

CONTENTS

Market View: Daimler and Citigroup releases highlight a continued recovery in corporate earnings

Ryanair: Volcanic ash continues to disrupt services

Exploration Updates: Tullow Oil and Cove Energy provide disappointing updates

Tesco: Reports full year results

JPM: Citigroup's results beat the street's estimates

Glanbia: Dairy and Agri Business disposal Update
Market Movers

IRISH PAPERS TODAY

Fingleton's successor says events at INBS an outrage
(The Irish Times)

Elan consider splitting company into two equities
(The Irish Times)

Fingleton's reckless lending broke bank
(Irish Independent)

INTERNATIONAL PAPERS TODAY

AIG eyes action on Goldman over CDOs
(Financial Times)

Citi says it has turned the corner
(Financial Times)

Europe relaxes flight bans
(The Wall Street Journal)

Market View

Analyst: Stephen Taylor

European equity markets have opened higher this morning following a strong close in the US last night. **Citigroup's** better than expected results helped to boost the market and clearly indicate that the bank is on the road to recovery. The results overshadowed the SEC fraud charge against **Goldman Sachs** that pushed markets lower on Friday. After the US market closed last night, tech bell-weather **IBM** reported better than expected earnings and also raised its full year profit forecasts. The group's gross margin was slightly disappointing sending its shares down 2% after hours. However its results were strong and reinforces our conviction for the technology sector being one of our preferred plays. In addition, auto marker **Daimler** raised earnings forecasts yesterday highlighting the improvement in consumer demand. As we noted last week, the most impressive part about the current earnings season is that the better than expected results are across a wide variety of sectors and provides us with confidence in our overall positive outlook for equity markets. As for today the main focus will be on corporate earnings out of the US with **Goldman Sachs**, **Coca-Cola** and **Johnson & Johnson** all due to report before the US market opens. In addition **Apple** and **Yahoo** are due to post results after the US market closes tonight. On the economic front, UK CPI data will be closely watched as it is expected to remain over the 3.0% level, while German business confidence in the form of ZEW is expected to show further improvements.

Ryanair: Buy Previous Close €3.76 Price Target €4.70 Analyst Edward Keeling

Ryanair confirmed on Sunday that due to the continuing disruptions emerging from the volcanic ash, it has cancelled all scheduled flights across Ireland, British Isles, Scandinavia, the Baltic States and a significant part of Europe. Although Ryanair has yet to confirm the exact impact this will have on its profits, we would estimate it is the region of €5m per day. Although the hit to gross revenues will be greater, its impact on the bottom line will be offset by lower operational costs. It is also important to note that unlike 9/11, once safety restrictions are lifted, future demand is unlikely to be affected. Demand will resume its upward trend from the bottom experienced last year. Finally the price of Jet fuel has come down as a result. If this trend continues over the short term, some of the losses incurred as a result for the ash disruptions will be offset by airlines locking in favourable fuel costs. Specifically for Ryanair, it is also encouraging to note that during the disruptions incurred as a result of the big freeze in January and February, Ryanair significantly outperformed its peers in terms of cost management. The group's resulting exceptional costs came in much lower than expected for Q4.

Oil and Gas Exploration Updates

Analyst Brian Gallagher

Tullow Oil have reported a disappointing exploration result this morning. The Dahoma 1 well which is located South East of Jubilee, intersected 30 metres of good quality sandstone however the reservoirs the rig encountered were water bearing. The announcement today is a negative for the oil and gas explorer and will result in a downgrading of the company's NAV by approximately 20-30p. Dahoma 1 was a high risk well and is the first well in twelve not to encounter hydrocarbons in Tullow's oil deepwater exploration and appraisal campaign. The company's next major target will be the Owo, a well that will assess the upside potential of the Tweneboa field.

Separately, **Cove Energy** released a RNS which stated that they had to abandon drilling on the Collier well. The operator Anadarko, stated that the rig encountered pore pressure which in turn created too great of a safety risk to continue with the drilling. The news today is obviously a negative for the stock but the operator did also confirm that they will be able to re-enter Collier if they chose to do so at a later date. In addition to this, the well did not reach its targeted depth meaning that hydrocarbons may still exist in the formation. Finally, Cove Energy confirmed that the operator will continue drilling in the region with Barquentine and Ironclad confirmed as future targets. We continue to maintain our buy recommendations on both Tullow Oil and Cove Energy

Tesco: Buy Current Price 437p Price Target 465p Analyst Stephen Taylor

Tesco has reported a solid set of full year results this morning. The group reported net income of £2.33bn slightly ahead of expectations of £2.3bn. Revenue (ex. VAT) increased by 7.1% to £56.9bn. Tesco reduced net debt by £1.6bn to £7.9bn which was more than expected. The company also increased its total dividend per share for the year by 9% to 13.05p. Tesco continues to expand opening 7.1m square feet during the year with 72% of this outside of the UK. Tesco pointed out that Asia continues to be a driver of growth with Korea being of significant importance. The company also plans to spend £2.5bn in China over the next 5-years. Tesco said it will fund its Chinese expansion through property sales and cash flow. Tesco remains our preferred UK retailer due to its low cost product offering and international exposure.



JPM: Buy **Previous Close** \$45.40 **Target** \$50.00 **Analyst** Oliver Gilvarry

Yesterday, Citigroup continued the positive trend set by JPM last week. EPS was much stronger than expected at 15c with revenues also higher. The beat was driven by better credit conditions and FICC income, with Fixed Income a large part of this (Up 77% qoq). On the credit outlook, the bank reported lower delinquencies and non-performing assets. The group increased its reserves, with the reserve-to-loan ratio up 66bps to 6.75%. Its capital base is strong with common Tier 1 now at 9.1%. M&T Bank, who AIB own 22.50% a stake in, also reported Q1 earnings yesterday. As with Citi, M&T beat estimates on EPS and revenue. The beat on earnings was driven by better credit conditions. Net charge offs were down 30% qoq and non-performing loans were roughly flat over the same period. The bank continued to increase its loan loss provision by 4bps to 1.73%, but the group is performing well especially with 40% of the loan book CRE. With regard to AIB selling its stake in the bank, management commented they would help to execute the transaction in the most efficient manner, but the timing of such a deal is uncertain. On US banks, the focus today will be on GS, with consensus EPS of \$4.14 expected, but following the strong Fixed Income figures in the recent results we expect this to be beaten significantly. The big story for GS will not be the results, but the issues it is facing over its CDO transaction. Overall the US bank results so far indicate that credit quality is improving in the US helped no doubt by improved economic conditions. They also show the strength of Fixed Income and Investment Banking businesses overall, which is a significant positive for JPM and also Barclay who are due to release an Interim Management Statement (IMS) on the 29th of April.

Glanbia: Dairy and Agri Business Disposal Update

Analyst Oliver Gilvarry

Glanbia has announced that it has conditionally agreed to dispose its Irish Dairy and Agri-Businesses to Glanbia Co-operative Society. The Irish Dairy and Agri-businesses comprise three principal units, Dairy Ingredients Ireland, Consumer Products and Agribusiness. The disposal proceeds comprise the proceeds of the placing of 102m Glanbia shares held by the society adjusted by a Risk Sharing Adjustment and cash of €49.7m. Glanbia and the Co-Op have agreed a risk sharing mechanism in relation to the placing value. The disposal proceeds will be subject to a euro-for-euro working capital adjustment reflecting the difference between the level of working capital in the Irish Dairy and Agri-Businesses at completion and €75m. The disposal is conditional on the proceeds being no less than €299.6m. Following the placing, the Co-op will have an approximate 20% shareholding in Glanbia, down from 54.6%. During September 2010, the Co-op intends to transfer c.50% of its remaining shareholding directly to members. This will result in a Co-Op shareholding in Glanbia of c.10%. which in turn will increase the free float significantly of the plc. The Co-Op will undertake all employment obligations including the pension scheme, which as of January 2nd showed a deficit of €49m. The transaction is conditional in the first instance upon the approval of the members of the Co-Op. The first vote by the society will be on the 10th of May, where both the Co-Op users and milk suppliers will vote with a 75% approval required. A second vote will then be held on the 24th of May, where again both the Co-Op users and milk suppliers will vote again and a 75% vote in favour is required. In addition, completion of the Disposal is conditional on the approval by shareholders of Glanbia plc. Shareholder approval will be sought at an extraordinary general meeting on May 25th and the disposal is expected to be completed no later than 15th June 2010. The company also provided an update on current trading this morning which highlighted that since the beginning of the year the improvement in the Groups operating environment continues. It is now expecting to deliver a marked improvement in the first half of the year, mainly as a result of a recovery in Dairy Ingredients Ireland. The details of the transaction are positive for the plc as it gives it the flexibility to look at further transactions in the cheese and nutritional area and allows management to focus on this growth area.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,327	-0.3%	12.5%
FTSE	5,728	-0.3%	6.3%
Dow Jones	11,092	0.7%	6.4%
S&P	1,198	0.5%	7.4%
Nikkei	10,909	-1.7%	3.4%
Stoxx 50	2,940	-0.3%	-0.5%

Sector Performances

Sector	Index	1-Day	YTD
Construction	286	-0.8%	4.0%
Technology	217	0.6%	18.0%
Oil & Gas	344	-0.5%	4.8%
Financials	227	-0.9%	2.6%
Retail	270	-0.2%	10.5%
Food & Drink	320	-1.6%	5.9%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	81.5	-2.2%	1.3%
Copper	351.8	-0.5%	4.8%
Gold	1,135.8	-0.1%	3.9%
Silver	17.7	0.3%	5.8%
Wheat	479.5	-4.6%	-14.3%
Cattle	94.5	-0.2%	7.9%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.349	-0.1%	6.4%
€/£	0.879	0.1%	1.1%
£/\$	1.534	-0.2%	5.3%
\$/JPY	92.400	0.2%	0.2%
€/JPY	124.650	0.2%	6.7%
€/SFR	1.434	0.1%	3.5%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	76.1	4.6%	8.6%
High Yield	399.0	3.4%	-7.8%
Financials	91.5	6.6%	29.3%
BoI	183.8	-0.5%	-22.5%
AIB	204.9	-0.6%	-23.4%
RBS	145.3	1.5%	7.3%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.6%	0.7%	0.3%
1-Year	1.1%	1.0%	0.5%
2-Year	1.4%	1.6%	1.1%
5-Year	2.4%	2.9%	2.7%
10-Year	3.2%	3.8%	3.8%

Date	Company	Region	Event
20/04/2010	Bauer AG	DE	FINAL
20/04/2010	Novartis AG	CH	Q1
20/04/2010	Burberry Group PLC	GB	Q4 TRADE
20/04/2010	Associated British Foods PLC	GB	INTERIM
20/04/2010	Tesco PLC	GB	PRELIM
20/04/2010	Reed Elsevier PLC	GB	TRADE
20/04/2010	AK Steel Hldng Corp	US	Q1
20/04/2010	Bank of New York Mellon Corp	US	Q1
20/04/2010	Goldman Sachs	US	Q1
20/04/2010	Harley-Davidson	US	Q1
20/04/2010	Illinois Tool Works	US	Q1
20/04/2010	Johnson & Johnson	US	Q1
20/04/2010	Northern Trust	US	Q1
20/04/2010	State Street Corp.	US	Q1
20/04/2010	The Coca-Cola Co.	US	Q1
20/04/2010	U.S. Bancorp	US	Q1
20/04/2010	UnitedHealth Grp	US	Q1
20/04/2010	Yahoo	US	Q1
20/04/2010	Apple	US	Q2
20/04/2010	Forest Laboratories	US	Q4
21/04/2010	Peugeot SA	FR	Q1 SALES
21/04/2010	Schneider Electric SA	FR	Q1 SALES

Date	Event	Region	Estimate
20/04/2010	Producer Prices (MoM)	GE	--
20/04/2010	ECB Euro-Zone Current Account	EC	--
20/04/2010	CPI (MoM)	UK	--
20/04/2010	RPI (MoM)	UK	--
20/04/2010	ZEW Survey (Econ. Sentiment)	GE	--
20/04/2010	ZEW Survey (Econ. Sentiment)	EC	--
20/04/2010	Bank of Canada Rate	CA	--
20/04/2010	ABC Consumer Confidence	US	--
21/04/2010	Bank of England Minutes	UK	--
21/04/2010	Jobless Claims Change	UK	--
21/04/2010	Public Sector Net Borrowing	UK	--
21/04/2010	ILO Unemployment Rate (3mths)	UK	--
21/04/2010	MBA Mortgage Applications	US	--
22/04/2010	Euro-Zone Govt Debt/GDP Ratio	EC	--
22/04/2010	M4 Money Supply (MoM)	UK	--
22/04/2010	Producer Price Index (MoM)	US	--
22/04/2010	Initial Jobless Claims	US	--
22/04/2010	House Price Index MoM	US	--
22/04/2010	Existing Home Sales MoM	US	--
22/04/2010	Euro-Zone Consumer Confidence	EC	--
23/04/2010	IFO - Business Climate	GE	--
23/04/2010	GDP (QoQ)	UK	--

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