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## IRISH PAPERS TODAY

Kenny faces crucial party meeting after Lee's resignation (*The Irish Times*)

Regulator holds review after AIB overcharges 40,000 customers (*The Irish Times*)

AIB's pick of non banker for CFO role is "surprise" (*The Irish Independent*)

## INTERNATIONAL PAPERS TODAY

Traders in record bet against the euro (*Financial Times*)

SAP head admits to mistakes (*Financial Times*)

Honda says Toyota fallout could hurt auto industry (*The Wall Street Journal*)

## Market View

Analyst : Stephen Taylor

European equity markets are slightly stronger this morning despite the late day sell off in the US overnight. Sovereign debt remains the main concern in markets and until there is some concerted unified action by the ECB in relation to peripheral European nations. We still maintain the corporate profit outlook for large blue chip companies with international exposure remains favourable and the recent weakness in markets has led to attractive entry levels. Investors however have to be prepared for further volatility over the coming weeks as speculation around the faith of European nations debt concerns remains uncertain. For investors looking hedge long-portfolios we recommend using index shorts depending on the geographical nature of the portfolio. As for today the main focus will be on corporate earnings out of the US with Coca-Cola due to report earnings before the US market opens. Given the global nature of Coca-Cola's businesses the market will be looking for any signs of improvement in the economic outlook of the company. It is relatively quiet on the economic data front with Trade Balance data out of the UK, while in the US wholesale inventory data will be in focus.

**United Drug: Buy** Yesterday's Close €2.22 Price Target €2.65 Analyst Oliver Gilvarry

Ahead of its AGM today, United Drug have released an interim management statement covering the period from October 1<sup>st</sup> 2009 to today. Trading across the group has been good in the first quarter with profits in line with management's expectations and well ahead of Q1 2009. In its wholesale business in both the Republic of Ireland and Northern Ireland overall revenues are in line the same period last year. However the new agreement between the Department of Health and the pharmaceutical manufacturers will see a further reduction of 40% in the price of off-patent medicines and will impact on the revenues of its Irish wholesale business in the current year. Meanwhile profits in its Packaging & Speciality division are well ahead of the first quarter in 2009, with strong trading in its US division offsetting sluggish European progress. While the Contract Sales & Marketing Services division continues to trade strongly with profits for the period ahead of last year. In terms of guidance, despite encouraging trading for most parts of the business, after taking account of the new agreement on medicine prices in the Republic of Ireland that came into effect on 1<sup>st</sup> February, the group expects profit before tax for the full year September 30<sup>th</sup> 2010 to be broadly in line with the prior year on a constant currency basis.

**CRH: Buy** Yesterday's Close €16.97 Price Target €20.50 Analyst Stephen Taylor

After the US market closed last night, CRH Peer, Vulcan Materials reported fourth quarter results. The group reported a loss of 10c per share, compared to expectations for a loss of 1c. Revenue of \$590.1m also missed analyst estimates of \$590.1m. During the quarter, aggregate shipments declined by 23% that were further impacted by the poor weather. In relation to its outlook for 2010 the company continues to see further weakness in private non residential construction. The group does however see volumes at its asphalt business up 5% with aggregates pricing increasing by 2% to 3%. While the outlook for the construction sector in the US and Europe remains difficult and will continue to do so due to higher budget deficits, we believe that CRH is well positioned and represents an excellent long-term recovery play. Peer HeidelbergCement is due to report earnings tomorrow.

**Paddy Power** Yesterday's Close €23.60 Analyst Edward Keeling

In its Q4 update 888 holdings, the UK online gaming company has reported operating income of \$68m, a 14% increase year on year and a 12% increase on Q3. This reflects an increase of 2% in its number of active casino and poker customers and provides decent read through for the amount staked at Paddy Powers online division. Encouragingly, the first quarter of 2010 has started well with total operating income another 7% higher on Q4.



### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,890	0.0%	-2.2%
FTSE	5,092	0.6%	-5.9%
Dow Jones	9,908	-1.0%	-5.0%
S&P	1,057	-0.9%	-5.2%
Nikkei	9,952	-1.0%	-5.8%
Stoxx 50	2,664	1.2%	-10.5%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	254	0.2%	-8.5%
Technology	190	-0.5%	2.7%
Oil & Gas	310	0.5%	-6.8%
Financials	195	0.2%	-12.9%
Retail	241	0.3%	-1.1%
Food & Drink	297	1.5%	-3.0%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	71.9	1.0%	-9.7%
Copper	291.3	1.9%	-12.2%
Gold	1,062.9	-0.3%	-2.4%
Silver	15.1	1.7%	-9.4%
Wheat	484.0	2.3%	-10.4%
Cattle	90.8	0.4%	1.2%

### Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.365	-0.2%	4.4%
€/£	0.876	0.1%	1.0%
£/\$	1.559	-0.4%	3.5%
\$/JPY	89.260	0.0%	3.9%
€/JPY	121.800	-0.2%	8.4%
€/SFR	1.465	-0.1%	1.1%

### 5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	89.6	2.0%	30.5%
High Yield	504.7	0.8%	17.8%
Financials	99.8	2.5%	49.2%
BoI	232.6	0.6%	-3.5%
AIB	247.9	0.1%	-10.0%
RBS	151.7	2.0%	10.3%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.2%
1-Year	1.2%	0.9%	0.5%
2-Year	1.6%	1.7%	1.1%
5-Year	2.5%	3.1%	2.6%
10-Year	3.4%	3.9%	3.7%

Date	Company	Region	Event
09/02/2010	Austrian Airlines AG	AT	TRAFFIC
09/02/2010	Finnair Oyj	FI	TRAFFIC
09/02/2010	Ubisoft Entertainment SA	FR	Q3 SALES
09/02/2010	Theolia SA	FR	NAL OUTPUT
09/02/2010	Heidelberger Druckmaschinen AC	DE	Q3
09/02/2010	United Drug PLC	IE	TRADE
09/02/2010	SAS AB	SE	FINAL
09/02/2010	Swedbank AB	SE	Q4
09/02/2010	UBS AG	CH	Q4
09/02/2010	British Land Co Plc	GB	Q3
09/02/2010	Wolfson Microelectronics Plc	GB	Q4
09/02/2010	United Drug PLC	IE	MEETING
09/02/2010	TUI Travel Plc	GB	AGM
09/02/2010	Hartford Fincl. Svcs	US	Q4
09/02/2010	The Principal Fincl. Grp	US	Q4
09/02/2010	Walt Disney	US	Q1
09/02/2010	Biogen Idec	US	Q4
09/02/2010	Cameron	US	Q4
09/02/2010	NYSE Euronext	US	Q4
09/02/2010	Pulte Homes	US	Q4
09/02/2010	The Coca-Cola Co.	US	Q4
09/02/2010	Vulcan Materials	US	Q4

Date	Event	Region	Estimate
09/02/2010	RICS House Price Balance	UK	30.00%
09/02/2010	BRC January Retail Sales Monitc	UK	--
09/02/2010	Trade Balance	GE	14.8B
09/02/2010	Imports SA (MoM)	GE	3.00%
09/02/2010	Current Account (EURO)	GE	19.1B
09/02/2010	Exports SA (MoM)	GE	-0.10%
09/02/2010	Consumer Price Index (YoY)	GE	0.80%
09/02/2010	Total Trade Balance (GBP/Mln)	UK	-£2750
09/02/2010	Wholesale Inventories	US	0.50%
09/02/2010	ABC Consumer Confidence	US	--
10/02/2010	Industrial Production (MoM)	UK	0.20%
10/02/2010	Manufacturing Production (MoM)	UK	0.20%
10/02/2010	BoE Qtrly Inflation Report	UK	--
10/02/2010	MBA Mortgage Applications	US	--
10/02/2010	Trade Balance	US	-\$35.5B
10/02/2010	Monthly Budget Statement	US	-\$70.0B
11/02/2010	ECB Publishes Feb. Monthly Rep	EC	--
11/02/2010	Advance Retail Sales	US	0.30%
11/02/2010	Initial Jobless Claims	US	456K
11/02/2010	Business Inventories	US	0.40%
12/02/2010	GDP s.a. (QOQ)	GE	0.20%
12/02/2010	Euro-Zone Ind. Prod. sa (MoM)	EC	0.20%

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