

Investment Center ICE partners' daily

03.03.2004

USD rally!

The Bank of Canada cut interest rates by the expected 25 basis points as concern remains on the state of the economy with special focus on the consumer front. So while the US economy continues to strive its neighbour is behind the curve and is obviously not shy to act, unlike the ECB which once again is expected to remain stubborn at its upcoming interest rate decision meeting tomorrow. A stance which is only difficult to understand considering the weaker than expected consumer confidence in France and a **Euro-Zone unemployment rate at 8.8%**. Today's European purchasing managers' index but also Euro-Zone PPI should be able to guide in regards to any interest rate moves by the ECB going forward. The **USD had its biggest rally against the euro in a year** as recent economic data suggested job growth ahead. The ISM report indicated an increase in the employment sub-index to 56.3, the highest level for this index since 1987. The figure bodes well for job creation going forward but so far little evidence has surfaced putting Thursday's job report in the "spotlight". The fact is even more disconcerting as the ISM data normally follows the payroll data by approximately one month. The index has been above 50 (indicates expansion) for the past four months but manufacturing jobs are (so far) not picking up. European equity markets managed to gain further ground as investors are relieved the slide in the USD is coming to a halt. Despite the risk of a back-testing of the EUR/USD 1.30 level, the USD seems poised for a bottom building process. Although we are enjoying the current equity ride, our selective stance remains as we **switched out of Enel into Endesa** on valuation and dividend yield but remaining within (defensive) utilities.

Corporate News

- ▲ **Ford's** US car and truck sales fell 2.4% in February, prompting production cuts. Sales of **General Motors, Chrysler** and **Toyota** improved.
- ▲ **Fairchild Semiconductor** raised its Q1 2004 revenue guidance and sees sales to be 3-5% higher than in Q4 2003.
- ▲ **Comcast** has no plans to sweeten the bid as **Disney** shareholders meet today, executive vice president David Cohen said.
- ▲ **Corporate Europe:** **LVMH** 2003 net profit rose 30% to EUR723m and was slightly below EUR744m estimates, sees increase in operating profit in 2004. **Accor** 2003 net profit fell 37.2% to EUR270m and was in line with expectations, leaves dividend unchanged at EUR1.05. **Hagemeyer** 2003 net loss of EUR284.2m was wider than expected, sees earnings improvement in H2. **Sulzer** 2003 net income at CHF41m, beating CHF27.8m estimates. Sales fell to CHF1.826bn, shy of CHF1.863 forecast. Sees positive orders position in coming months.
- ▲ **BMW** expects continued "earnings strength" this year as the company's February vehicle sales rose, CEO Panke said at the Geneva car show.
- ▲ **SAP's** US CEO Bill McDermott said "environment overall seems to be getting better" with pipeline healthier, especially in bigger deals.
- ▲ **BASF** will begin construction this month of a USD1bn chemical plant in Shanghai to tap rising demand in China for chemicals.
- ▲ **Novartis** would consider acquiring a Japanese drugmaker, pharmaceutical operations CEO said in an interview with the "Nihon Keizai".
- ▲ **Nobel Biocare** won a US patent ruling against **Zimmer Holdings** ending a dispute on implants that began in 1999.

Analyst Update

Texas Instruments raised to buy (neutral) PT USD37 at Banc America.
Lafarge PT raised to EUR80 (76), **Lonza** cut to reduce (neutral) PT CHF59 (57), **CS Group** raised to buy (neutral) at UBS.

Tactical Trading Ideas (last 3 Recommendations)

Name	Date	Last	% Perf.	Target	Stop Loss	Comments
FR LAFARGE SA	22.01.2004	71.05	5.10%	75	64	
NE ING GROEP NV-CVA	15.01.2004	19.91	0.20%	23.5	17.9	
NE ROYAL DUTCH PETROLEUM	09.01.2004	40.76	6.70%	43	35.9	
Performance Tactical Trading Ideas Year-To-Date			9.95			

	Closing	1 Day %	YTD %
DOW JONES INDUS. AVG	10'591.48	-0.81	1.32
S&P 500 INDEX	1'149.10	-0.59	3.34
NASDAQ COMPOSITE INDEX	2'039.65	-0.88	1.81
DAX INDEX	4'100.34	1.13	3.41
AMSTERDAM EXCHANGES INDX	362.23	1.00	7.28
SWISS MARKET INDEX	5'896.30	1.13	7.44
FTSE 100 INDEX	4'540.10	0.07	1.41
CAC 40 INDEX	3'785.36	0.97	6.39
DJ EURO STOXX 50 P INDEX	2'946.62	0.96	6.74
NIKKEI 225	11'351.92	-0.08	6.33
HANG SENG INDEX	13'427.20	-2.22	6.77
EURO SPOT	1.2199	-0.14	-3.14
SWISS FRANC SPOT	1.2976	-0.12	-4.50

	Best Performers	in %	Worst Performers	in %
Dow Jones	SBC COMMUNIC	5.1	EASTMAN KODA	-4.1
	CATERPILLAR	1.0	UNITED TECH	-2.1
Nasdaq100	MILLENNIUM P	2.6	MERCURY INTE	-3.9
	BIODIN IDEC	2.6	LINEAR TECH	-3.1
DAX	INFINEON TEC	3.7	FRESENIUS ME	-0.4
	BAYER MOTORE	3.4	COMMERZBANK	-0.1
SMI	CLARIANT AG-	3.4	KUDELSKI SA-	-2.7
	UBS AG-REG	2.9	RICHEMONT(CI)	-1.3
EuroStoxx50	ALCATEL SA	4.4	UNILEVER NV-	-0.7
	AHOLD NV	4.1	ABN AMRO HLD	-0.6
Nikkei 225	RESONA HOLDI	7.8	SOMPO JAPAN	-4.9
	KAWASAKI HVY	5.7	SHOWA SHELL	-3.2

