



## Euro turkey roll over

No sooner has the suntan lotion been packed away and Christmas is here already. Cue cheap wine, turkey roll and bad disco music. If that wasn't bad enough, everyone's skint, with Christmas trade only being kept alive with a seemingly never ending stream of one-day sales. But the British are a funny lot - despite all this, recent surveys have shown that most British people are really quite happy. Whether this is a symptom of insanity or merely a stiff upper-lipped complete unwillingness to look reality in the face - no one knows. However, it is better than watching what is going on across the Channel, where Europe's leaders are working painfully slowly towards addressing the core inconsistencies in the Eurozone and European Union.

The recent rally in equity markets has been built upon the expectation that European leaders actually do 'get it' this time and that a comprehensive solution to the Eurozone debt crisis will be found. Certainly it seems that lately the Germans have realised that an implosion of the Eurozone would not be a good thing - but they need to put their money where their mouth is. The trade-off which has recently emerged is that a much greater degree of fiscal discipline will be the price demanded by Germany to allow the European Central Bank to act as lender of last resort - being able to act like a central bank in fact. The latest European summit has taken a potentially big step forward in terms of fiscal co-ordination (one which has an unfortunate resemblance to the old system) but agreement on giving the ECB unlimited ability to buy sovereign debt remains elusive. This is what is really required to stem the crisis, and disappointment on this front was almost inevitable. However, moves have been made in this direction - and markets will continue to hope that Europe's leaders will get there eventually.

On a completely different note, with the spate of conferences and the associated flying of politicians and officials from one end of the continent to the other, one thing is for certain - it is the taxpayers that will have to foot the bill. This raises a more serious and less flippant point. Despite the pervading doom and gloom, certain companies and sectors of the economy continue to do very well. Talking about flying, commercial aerospace is but one example of this. Over the coming decades, air traffic - particularly in Asia - is expected to be very much higher than currently. Tens of thousands of new passenger aircraft will be needed. As a result, new aircraft types such as the Boeing 787 have been designed and are starting to be manufactured. This production is serving a long term trend - and has nothing to do with what happens or does not happen in Europe next year, or the year after.

Granted, the basis of just about every growth story one hears these days is Asia - but the economic fundamentals of that continent still look sound. Within this long term growth trend we expect there will be smaller economic cycles which will have to be negotiated. Broadly speaking our preference would be for not being suckered-in at the top of such cycles, and instead look for some weakness as a long term buying opportunity. Hence even in the most gloomy of times, some excellent, selective buying opportunities can present themselves.

Finally, Canada experienced a sudden six-fold increase in immigration inquiries. They put this down to the election of George W Bush. Today, in 2007, Italian became the official language of which country?

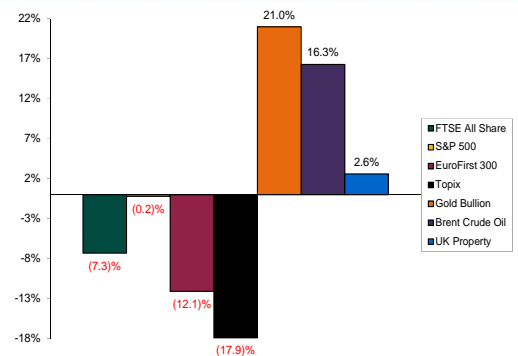
### FTSE 100 Weekly Winners

Lloyds Banking Group	4.5%
Vedanta	3.5%
Resolution	3.3%
Cairn Energy	3.2%
AMEC	2.8%
Tate & Lyle	2.8%
Imperial Tobacco	2.6%

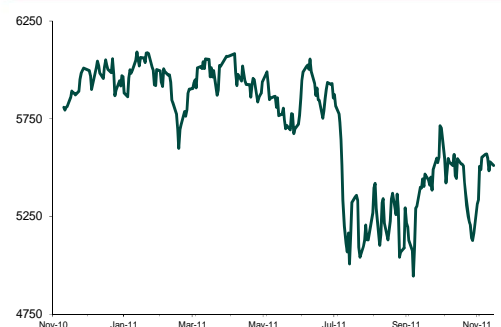
### FTSE 100 Weekly Losers

Admiral	-8.1%
Meggitt	-7.9%
British Land	-5.6%
Centrica	-5.3%
Land Securities	-5.2%
Severn Trent	-5.2%
Burberry	-5.1%

### Year To Date Market Performance



### FTSE 100 Index, Past 12 Months





## Selected stock Comments

**STAN - Standard Chartered - BUY 1436p (TP 1680p)** Recent trading updates have confirmed that the bank continues to perform well, with a strong rate of income growth expected in 2011. Even allowing for a lower rate of growth and higher impairments in 2012 (which may turn out to be pessimistic) we believe there is value in the shares. The bank's exposure to European sovereign debt (both peripheral and core) is immaterial and it remains a net lender to interbank markets. The bank's credit rating is strong and was recently upgraded by S&P. Overall we believe this is still a good level to be buying the shares.

**ADN - Aberdeen Asset Mgt - BUY 210p (TP 245p)** A good set of final results for the year ended 30 September. Underlying EPS increased by 41% to 18.7p (3.6% ahead of the Reuters consensus) and the total dividend increased by 28% to 9.0p (nearly 10% ahead of consensus). Profits were driven by a 23% increase in revenue and a good improvement in margin to 39.5%, although assets under management which had grown through most of the year were 5% lower than a year ago. A confident outlook statement with performance and demand for its core products and balance sheet remaining strong. Net cash at the end of the period was £128m. The company also has an attractive dividend yield of 4.3%.

**TSCO - Tesco - ADD - 397p (TP 410p)** Tesco released its third quarter trading statement which was slightly disappointing, although it reaffirmed its full year expectations. In the UK like for like sales were down nearly 1% compared with expectations of 'marginally' lower sales. International showed growth of 1.1%, driven by the US (+12%) although there was no new word on the level of losses or expected break-even date (currently expected 2013/14). Europe was +0.9% and Asia +0.8%, affected by a sharp slowdown in Thailand as a result of the floods.

**BRBY - Burberry Group - ADD 1271p (TP 1400p)** Burberry is a strong company and a flagship British luxury goods brand. We believe it is well managed with scope to continue to grow in emerging markets and further expand its product range. The company has a strong balance sheet and there is scope for further efficiency gains across the group. However, following recent strength in its share price we have downgraded our recommendation to ADD. Our target price remains unchanged at 1400p (March 2013 p/e 19.7x).

### This Week's Forthcoming Events

UK	Nov CPI (m/m, y/y)
UK	Oct avg earnings (incl bonus)
UK	Oct ILO unemployment rate
UK	Nov retail sales (m/m, y/y)
US	Nov Budget
US	FOMC—Fed funds rate
US	Nov retail sales
US	Nov PPI
US	Nov CPI
Emu	Oct industrial production (m/m, y/y)
Emu	Dec flash composite PMI

### Last Week's Highlights

Atkins—downgrade to HOLD
Burberry Group—downgrade to ADD
PZ Cussons—downgrade to HOLD

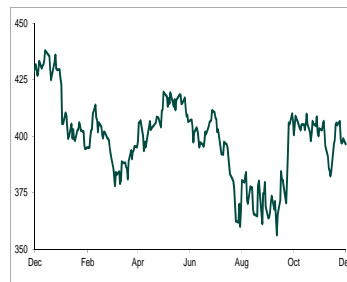
Standard Chartered



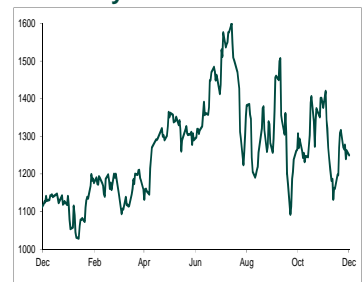
Aberdeen



Tesco



Burberry



All data sources: Thomson Reuters. All charts share price for previous 12 months. This report has been issued by the Research Department of Williams de Broë Limited (Williams de Broë) on the basis of publicly available information, internally developed opinions and other sources believed to be reliable. All views and recommendations expressed are based entirely on such data. Our material is regarded as non-independent research and a marketing communication which means that it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Employees of Williams de Broë are, however, subject to our internal Personal Account Dealing Policy and our Conflicts Management Policy is available at <http://www.wdebroe.com/disclaimer/research/>. Williams de Broë, its employees or a connected company may trade in the investments referred to herein and may also perform investment or other banking services for such companies. Williams de Broë does not have any corporate relationships with any of the companies discussed in this document. However, Evolution Securities Limited (a fellow member of the Evolution Group plc) may provide or may have provided corporate services to issuers of securities mentioned in this material and any reference to their research should not be relied upon as being impartial. This document is not intended as an offer or solicitation for the purchase or sale of any investment or any other action. Past performance is not a guide to future performance. The value of investments and the income from them varies and you may realise less than the sum invested. Higher volatility investments are subject to sudden and large falls in value and could result in a loss equal to the sum invested. Certain investments are not readily realisable and investors may experience difficulty in realising the investment or in obtaining reliable information on the value or associated risks. For securities denominated in a currency other than sterling, changes in exchange rates may have an adverse effect on the value of the investment or on the income thereon. The stated price of any securities mentioned herein is at the end of the business day immediately prior to the publication date on this document unless otherwise stated and is not a representation that any transaction can be effected at that price. No personal recommendation is being made to you; the securities referred to may not be suitable for you and this material should not be relied upon in substitution for the exercise of independent judgement or seeking independent advice. Williams de Broë will not be liable for any direct or indirect damages, including lost profits, arising in any way from the information contained in this material. This material is for the use of intended recipients only and is not directed at you if Williams de Broë is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. This document is being supplied to you solely for your information and may not be re-produced, re-distributed or passed to any other person or published in whole or in part for any purpose. The material in this document is not intended for distribution or use outside of the United Kingdom. Williams de Broë Limited. Registered office: 100 Wood Street, London, EC2V 7AN. Registered in England and Wales under Company Number: 2485266. A wholly owned subsidiary of the Evolution Group plc. Authorised and regulated by the Financial Services Authority. A member of the London Stock Exchange.