

Companies Today

AIB, BOI, CRH, ILP

The Chartroom

- Yesterday, the S&P 500 completed a “hanging man” pattern. This is a bearish candlestick pattern that forms at the end of an uptrend. It is created when there is a significant sell-off near the market open, but buyers are able to push this stock back up so that it closes at or near the opening price. Generally the large sell-off is seen as an early indication that the bulls (buyers) are losing control and demand for the asset is waning. **The reliability of this signal is drastically improved when the price of the asset decreases the day after the signal.**
- The S&P 500 is also potentially forming the right top of a double top pattern, although it is far too early to confirm this. However, the low volume on the recent rally, along with the high level of complacency (VIX/AAll BEAR) and overbought stocks gives this scenario some credibility.
- The EURUSD failed at the downtrend level discussed yesterday and is now 100pips lower at 1.368. Copper and Oil both declined as a result but remain above their respective 50 day smas. Wait for a break of these levels to increase short exposure to the commodity sectors.

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Irish Financials - Allied Irish Bank's "self help" program begins

- As widely expected, AIB yesterday confirmed it was seeking to exchange bonds worth c€2.9 bn, for bonds with longer dated maturities, in a similar transaction to that of Bank of Ireland's in February. Interest rates on the exchange bonds range from 10.75% to 11.5%, depending on the jurisdiction of the bonds bid for. The total estimated benefit to the capital base will be c €350m to €400m, dependent on the take-up, with investors being offered between 74% and 91% of the value of the bonds outstanding.
- Bank of Ireland generated €405m from its bond exchange program early this year, benefiting from a 56% take-up. AIB are offering a higher interest rate on the bonds it will offer in exchange, which may drive a higher take up in its offering.
- Following on from the comments from AIB management about "self help" options at the bank on the capital raising front, this move was widely expected. Market focus will quickly turn to the next stage of the process, with the future of the M&T and Polish stakes seen as potential drivers of capital at the group.
- With results expected from Bank of Ireland, Anglo Irish Bank, EBS and INBS, combined with the "state of the nation" banking address and the first movement of loans to NAMA, the next few weeks will greatly dictate the next major moves in the sector on the capital side.
- We note the NTMA will hold the third of its monthly auctions today, and is expected to raise €1.5bn. This will be an important benchmark in assessing the bond market's reaction to developments in the banking sector and the escalating conflict with unions on pay cuts in the public sector.
- Finally, as reported yesterday, Bank of Ireland, EBS and INBS will be told how much NAMA will pay for property loans to be transferred over the next week, while AIB and Anglo will be told later this month.

CRH - NAHB survey misses expectations

- The NAHB (National Association of Homebuilders) survey yesterday showed an unexpected decline dropping two points to 15 in March. Market expectations had been for no change on the 17 reported in February. The survey reached a record low of 8 in January 2009. Within the survey the measure of traffic fell to 10 in March, the lowest level in a year and down from 12 last month. The measure for current sales fell to 15 in March, down from 17 a month earlier. Sales expectations for the next six months decreased to 24, the weakest level since April 2009 and down from 27 in February. CRH's Americas business generates 25% of activity from the residential sector, with 40% coming from the non-residential sector and the remaining 35% from infrastructure.

The Economic Footnote

All eyes on Fed policy statement

- All eyes tonight turn back to the Federal Reserve and the latest FOMC meeting. Although raising official interest rates is not an issue at this juncture, the wording of the policy statement certainly is. The calls to end the Fed's commitment to keep interest rates close to zero for an "*extended period*", which is widely interpreted as meaning at least six months, have grown louder in recent months.
- Kansas City Fed President Thomas Hoenig dissented at January's policy meeting, believing that the time had come to soften the commitment. Moreover, in a recent interview with the Wall Street Journal, Philadelphia Fed President Charles Plosser, who attends the FOMC meetings but does not currently hold a vote, said "*those are troubling words...I would certainly entertain the notion that we modify them*". Both suggest that replacing "*extended period*" with "*some time*" would provide the Fed with the necessary flexibility to respond to developing economic conditions without signalling that higher interest rates are imminent.
- In practice, such a change of wording would probably suggest that the Fed is getting close to beginning its exit strategy from exceptionally loose monetary policy. After all, a similar change when the fed funds rate was at its previous record low of 1.00% in 2004 was followed by a rate hike five months later.
- However, we don't think the Fed is ready to abandon the "*extended period*" pledge just yet. Overall, while the statement from today's policy meeting should have a more positive and upbeat tone than in January, we feel the central bank is still some way off from contemplating an increase in the key fed funds rate.

Market Prices

Equity Markets

	Last Price	1 Day Change		52 Wk High	% Off High	YTD
Dow Jones Index	10,642.15	17.46	+0.2%	10,729.89	-0.8%	2.1%
S&P 500	1,150.51	0.52	+0.0%	1,153.41	-0.3%	3.2%
Russell 2000	674.41	-2.18	-0.3%	678.95	-0.7%	7.8%
NASDAQ	2,362.21	-5.45	-0.2%	2,376.28	-0.6%	4.1%
Nikkei 225	10,721.71	-30.27	-0.3%	10,982.10	-2.4%	1.7%
Hang Seng	21,014.13	-64.97	-0.3%	23,099.57	-9.0%	-3.9%
DJ Euro Stoxx 50	270.83	-2.38	-0.9%	283.87	-4.6%	-1.4%
Dax 30	5,903.56	-41.55	-0.7%	6,094.26	-3.1%	-0.9%
CAC 40	3,890.91	-36.49	-0.9%	4,088.18	-4.8%	-1.2%
FTSE 100	5,593.85	-31.8	-0.6%	5,646.68	-0.9%	3.3%
ISEQ	3,024.92	-32.38	-1.1%	3,492.14	-13.4%	1.7%

US Sectors

	Last Price	1 Day Change		52 Wk High	% Off High	YTD
US Regional Banks	52.20	-0.02	-0.0%	52.68	-0.9%	15.0%
US Investment Banks	94.03	-0.7976	-0.8%	103.96	-9.6%	1.2%
US Oil	754.94	-17.3004	-2.2%	878.08	-14.0%	-1.5%
US Food	323.44	-0.077	-0.0%	328.98	-1.7%	3.3%
US Building Materials	359.09	-1.2865	-0.4%	461.06	-22.1%	-10.1%
US Homebuilding	283.72	-2.5745	-0.9%	307.13	-7.6%	13.4%
US Pharmaceuticals	310.18	2.4025	+0.8%	328.84	-5.7%	0.4%
US Paper & Forestry	151.13	0.7366	+0.5%	159.33	-5.1%	-1.5%
US Airline	112.54	-0.0229	-0.0%	113.02	-0.4%	10.6%

Euro Stoxx

	Last Price	1 Day Change		52 Wk High	% Off High	YTD
Euro Banks	204.35	-2.6	-1.3%	242.85	-15.9%	-7.1%
Euro Oil/Gas	270.83	-2.38	-0.9%	283.87	-4.6%	-1.4%
Euro Food/Bev	301.82	-1.96	-0.6%	306.24	-1.4%	2.3%
Euro Cons/Materials	277.95	-3.16	-1.1%	303.77	-8.5%	-3.5%
Euro Media	152.86	-1.09	-0.7%	159.52	-4.2%	-1.4%
Euro Healthcare	436.96	3.28	+0.8%	446.42	-2.1%	4.2%
Euro Basic Materials	512.54	-10.0	-1.9%	546.94	-6.3%	2.1%
Euro Tech	238.38	-1.46	-0.6%	241.48	-1.3%	9.4%

Commodities

	Last Price	1 Day Change		Week TD	1 Month	YTD
Gold	1,111.45	NA	+0.3%	+0.9%	-0.7%	+1.3%
Silver	17.19	NA	+0.5%	+0.7%	+6.6%	+1.9%
Oil (NYMEX)	79.69	NA	-0.1%	-1.9%	+3.5%	+0.4%
Zinc	2,280.00	NA	-2.4%	-2.4%	+3.6%	-10.9%
Jet Fuel	699.75	NA	-0.6%	-2.2%	+9.3%	-0.6%

Currencies

	Last Price	1 Day Change		Week TD	1 Month	YTD
EUR/USD	1.37	-0.00	-0.1%	-0.7%	-0.7%	-4.7%
EUR/GBP	0.91	0.00	-0.2%	-0.4%	-4.2%	-2.5%
GBP/USD	1.50	-0.00	-0.3%	-1.1%	-4.9%	-7.1%
USD/JPY	90.29	-0.21	+0.2%	+0.2%	-0.1%	+3.2%

Liquidity Spreads

	Spread (bps)	1 Day Change	5 Day Change	1 Month Change
Euribor Base Rate Spread	-35	0	-1	-2
LIBOR GBP Base Rate Spread	15	0	0	1
LIBOR USD Base Rate Spread	1	0	0	1
TED Spread	11	-1	0	-6
LIBOR USD OIS Spread	6	0	-2	-5

Financials

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Allied Irish Bank	1.40	0.00	0.0%	3.51	-60.0%	16.9%	0.00	0.00
Bank of Ireland	1.21	0.00	0.0%	3.50	-65.4%	-8.7%	0.00	0.00
Irish Life & Perm	3.16	0.00	0.0%	6.35	-50.2%	-4.2%	0.00	8.07
M&T Bank	80.31	0.31	+0.4%	81.33	-1.3%	20.1%	19.46	14.86
Bank Zachodni	185.10	0.00	0.0%	198.00	-6.5%	-2.6%	14.93	11.48
US Regional Banks	52.20	-0.02	-0.0%	52.68	-0.9%	15.0%	0.00	0.00
European Banks	576.95	-5.82	-1.0%	638.41	-9.6%	-1.6%	0.00	0.00
UK Banks	5002.35	-28.90	-0.6%	5328.89	-6.1%	5.5%	0.00	0.00

Construction

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
CRH	17.74	0.00	0.0%	20.70	-14.3%	-6.7%	15.78	12.12
Lafarge	51.73	0.00	0.0%	66.59	-22.3%	-10.5%	12.71	9.89
Martin Marietta	81.33	-0.73	-0.9%	103.44	-21.4%	-9.0%	30.91	19.81
Vulcan	45.48	0.22	+0.5%	62.00	-26.6%	-13.7%	109.86	31.47
Home Depot	32.69	0.24	+0.7%	32.71	-0.1%	13.0%	17.89	15.13
Wall Mart	55.42	1.52	+2.8%	55.54	-0.2%	3.7%	13.87	12.63
Cemex	13.12	0.05	+0.4%	19.19	-31.6%	-15.8%	17.20	15.44
US Bldg Materials	359.09	-1.29	-0.4%	461.06	-22.1%	-10.1%	0.00	0.00
US Homebuilders	283.72	-2.57	-0.9%	307.13	-7.6%	13.4%	0.00	0.00

Airlines

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Ryanair	3.43	0.00	0.0%	3.88	-11.5%	4.0%	17.50	14.85
Ryanair ADR	26.68	-0.56	-2.1%	31.92	-16.4%	-0.5%	19.53	15.36
Easyjet	432.10	0.00	0.0%	445.80	-3.1%	22.4%	14.50	10.14
Southwest Airlines	13.00	0.00	0.0%	13.08	-0.6%	13.7%	22.61	17.29
JetBlue Airways	5.45	0.04	+0.7%	6.84	-20.3%	0.0%	13.94	10.21
US Airlines	112.54	-0.02	-0.0%	113.02	-0.4%	10.6%	0.00	0.00
European Airlines	66.57	-0.01	-0.0%	72.39	-8.0%	1.0%	0.00	0.00

Building Materials

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Grafton	3.17	0.00	0.0%	4.08	-22.3%	7.8%	25.36	13.66
Kingspan	6.02	0.00	0.0%	7.32	-17.8%	0.3%	23.97	14.36
Travis Perkins	740.50	0.00	0.0%	888.00	-16.6%	-13.1%	11.36	9.54
SIG	125.20	0.00	0.0%	173.00	-27.6%	11.7%	14.07	15.46

Food

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Kerry Group	23.47	0.00	0.0%	24.57	-4.4%	14.1%	12.80	11.49
Danisco	397.90	3.90	+1.0%	402.40	-1.1%	14.2%	21.77	18.70
Givaudan	890.00	0.00	0.0%	905.00	-1.7%	7.7%	17.08	14.64
McCormick & Co	38.66	0.35	+0.9%	38.73	-0.2%	7.0%	15.31	14.09
Int Flavours	44.99	0.26	+0.6%	45.00	-0.0%	9.4%	14.88	13.50

Fruit

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Fyffes	0.41	0.00	0.0%	0.50	-18.0%	-10.9%	9.11	8.20
Chiquita	15.26	-0.29	-1.9%	19.59	-22.1%	-15.4%	6.21	5.92
Del Monte	20.51	0.19	+0.9%	24.77	-17.2%	-7.2%	7.90	7.23

Media

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Independent News	0.09	0.00	0.0%	0.23	-61.1%	-32.3%	2.67	5.18
APN News & Media	2.32	-0.01	-0.4%	2.61	-11.1%	0.0%	11.90	10.31
Fairfax	1.76	-0.02	-1.1%	1.89	-6.6%	1.1%	16.30	13.23
Jagran Prakashan	121.80	1.10	+0.9%	142.30	-14.4%	-10.8%	20.96	17.77
Daily Mail	476.80	0.00	0.0%	483.40	-1.4%	14.0%	11.74	10.32
New York Times	11.14	-0.39	-3.4%	14.87	-25.1%	-9.9%	18.57	15.69

Convenience

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Aryzta	28.70	0.00	0.0%	29.00	-1.0%	11.7%	12.73	11.78
Tim Hortons	33.53	0.00	0.0%	34.00	-1.4%	9.9%	17.19	15.26

Pharmaceuticals

	Last Price	1 Day Change		52 Wk High	% Off High	YTD	Cur PE	Next PE
Elan	5.42	0.00	0.0%	6.71	-19.2%	29.0%	0.00	0.00
Elan ADR	7.33	-0.12	-1.6%	8.59	-14.7%	12.4%	0.00	0.00
Biogen Idec	58.90	0.14	+0.2%	58.99	-0.2%	10.1%	12.74	12.17
Merrion Pharmaceuticals	3.95	0.00	0.0%	4.85	-18.6%	9.7%	0.00	0.00

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