50 level. On the currency front, the € continues to strengthen against the dollar and is currently close to the 1.26 level and is being driven by disappointing data out of the US recently and not Euro strength. While markets are likely to remain volatile as global growth forecasts are revised lower our longer-term outlook for equities remains positive with energy, technology, pharma and telecoms some of our preferred sectors. With significant restructuring having taken place within corporates in addition to major deleveraging, companies are in a strong place now and will be able to withstand lower growth estimates unlike back in 2007/2009 period. The key will be for revenue growth to return which remains a significant uncertainty at the moment. Over the next week, economic data will continue to be a driver markets as we enter the second quarter earnings season in the US. Today the main focus will be in the US with the ISM services number expected to fall for the first time in 7 months having remained steady at 55.4 over the last three months.

Tullow Oil: Buy **Previous Close** 1041p **Target** 1470p **Analyst** Brian Gallagher

Tullow Oil have this morning released a trading statement. The update yielded few surprises with most of the announcements in line with expectations. More specifically, production in the first half averaged 55,800 barrels of oil per day (bopd) with the company raising its full year guidance marginally from 55,000-57,000bopd to 56,000-57,000bopd. The statement confirmed again that Jubilee phase 1 is on track for first oil by the end of 2010 and that the high impact exploration campaign outlined at the start of the year is intact. Finally, Tullow Oil have hinted that the purchase of Heritage Oil's stake in the Lake Albert Basin is imminent with reports this morning that approval from the authorities may be announced later today.

Ryanair: Buy **Previous Close** €3.67 **Target** €4.70 **Analyst** Edward Keeling

Yesterday Ryanair reported June traffic figures and its load factor, the number of passengers as a percentage of the total seats available, was 84%. This is down from 85% from the same period last year and is on the back of a 15% capacity increase. This slightly weaker year on year result probably reflects the weakness in bookings post the volcanic ash disruptions. However since then management have indicated that demand has rebounded and that its forward booking profile has been very strong.

C&C: Buy **Previous Close** €3.25 **Target** €3.90 **Analyst** Edward Keeling

Punch Taverns the UK pub group issued an interim management statement this morning. As a read through for C&C, management have noted that market conditions remain challenging. A disappointing snow affected performance in January has been more than offset by the good weather benefit seen in May/June. Nonetheless current trading remains on track to meet the group's expectations for the financial year. Management expect the trading outlook in the near term to continue to be uncertain. However, it is encouraged by current momentum and are confident over the longer-term operational performance.

Persimmon: Buy **Previous Close** 349p **Target** 560p **Analyst** Stephen Taylor

UK house builder Persimmon issued a trading statement ahead of its first half results to June 30th, which will be released on Tuesday August 24th. Turnover for the first half of the year was up by 26% to £785m with the average selling price 8% higher year on year at £168,500. As a result the company expects operating margins to have increase to 7.5% compared with 1.5% for the same period last year. Persimmon's balance sheet continued to improve with the group managing to reduce net debt to £122m compared with £494m at the end of June 2009. This is a further reduction in borrowings of over £145m since January 1st. Persimmon continues to increased its land bank having acquired 4000 plots at attractive margins and mainly on deferred terms. The group has also agreed with a further 3,500 plots which are proceeding to contract. Persimmon did indicate that since early May, the company has experienced the normal seasonal slow down in reservations and partly due to the proposals announced in the budget. The group did indicated however that sales since the budget have been in line with expectations. Overall we take Persimmon's trading statement as a positive and we reiterate Persimmon as our preferred UK house builder. In the short term however, the sector may remain out of favour due to its cyclical nature



Paddy Power: Buy **Previous Close** €25.00 **Target** €27.50 **Analyst** Edward Keeling

PartyGaming, the online gaming company and industry peer of Paddy Power, released an trading update this morning. It has announced that trading since the end of April has been in line with expectations despite the adverse impact of the World Cup being greater than expected on poker. In our view this provides a positive read through for Paddy Power on two fronts. Firstly it demonstrates the continued resilience of the online gaming industry as a whole. Secondly it suggests the positive impact from the world cup on the amount staked at Paddy Power may be greater than the market currently anticipates.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,844	-0.6%	-4.5%
FTSE	4,838	-0.3%	-9.9%
Dow Jones	9,686	-0.4%	-7.1%
S&P	1,023	-0.3%	-8.3%
Nikkei	9,267	0.7%	-11.5%
Stoxx 50	2,508	-0.6%	-14.2%

Sector Performances

Sector	Index	1-Day	YTD
Construction	240	0.1%	-11.9%
Technology	187	-0.6%	3.0%
Oil & Gas	270	0.2%	-16.7%
Financials	188	-0.7%	-13.9%
Retail	250	1.3%	3.1%
Food & Drink	322	0.1%	6.3%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	72.14	-1.1%	-12.1%
Copper	291.60	1.4%	-12.4%
Gold	1,209.28	-0.2%	10.1%
Silver	17.72	-0.4%	5.5%
Wheat	503.00	0.7%	-12.2%
Cattle	89.48	-0.5%	2.5%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.254	-0.2%	-12.1%
€/£	0.828	0.2%	-6.6%
£/\$	1.514	-0.4%	-6.0%
\$/JPY	87.770	0.0%	5.9%
€/JPY	110.050	-0.2%	-17.0%
€/SFR	1.335	0.0%	11.1%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	119.7	-0.7%	81.9%
High Yield	513.3	-1.2%	33.1%
Financials	143.6	0.2%	108.0%
BoI	325.2	-3.9%	51.9%
AIB	438.8	0.2%	87.7%
RBS	201.6	-2.4%	52.7%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.5%	#VALUE!
3-Month	0.8%	0.7%	0.5%
1-Year	1.2%	1.1%	0.7%
2-Year	1.4%	1.4%	1.0%
5-Year	2.1%	2.5%	2.1%
10-Year	0.029	3.4%	3.1%

Date	Company	Region	Event
06/07/2010	EasyJet PLC	GB	TRAFFIC
06/07/2010	Persimmon PLC	GB	TRADE
06/07/2010	Tullow Oil PLC	GB	TRADE
07/07/2010	Finnair Oyj	FI	TRAFFIC
07/07/2010	Air Berlin PLC	DE	TRAFFIC
07/07/2010	SAS AB	SE	TRAFFIC
07/07/2010	Marks and Spencer Group	GB	TRADE
07/07/2010	Aveva Group Plc	GB	AGM
08/07/2010	Man Group Plc	GB	TRADE
08/07/2010	AIR France-KLM	FR	AGM
08/07/2010	Babcock International Group	GB	AGM
09/07/2010	Austrian Airlines AG	AT	TRAFFIC
09/07/2010	Deutsche Lufthansa AG	DE	TRAFFIC
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Date	Event	Region	Estimate
06/07/2010	ISM Non-Manf. Composite	US	--
06/07/2010	ABC Consumer Confidence	US	--
07/07/2010	Euro-Zone GDP s.a. (QoQ)	EC	--
07/07/2010	Factory Orders MoM (sa)	GE	--
07/07/2010	MBA Mortgage Applications	US	--
08/07/2010	Trade Balance	GE	--
08/07/2010	Imports SA (MoM)	GE	--
08/07/2010	Current Account (EURO)	GE	--
08/07/2010	Exports SA (MoM)	GE	--
08/07/2010	Industrial Production (MoM)	UK	--
08/07/2010	Manufacturing Production	UK	--
08/07/2010	Industrial Production MoM	GE	--
08/07/2010	BOE Asset Purchase Target	UK	--
08/07/2010	BOE ANNOUNCES RATES	UK	--
08/07/2010	ECB Interest Rates	EC	--
08/07/2010	Initial Jobless Claims	US	--
08/07/2010	Consumer Credit	US	--
09/07/2010	Consumer Price Index (MoM)	GE	--
09/07/2010	Total Trade Balance	UK	--
09/07/2010	PPI Input NSA (MoM)	UK	--
09/07/2010	PPI Output n.s.a. (MoM)	UK	--
09/07/2010	Wholesale Inventories	US	--

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