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Merkel takes hard line on plan for Greece  
*(The Irish Times)*

Bol to raise mortgage rates and cut interest on savings  
*(Irish Independent)*

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Greek bond markets plunge  
*(Financial Times)*

Goldman accused of benefitting from bursting of housing bubble  
*(Financial Times)*

Pressure piles up on Greece  
*(The Wall Street Journal)*

## Market View

Analyst: Stephen Taylor

European equity markets have opened lower this morning following a slightly weaker finish in the US overnight. The Chinese market continues to underperform with the Shanghai composite losing 3% and falling to a seven month low. Concerns remain that the government measures to cool the property market will place pressure on consumer spending. While it is concerning to see the Chinese equity market performing so poorly, the majority of comments from CEOs of corporate America remain extremely positive in relation to China and demand for products. We take it as a positive that China has taken steps to cool its economy and prevent a bubble occurring. Closer to home, concerns surrounding peripheral Europe continue this morning with 10-year bond yields on Portugal now starting to move wider and are currently trading at 5.2% up 0.26% over the last 24-hours. The euro is remaining remarkably stable and we continue to recommend selling the €/€ currency pair as one of our high conviction non-equity trades. As for today the main focus will again be on earnings out of the US with both DuPont and UPS due to report results before the US market opens. On the economic front the Case-Schiller house price index is expected to show continued improvement. Consumer confidence data will also be in focus and is expected show a higher reading for the second month in a row.

**BP: Buy**      **Previous Close** 627p      **Price Target** 680p      **Analyst** Brian Gallagher

BP reported first quarter results this morning that exceeded consensus estimates. EPS was reported at \$0.32 versus an expected \$0.25. Revenue advanced to over \$75bn but it was the underlying performance of refining and cost cutting programs that accounted for the majority of the beat. The company stated that it had outperformed global refining indicators during the first three months of the year and that it had seen a continued improvement in refining since the start of April. Management also maintained its full year production guidance which would indicate that the disaster in the Gulf of Mexico will not materially affect the group's performance. Overall, we view the results as a positive for the stock and the sector as a whole. The fact that refining has shown signs of improvement is encouraging and it is also positive to see that BP was able to translate the higher oil prices into improved earnings.

**Lloyds: Buy**      **Previous Close** 70p      **Price Target** 75p      **Analyst** Oliver Gilvarry

Lloyds has released an interim management statement this morning. As highlighted at its most recent trading update on 19<sup>th</sup> March, it is continuing to see positive trends. Impairments have slowed significantly in the first few months of the year. However at its international division impairments continue at a high level. This is principally as a result of further provisions in Ireland and specifically to its Irish commercial real estate exposure. Although encouragingly the level of impairments in the first quarter of 2010 at this division was lower than the last quarter and management continue to believe that the bank is past the peak for impairment losses for this division. Overall management are confident that it will achieve a better financial performance than previously guided. It confirmed that on a combined basis, the bank returned to profitability in the first quarter. Banking net interest margins are running in line with recent guidance of c.2% for the full year. Integration savings are also in line and the group remains on track to achieve £2bn run rate of synergies and other operating efficiencies by the end of 2011. Customer deposit gathering has remained robust with good growth in balances, while lending balances are flat. At its retail division customer deposits grew by over £5bn during the period. Based on the group's current economic and regulatory assumptions, it expects to deliver a combined profit at both the half and full year. We remain positive on Lloyds and reiterate our Buy recommendation.

**Barclays: Buy**      **Previous Close** 371p      **Price Target** 415p      **Analyst** Oliver Gilvarry

Deutsche Bank reported Q1 net profit of €1.8bn compared to an expected €1.3bn. Debt sales and trading revenue was €3.8bn compared to the market expecting circa €3bn. This figure was flat on the previous year, a better result than Credit Suisse last week. Equity trading and loan loss provisions were also better than expected. The CEO of Deutsche Bank also stated that retail banking should stabilise this year and investment banking will be a key component for the group in 2010. The results today are a positive read through for Barclays, who are due to report on Thursday.



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,497	1.1%	16.7%
FTSE	5,754	0.5%	5.8%
Dow Jones	11,205	0.0%	7.5%
S&P	1,212	-0.4%	8.7%
Nikkei	11,166	2.3%	6.3%
Stoxx 50	2,947	1.0%	-1.3%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	296	1.0%	5.8%
Technology	217	0.3%	16.7%
Oil & Gas	348	0.3%	4.4%
Financials	226	1.4%	0.7%
Retail	279	1.0%	13.8%
Food & Drink	332	0.9%	8.4%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	84.2	-1.1%	2.5%
Copper	354.8	0.5%	4.3%
Gold	1,153.5	-0.4%	5.1%
Silver	18.4	0.8%	8.3%
Wheat	488.0	-3.5%	-13.0%
Cattle	95.5	0.7%	9.5%

## Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.338	0.0%	7.2%
€/£	0.866	-0.5%	2.1%
£/\$	1.546	0.5%	5.0%
\$/JPY	93.960	0.0%	-0.8%
€/JPY	125.740	0.0%	6.3%
€/SFR	1.436	0.0%	3.4%

## 5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	80.5	2.3%	18.4%
High Yield	395.4	-0.7%	-7.0%
Financials	106.1	4.4%	53.1%
BoI	210.1	5.1%	-14.2%
AIB	226.3	5.5%	-17.8%
RBS	151.8	-0.7%	12.3%

## 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	1.5%	1.7%	1.3%
5-Year	2.4%	3.0%	2.8%
10-Year	3.2%	3.9%	3.8%

Date	Company	Region	Event
27/04/2010	Broadcom	US	Q1
27/04/2010	Coca-Cola Enterprises	US	Q1
27/04/2010	DuPont	US	Q1
27/04/2010	United Parcel Service	US	Q1
27/04/2010	United States Steel Corp.	US	Q1
27/04/2010	Deutsche Bank AG	DE	Q1
27/04/2010	ICON Plc	IE	Q1
27/04/2010	Banco Popular Espanol SA	ES	Q1
27/04/2010	Imperial Tobacco Group PLC	GB	INTERIM
27/04/2010	Lloyds Banking Group PLC	GB	TRADE
27/04/2010	Banco Popular Espanol SA	ES	Q1
27/04/2010	Imperial Tobacco Group PLC	GB	INTERIM
27/04/2010	Lloyds Banking Group PLC	GB	TRADE
27/04/2010	BP Plc	GB	Q1
27/04/2010	Renault	EU	Q1
27/04/2010	Ford	US	Q1
28/04/2010	Northrop	US	Q1
28/04/2010	SAP	EU	Q1
28/04/2010	Comcast Corp.	US	Q1
28/04/2010	Invesco Ltd.	US	Q1
28/04/2010	The Dow Chemical Co.	US	Q1
28/04/2010	WellPoint	US	Q1

Date	Event	Region	Estimate
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	--
29/04/2010	Unemployment Rate (s.a)	GE	--
29/04/2010	Euro-Zone M3 s.a. (YoY)	EC	--
29/04/2010	Euro-Zone Consumer Confidence	EC	--
29/04/2010	Chicago Fed Nat Activity Index	US	--
29/04/2010	Initial Jobless Claims	US	--
29/04/2010	Continuing Claims	US	--
30/04/2010	GfK Consumer Confidence Surve	UK	--
30/04/2010	Euro-Zone CPI Estimate (YoY)	EC	--
30/04/2010	Euro-Zone Unemployment Rate	EC	--
30/04/2010	GDP QoQ (Annualized)	US	--
30/04/2010	Personal Consumption	US	--
30/04/2010	Core PCE QoQ	US	--
30/04/2010	Chicago Purchasing Manager	US	--
30/04/2010	U. of Michigan Confidence	US	--

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