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Market Movers

IRISH PAPERS TODAY

EBS confirms talks with group of private equity investors
(The Irish Times)

Airlines face large fines if they fail to reimburse passengers
(The Irish Times)

Bank chief caves in on his €1.5m pension deal
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Goldman chief hits out over "political SEC action"
(Financial Times)

Greek borrowing costs soar amid fears over debt crisis deepening
(Financial Times)

Possible snag in the SEC's Goldman case
(The Wall Street Journal)

Market View

Analyst: Stephen Taylor

European equity markets have opened lower this morning adding to yesterday's losses and following declines in Asia overnight. Concern around peripheral Europe are continuing and still remain the key risk in markets. The yield on the 10-year Greek bond has moved above 8%, while Portuguese bonds have also moved higher and are now yielding 4.74%. Irish 10-year bonds are continuing to perform reasonably well yielding 4.58%. Earnings however are remaining strong and continue to support the market as seen with the impressive results from McDonalds and Morgan Stanley. After the US market closed last night, results were a little more mixed, with Starbucks and Sandisk posting strong results and issuing strong guidance, while Qualcomm and Ebay's results were a little disappointing sending both of their shares down 8% in after hours trade. In general we believe the positive earnings outlook and global economic recovery outweighs the risk with sovereign debt for the time being and we maintain our positive equity market outlook. Again, the focus to day will be on corporate earnings. Before the market opens Nokia, Pepsi and Verizon are due to report quarterly earnings before the US market opens. Both Microsoft and Amazon.com will report earnings after the US market closes. On the economic front, Euro-Zone PMI figures and UK retail sales are expected to show some improvement. Meanwhile in the US, weekly jobless claims will be key and will need to show some improvement on last weeks disappointing figure. Existing homes sales for March are due to show an increase of 5.3% for the month of March and build on the recent positive data.

Persimmon: Buy **Previous Close** 466p **Price Target** 560p **Analyst** Stephen Taylor

Persimmon has issued a positive interim management statement this morning. The group indicated that sales are up 20% year to date to £1.15bn, while prices have remained firm. Persimmon said that it opened 50 new sites in the first quarter and is looking at strategic land purchases. The group has reduced net debt to £265m from £650m last year and indicated that it will continue to focus on debt pay down. Persimmon remains our preferred house builder due to its strong balance sheet and its land bank that is in favourable geographical areas.

C&C: Buy **Previous Close** €3.46 **Price Target** €3.90 **Analyst** Edward Keeling

Punch Taverns, the UK pub group posted its interim results this morning and its performance was weaker than expected. Although its headline profit figures are broadly in line with expectations, sales trends are continuing to disappoint. Profit before tax was in line with market forecasts at £66m, however like for like figures across its managed and leased estate showed sector underperforming trends. In its leased pub estate like for like EBITDA declined by 11%. Market analysts had been looking for a decline of c.9%. Its managed estate performed better comparatively but was still weak with a 3.4% decline in like for like sales. Commenting on current trading, management have indicated that market conditions remain challenging and are likely to be so for the near term.

Smurfit Kappa: Buy **Previous Close** €6.90 **Price Target** €7.25 **Analyst** Edward Keeling

Stora Enso, the Finnish paper company and peer of Smurfit Kappa has reported strong Q1 results this morning. Q1 operating profit rose to €124m from a €1m loss last year and ahead of consensus forecasts of €72m. First quarter sales rose 8% to €2.3bn, beating market expectations of €2.18bn. In Europe the company indicated demand was stronger than a year ago, however still materially less than pre-crisis levels two years ago. In Latin America market demand has recovered significantly to pre-crisis levels, but market prices were lower. In China, demand and prices are substantially higher than a year ago. In terms of outlook management noted that while the economic environment is gradually improving, facilitating growth in demand for the group's product, structural supply and demand imbalance is likely to persist.

BoI: Buy **Previous Close** €1.84 **Price Target** €1.95 **Analyst** Oliver Gilvarry

Bank of Ireland (BOI) released a statement this morning to the Stock Exchange. In the statement it has confirmed it has commenced discussions with a number of potential institutional investors to determine their interest in a capital raise by BOI. Such a transaction may be completed through a combination of a rights issue, placing of shares to institutional investors, conversion of part of the Government's preference shares and debt management exercise. None of the details in the statement are a surprise and were previously indicated by the bank and speculated on in the media over the last few weeks. The positive part of the statement is that these discussions have begun and the countdown has begun to the BOI rights issue and the recapitalisation of Ireland's two largest banks. On a separate note, EBS confirms it is in discussion with a number of private equity investors led by Cardinal Asset Management. EBS management could see the group taking a majority stake in the Building Society, which would mean part or all of the €875m of capital required by the group, could be obtained by private sources. CEO of EBS, Fergus Murphy, said that the discussions were at an early stage, but "the soundings were good, but the devil is in the detail." If such a deal goes through, the creation of a Third Banking force becomes less likely, a negative for Irish Life and Permanent.



Barclays: Buy **Previous Close** 366p **Price Target** 400p **Analyst** Oliver Gilvarry

Credit Suisse (CS) reported Q1 earnings this morning with net profit in line with expectations at CHF2.1bn. As with other investment banking results Fixed Income was very strong, but the run rate in this area was not as strong as seen in the US banks. An increase in AUM due to strong inflows of new funds was also a major contributor to profitability. Comments from the CEO sees the performance of Q1 being continued into Q2 and he also stated the group was well placed to increase market share. Our core call in investment banks remains with those having significant Fixed Income exposure such as Barclays or Deutsche Bank.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,370	0.0%	14.5%
FTSE	5,723	-1.0%	5.8%
Dow Jones	11,125	0.1%	6.7%
S&P	1,206	-0.1%	8.1%
Nikkei	11,090	1.7%	3.8%
Stoxx 50	2,948	-1.2%	-0.7%

Sector Performances

Sector	Index	1-Day	YTD
Construction	290	-0.4%	4.3%
Technology	221	0.5%	19.7%
Oil & Gas	349	-0.6%	5.5%
Financials	226	-1.5%	1.4%
Retail	273	0.7%	12.0%
Food & Drink	326	0.3%	8.2%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	83.7	-0.2%	2.3%
Copper	355.8	0.6%	4.9%
Gold	1,146.8	0.5%	4.6%
Silver	18.1	1.4%	7.3%
Wheat	499.8	0.3%	-12.3%
Cattle	95.5	0.9%	9.0%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.339	-0.3%	6.8%
€/£	0.869	-0.7%	2.2%
£/\$	1.541	0.3%	4.6%
\$/JPY	93.180	0.0%	0.0%
€/JPY	124.780	-0.4%	6.8%
€/SFR	1.433	-0.2%	3.6%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	75.0	1.8%	10.3%
High Yield	392.0	1.7%	-7.5%
Financials	92.1	4.3%	34.8%
BoI	186.3	0.1%	-22.9%
AIB	205.5	3.0%	-24.7%
RBS	140.5	1.1%	4.3%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.3%
3-Month	0.6%	0.7%	0.3%
1-Year	1.1%	1.1%	0.6%
2-Year	1.4%	1.7%	1.2%
5-Year	2.4%	3.0%	2.6%
10-Year	3.3%	3.9%	3.7%

Date	Company	Region	Event
22/04/2010	Nokia Oyj	FI	Q1
22/04/2010	L'Oreal SA	FR	Q1 SALES
22/04/2010	Credit Suisse Group AG	CH	Q1
22/04/2010	Nestle SA	CH	Q1 SALES
22/04/2010	Anglo American PLC	GB	Q1 TRADE
22/04/2010	Smiths News Plc	GB	INTERIM
22/04/2010	WH Smith Plc	GB	INTERIM
22/04/2010	Persimmon PLC	GB	AGM
22/04/2010	Rio Tinto	GB	AGM
22/04/2010	Punch Taverns PLC	GB	INTERIM
22/04/2010	American Express Co.	US	Q1
22/04/2010	Baxter Intl.	US	Q1
22/04/2010	BB&T Corp.	US	Q1
22/04/2010	Marriott Intl.	US	Q1
22/04/2010	Philip Morris Intl.	US	Q1
22/04/2010	The Hershey Co.	US	Q1
22/04/2010	The New York Times Co.	US	Q1
22/04/2010	Union Pacific	US	Q1
22/04/2010	Verizon	US	Q1
22/04/2010	Microsoft	US	Q3
22/04/2010	Pepsi Co.	US	Q1
22/04/2010	Amazon	US	Q1

Date	Event	Region	Estimate
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	--
23/04/2010	Industrial New Orders SA (MoM)	EC	--
23/04/2010	Durable Goods Orders	US	--
23/04/2010	New Home Sales MoM	US	--
26/04/2010	Hometrack Housing Survey (MoM)	UK	--
26/04/2010	Dallas Fed Manf. Activity	US	--
27/04/2010	GfK Consumer Confidence Surve	GE	--
27/04/2010	S&P/CaseShiller Home Price Ind	US	--
27/04/2010	Richmond Fed Manufact. Index	US	--
27/04/2010	Consumer Confidence	US	--
27/04/2010	ABC Consumer Confidence	US	--
28/04/2010	MBA Mortgage Applications	US	--
28/04/2010	Consumer Price Index (MoM)	GE	--
28/04/2010	Consumer Price Index (YoY)	GE	--

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