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EU sets "stress" criteria (*Wall Street Journal*)

Market View

Analyst: Brian Gallagher

European equities have opened higher this morning following strong finishes in the US and Asia overnight. One of the major reasons for the move in equities was an announcement by the IMF who revised their estimates for global growth upwards. The Washington based institution now believes that the global economy will expand by 4.6% this year driven by stronger than anticipated growth in the first half. They maintained their forecast for global growth of 4.3% in 2011. Another positive catalyst for the market yesterday was news that the ECB is progressing with the banking stress test having announced some of the criteria which Eurozone banks will be assessed under. Results of the stress tests are now expected to be released on the 23rd of June. Also in Europe, German trade balance data released today showed strong gains with export rising by 9.2% versus an anticipated 4.0% illustrating the dip in the euro is making European exporters more competitive. Commodities enjoyed gains as the improved growth outlook increased prospects for demand this year. Oil has pushed back above \$74 a barrel and copper has climbed for 5 straight days now. As for today, we are expecting interest rate decisions from the ECB and Bank of England. Both Central Banks are expected to leave their headline rates unchanged in order to support economic growth. In the US, the Weekly Jobless Claims will be announced at 13.30 Irish time. These weekly releases have never been as important as they provide a valuable insight into the strength of the US economy which has shown signs of retrenching following a number of weak data points. Consensus estimates show that 460k thousand new people will register for employment benefits this week.

BP: Buy

Previous Close 362p

Target 500p

Analyst Brian Gallagher

Latest indications suggest that BP is less than 300ft from intercepting the ruptured Macondo well in the Gulf of Mexico. Drilling of the relief has progressed well so far with no interruptions from storms which typify the weather in the area during this time of the year. This news has led to reports that the BP has internally set the 27th of July as the date for capping the well. This would coincide with the company's Q2 results and would provide a positive catalyst for the major. Meanwhile, BP CEO continues to visit partners and potential strategic investors in the Middle East. Hayward met with the Crown Prince of Abu Dhabi yesterday describing the discussions as "very good".

Man Group

Previous Close 217p

Analyst Oliver Gilvarry

Man Group has released an interim management statement this morning. Total assets under management fell 2% to \$38.5bn and this represents the seventh straight quarter of net outflows. Private investor funds under management (FUM) are \$27.1 billion which is compared with \$26.8 billion at the 31st March 2010. Institutional FUM of \$11.4 billion are down from \$12.6bn at the 31st March and reflect a modest net outflow and currency movements. Despite their largest AHL fund generating a positive return of 0.9% over the quarter, given the continued market uncertainty, sales in the quarter have remained subdued. The financial position remains strong, with a regulatory capital surplus of around \$1.5 billion at 30 June 2010 and available liquidity resources of around \$5.4 billion. Encouragingly recent mandate wins for managed account investments which, as they begin to fund over the coming months, provide a strong indication of future institutional sales inflows. The proposed acquisition of GLG Partners is proceeding according to plan.

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