

News: U.S. Macro and Beige Book dampen the earnings rally

- The Fed Beige Book, released yesterday, reported growing manufacturing though the rate of growth is slowing in some districts. Durable goods orders declined yet again (-1.0% MoM) providing more evidence of a slowdown in manufacturing.
- Earnings remain strong with Shell reporting a YoY increase in net income of 15% to \$4.4bn on higher oil prices. Sony beat earnings handsomely (25.7bn Yen vs 18bn. expected) and also raised full-year guidance by 10bn to 60bn Yen.
- Expectations for today's German labour market report are that the employment situation is improving. Also look out for US weekly non-farm payroll this afternoon.

Commodity	Price	1 Day Change
Brent Crude	76.52	0.60%
Baltic Dry	1,901.00	1.71%
Gold	1,160.40	0.21%
Copper	7,170.00	1.57%
Silver	17.58	0.64%
Dollar Index	81.58	-0.73%

Commodity	Price	1 Day Change
Eur / Usd	1.3077	0.63%
Eur / Gbp	0.83675	-0.44%
Eur / Yen	113.68	-0.02%
Gbp / Usd	1.5629	0.19%
Usd / Yen	86.93	0.62%

Stock Index	Latest	1 Day Change
ISEQ	2,926	0.51%
FTSE 100	5,364	0.82%
NIKKEI 225	9,696	-0.59%
DOW JONES	10,498	-0.38%
S&P 500	1,106	-0.69%
NASDAQ	2,265	-1.04%
CAC 40	3,688	0.49%
DAX 30	6,219	0.65%
EUROSTOXX	2,782	0.56%

10 Year Benchmark	Yield %	1 Day Change
United States	2.99	0.11%
United Kingdom	3.43	-1.49%
Germany	2.73	-0.87%
Japan	1.09	-0.82%
Ireland	5.03	1.04%

Portfolio Strategy: European High Dividend Stocks

European macro and earnings numbers have pointed to a stronger level of estimated growth, albeit coming from a lower base, than the US. For the last number of weeks the US have produced disappointing set of economic indicators while European numbers and especially German indicators are solid.

With this in mind and being cognisant of the persistent high volatility we note that the defensive, cash rich, utility and telecom stocks in Europe are yielding a dividend as high as 8%+. An example portfolio of 10 stocks yields an average of 6%.

High Yielding Stocks (EUR)			
Stock	Yield	Cost	Annual Dividend
Telefonica	8.59%	20000	1718
Deutsche Telecom	8.25%	20000	1650
RWE	6.55%	20000	1310
Axa	4.40%	20000	880
Total	6.31%	20000	1262
Sanofi-Aventis	5.10%	20000	1020
CRH	3.75%	20000	750
Allianz	5.11%	20000	1022
Deutsche Post	4.96%	20000	992
E.on	6.78%	20000	1356
Total		200000	11960
Average Yield			6%

Top 5 Open Positions

Ticker	Stock	Price	BID now	Gain/Loss
AZN	AstraZeneca Plc	2760	3361	+21.8%
LGF	Lions Gate	5.59	6.78	+21.3%
EMC	EMC Corp	16.83	20.07	+19.3%
SKG	Smurfit Kappa	7.27	7.87	+8.3%
QQQ	Nasdaq Trust ETF	42.6	46.06	+8.1%

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