

## Flat trading on ISEQ as the pace of growth in US slows

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IT WAS a day of little change for Irish shares yesterday, as gains more or less across the board were wiped out by a few of the larger stocks on the index.

For the day, the benchmark ISEQ Overall Index was down 0.06pc, or 1.66 points, at 2,946.79.

A positive trading statement by Glanbia and news that the International Monetary Fund had said the Irish economy was stabilising cheered traders. Any gains were wiped out after it was revealed that the pace of US growth slowed and doubts were raised about the banks' ability to meet stress tests.

Food stocks were buoyed after a strong trading statement from Glanbia. The dairy group said it was performing "in line with expectations" and had returned to profit in the second quarter of the year. Glanbia closed up 1.28pc at €3.16 while Donegal Creameries surged to 7.39pc to €2.85. Kerry group picked up 1.09pc to end the day at €24.15.

Those gains, however, were overshadowed by a decline in CRH on weaker than expected retail results in the United States which stoked fears that the slowdown there was greater than first thought. The construction giant finished the day down 1.26pc at €16.46.

Meanwhile, Allied Irish Banks had another bad day, losing 4.26pc to fall back to 90c after Glas securities said the bank may struggle to pass the proposed EU stress tests.

### **Difficult**

"AIB is still in the initial stages of its capital-raising programme, which makes it difficult to pass the EU test as it will be determined using current capital levels while not taking into account any future capital raising plans," said the firm.

It was also a flat day's trading across much of Europe. National benchmark indices rose in 11 of the 18 western European markets. Germany's DAX rose 0.3pc, while the UK's FTSE 100 lost 0.3pc and France's CAC 40 declined 0.1pc. The composite Stoxx 600 index slipped less than 0.1pc.

"The market needed a breather as it was looking as if it got a little bit ahead of itself," said Mike Lenhoff, Brewin Dolphin Securities in London.

"Earnings are coming in a little bit better than expected but the season is just getting under way. The market might not be quite confident enough about whether it should be pushing forward or not."

ICAP, the world's biggest inter-dealer broker, dropped 4.6pc after it said "volumes slowed significantly in June".

BP fell 2.3pc as it delayed testing the oil-well cap to give scientists more time to study the procedure used to measure pressure levels and crude fell below \$77 (€60.32) a barrel.

- *Peter Flanagan*