

Stock Market Indexes

Index	28-Abr	Daily % chg	YTD%chg local cur.	YTD%chg USD
.PSI20	5 433	0.3	-6.7	-2.0
.IBEX	6 493	-0.5	7.5	13.0
.NSDQ	1 435	-1.6	7.4	7.4
.DJI	8 306	-1.6	-0.4	-0.4
.EuroStoxx 50	2 272	-1.7	-4.8	0.1

Daily Volume*

	Value (Eur mn)	Daily%chg	YTD%chg
Spain	1 873	7.1	19.5
Portugal	63	-34.7	17.6

Most Traded Stocks*

Spain	Euro '000	%Market	Δ%
Santander	567 048	30.3%	-1.1
Telefónica	350 366	18.7%	-0.6
BBVA	212 054	11.3%	-1.2
Portugal			
PT	33 272	53.1%	-1.5
Brisa	6 819	10.9%	-0.8
EDP	6 631	10.6%	-1.2

IBEX 35 Highs

IBEX 35 Lows

Company	Price	Δ%	Company	Price	Δ%
Ferrovial	24.90	1.63	Sogecable	9.10	-3.70
Gas Natural	16.95	1.56	Arcelor	9.72	-3.67
Red Electrica	10.73	1.23	Amadeus	4.35	-3.55

PSI 20 Highs

PSI 20 Lows

Company	Price	Δ%	Company	Price	Δ%
Pararede	0.18	5.88	Sonae SGPS	0.38	-2.56
SAG	1.23	2.50	Teixeira Duarte	0.71	-1.39
EDP	1.64	1.86	Sonae.com	1.74	-1.14

Absolute Valuation (Iberian market 2002)

	P/E	P/CE	DY	P/BV
Portugal	14.5	6.5	4.9%	2.1
Spain	12.3	6.5	3.1%	3.1

Future Contracts*

Contracts	Maturity	Open Int.	Vol.	Set.Price	%chg
IBEX35	May	34 603	8 172	6 522	-1.0
PSI20	May	6 343	20	5 405	-0.7

Major Currencies against Euro

	28-Abr	Daily %chg	WTD%chg	YTD%chg
USD	1.1040	6.67	2.69	5.10
GBP	0.6935	0.16	1.43	6.33
BRL	3.3213	-0.01	-8.40	-13.83

Macroeconomics

	28-Abr	Daily%chg	WTD%chg	YTD%chg
10 YearBund	4.10	-0.7bp	-7.1bp	-10.3bp

* These figures refer to 24th April session.

INDEX

MARKET REVIEW

MACROECONOMICS

TELECOMS

- ▶ [VodafoneTelecel: may increase tariffs by 3%](#)
- ▶ [PTM: to disclose 1Q03 results today](#)
- ▶ [PT: transfers controlling interest in TCO to TCP](#)

BANKS

- ▶ [BPI 1Q03 results](#)

UTILITIES

- ▶ [Enagás: sees profit rising more than 15%](#)
- ▶ [Gas Natural: Caixa Cataluña buys a 3% stake](#)
- ▶ [Gas Natural-Iberdrola: CNE could impose harsh conditions](#)

OIL & GAS

- ▶ [OPEC raises official oil output limits to 25.4 mboed](#)

RETAIL

- ▶ [Jerónimo Martins: 1Q03 earnings preview](#)
- ▶ [Modelo Continente: 1Q03 earnings preview](#)

HOLDINGS

- ▶ [Sonae SGPS: sells the remaining 2% stake in BPI](#)

SMALL CAPS

- ▶ [Viscofan: IAN sells canned fruit business](#)

DIVIDENDS

Forthcoming Economic Indicators Releases

Country	CET time	Indicator	Survey
GE	10:00	IFO Ind. Survey (Bus. Climate) (Apr)	-
GE	10:00	IFO Current Assessment (Apr)	-

Corporate Events/Earnings disclosures

Company	Event	Date
SAN	1Q03 results	28 Apr
BES	1Q03 results	28 Apr
Impresa	1Q03 results	28 Apr
NH Hoteles	GSM	28 Apr
NH Hoteles	1Q03 Revenues	28 Apr
Barbosa	1Q03 results	28 - 30 Apr
Almeida		
Cofina	1Q03 Results	28 - 30 Apr
Sumolis	1Q03 Results	28 - 30 Apr
Corticeira	1Q03 Results	28 - 30 Apr
Amorim		
VAA	1Q03 results	28-30 Apr
Iberdrola	1Q03 results (8:00; presentation @ 9:30)	29 Apr
VAA	GSM	29 Apr
Sumolis	GSM	29 Apr
Prosegur	GSM	29 Apr
Brisa	1Q03 results	29 Apr
J Martins	1Q03 results	29 Apr

TODAY'S NEWS

MARKET REVIEW

Slowing down?

European Markets closed lower after disappointing U.S. G.D.P. figures released Friday and because hours earlier, the U.K. said its economy expanded at the slowest pace in a year in the first quarter.

Spanish stocks fell, led by Telefonica as economic data damped hopes of a speedy economic recovery.

Friday was a holiday in Portugal. Portuguese index climbed led by EDP and PT, which stated it plans to rise services prices by about 3 percent on May 1.

João Villaverde Cotrim (jvc@bpi.pt)

[Back to Index](#)

MACROECONOMICS

U.S. jobless claims rose more than expected in the week ended at April 19th

U.S. jobless claims rose more than expected in the week ended at April 19th, reaching the highest level since March 30, 2002. The number of Americans asking for public benefits rose to 455,000 that came out quite above the markets consensus forecasts of 425,000. Moreover, the number remains above the 400,000 barrier, which does not bode well for the labor market outlook. The 4-week moving average rose to 439,250 in the same period, the highest level in the year. Finally, the continuing claims picked up by 42,000 to 3.6 million.

New orders for U.S. durable goods rose 2.0% in March, reversing a loss of 1.5% in the previous month. This is the second improvement in the first months of the year, and data came out above market expectations, which was seen as a sign of economic upbeat in the forthcoming months.

Today, markets will mainly focus on the release of U.S. economic data: GDP in the first quarter; the sentiment index of the University of Michigan in April and house sales numbers.

Susana de Jesus Santos (sjs@bpi.pt)

[Back to Index](#)

TELECOMS

VodafoneTelecel: may increase tariffs by 3%

Rating: NOT RATED	Closing Price: EUR 8.44	Price Target: NOT RATED
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Following the news suggesting that TMN and Optimus could raise their average tariffs in 2003, to compensate for the expected inflation, VodafoneTelecel has also admitted this same possibility. (Agência Financeira)

Impact: Moderately positive and suggesting that the three GSM operators recognise that the market is mature and from now on they should rather have a "friendly" behaviour between themselves, to be able to strive in a saturated market.

Ricardo Pimentel Seara (rpp@bpi.pt) Flora Trindade (fot@bpi.pt)

[Back to Index](#)

PTM: to disclose 1Q03 results today

Rating: HOLD	Closing Price: EUR 12.80	Price Target: 11.50
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We are expecting PTM to disclose 1Q03 revenues of Eur 164mn and EBITDA of Eur 24mn implying an EBITDA margin of 15%. EBITDA should show a quarterly recovery benefiting from Lusomundo's restructuring plan and the continuing cost cutting efforts at TV Cabo. Net losses are expected to have reached Eur 12.5mn.

TV-Cabo's total subscribers should have reached 1331k, with Pay-TV ARPU standing at Eur 19.7. Q1 revenues should have reached Eur 95mn, with EBITDA margin sustained at the 22% level on the back of the continuing cut in programming costs.

Lusomundo's revenues are expected to have declined by 12% qoq, reaching Eur 70mn, reflecting the seasonal slowdown from 4Q02 to 1Q03. We expect EBITDA to show significant signs of recovery, after the negative figure presented during last quarter and demonstrating the benefits from the announced restructuring plan.

Ricardo Pimentel Seara (rpp@bpi.pt) Flora Trindade (fot@bpi.pt)

[Back to Index](#)

PT: transfers controlling interest in TCO to TCP

Rating: BUY	Closing Price: EUR 6.59	Price Target: 8.60
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PT announced the transfer of the controlling interest in TCO to TCP. The price of the controlling shares, accrued with the compensation provided for in the final agreement is BRL 1505mn o.w., BRL 308mn was paid on this date. (Press Release)

Additionally, PT's mobile arm - TMN announced an average 3% increase in its prices, as referred on the press during last week. (Press Release).

Impact: As expected this completes the first phase of TCO's acquisition. The remaining balance should be paid in installments. Finally TCP will make a tender offer for the acquisition of common shares resulting from the acquisition of the controlling interest, as well as a merger of shares.

Ricardo Pimentel Seara (rpp@bpi.pt) Flora Trindade (fot@bpi.pt)

[Back to Index](#)

BANKS

BPI 1Q03 results

Rating:	NOT RATED	Closing Price:	-	Price Target:	NOT RATED
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BPI released 1Q03 net profits of Eur38.9mn, -8% yoy. According to the group, the major reason backing the annual drop in bottom-line is the existence of Eur22mn capital gains in the 1Q02. Profits from the domestic activity reached Eur34.8mn (89% of group profits).

According to an official statement, the 3.6% yoy drop in NII reflects a 1.7% rise in the domestic activity along with an adverse evolution in the international activity. Net operating revenue was up 4% yoy (-3% excluding FX and trading), while costs including depreciation declined 4% yoy. The cost to income ratio excluding depreciation dropped to 53.6% from 57.8% in the 1Q02.

Overall lending advanced 4% yoy, with mortgages up 23% yoy and wholesale banking loans dropping 26% yoy. NPLs (+90d) stood at 1.3%, covered at 151%. (Company release)

Graça Graça Moura (ggm@bpi.pt) Tiago Bossa Dionísio (tbd@bpi.pt)

[Back to Index](#)

UTILITIES

Enagás: sees profit rising more than 15%

Rating:	ACCUMULATE	Closing Price:	EUR 6.63	Price Target:	7.50
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Enagas expects profit this year to rise more than 15% as demand for gas increases. (Bloomberg)

Impact: Positive news. Enagas offers sound growth prospects, which should be reflected at the net profit level. Our 2003 estimates point towards a more conservative growth of 12.5%.

Teresa Pinto Leite (tpl@bpi.pt) Enrique Soldevila Manrique (esm@bpi.pt)

[Back to Index](#)

Gas Natural: Caixa Cataluña buys a 3% stake

Rating:	HOLD	Closing Price:	EUR 16.95	Price Target:	22.10
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Caixa Cataluña announced last week that it had bought a 3% stake in Gas Natural. (El mundo)

Impact: Caixa Cataluña seems to be in favour of the bid launched over Iberdrola, being a new supporter of the deal in Gas Natural AGM. The announcement of this movement last Friday boosted GN stock performance.

Teresa Pinto Leite (tpl@bpi.pt) Enrique Soldevila Manrique (esm@bpi.pt)

[Back to Index](#)

Gas Natural-Iberdrola: CNE could impose harsh conditions

Rating:	HOLD/BUY	Closing Price:	EUR 16.95 /EUR 14.85	Price Target:	22.10/17.60
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The board of the CNE will have a meeting tomorrow, in which any decision could be adopted, although it could be delayed. At the present time it is not clear the decision although initially it was expected to abort the deal. Currently it seems that the board will approve the deal but subject to harsh conditions, especially from a financial point of view. (Abc)

Impact: This news points in the same direction than previous ones. In our view it will be difficult for GN to succeed if the bid is not improved and limits on the financial position of the new company could restrict any improvement of the deal. We expect further news.

Teresa Pinto Leite (tpl@bpi.pt) Enrique Soldevila Manrique (esm@bpi.pt)

[Back to Index](#)

OIL & GAS

OPEC raises official oil output limits to 25.4 mboed

OPEC said on Thursday it had agreed to raise its official output limits but said actual supplies to the market would fall. OPEC raised official limits by 900,000 barrels to day to 25.4 million bpd effective June 1. Supplies to the market would drop by two million bpd from estimated average production in February and March of 27.4 million barrels a day. (Bloomberg)

Impact: The commitment of OPEC countries with the quotas will be a key issue to monitor in the months to come. This issue, together with US stocks -quite low in the last few weeks- will set oil prices in the months to come once the Iraq war seems to be over.

Enrique Soldevila Manrique (esm@bpi.pt)

[Back to Index](#)

RETAIL

Jerónimo Martins: 1Q03 earnings preview

Rating:	ACCUMULATE	Closing Price:	EUR 6.90	Price Target:	9.20
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JM will be disclosing its 1Q03 results next April 29th, at market close. A conference call should take place the following day at 10.00 a.m. (Lisbon time).

P&L (Euro mn)	1Q03F	1Q02	% YoY
Turnover	844	991	-15%
EBITDA (Ex Provisions)	51	48	6%
EBITDA margin	6.0%	4.8%	
EBITDA - management figures	55	51	7%
Margin	6.5%	5.2%	
EBIT	11	6	79%
Net financials	-12	-23	47%
Net profit	-4	-28	85%

Source: JM and BPI Equity Research (F)

Impact: The several businesses disposed of last year and the fact that the company did not provide margins by business in the 1Q02, coupled with the Easter calendar effect make comparisons and estimates rather difficult and subject to a significant level of risk. We expect turnover to reach some Euro 844 mn (-15% YoY), driven by: JMR (+2.1% YoY); Recheio (+2.2% YoY); Poland (-12% YoY; +4.5% in Biedronka, which is suffering with the PLN devaluation during the 1Q). As for EBITDA we expect a significant recovery in margins (1.2.p.p. in statutory figures), mostly driven by the removal of non-performing operations, namely Sé and Jumbo. Net financial costs are expected to show a significant improvement, despite considering some Euro 1mn for provisions on BCP shares. It benefits from the absence of IAS 39 impact (some Euro 5mn negative in the 1Q02). Bottom line should still come in the red, though approaching break-even and significantly reducing last year's losses.

Overall, we should keep close attention to the operational performance on the company's major business lines (JMR and Biedronka). Still, one should not forget that, for the seasonal pattern of the business, the 1Q is the less significant to infer the FY performance.

Maria de Lurdes Pinho (mlp@bpi.pt)

Modelo Continente: 1Q03 earnings preview

Rating: REDUCE	Closing Price: EUR 1.32	Price Target: 1.50
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Modelo Continente should be disclosing its 1Q03 results in the next two days.

P&L (Eur mn)	1Q03F	1Q02	% YoY
Sales	737	874	-16%
EBITDA	50	56	-11%
EBITDA margin	6.7%	6.4%	
EBIT	22	27	-18%
Fin. Results	-15	-16	-9%
Net Profit	7	12	-38%

Source: Modelo Continente and BPI Equity Research (F)

Impact: 1Q figures are hindered by the Easter calendar effect (usually representing some 2.5% of the quarter sales). We expect Portuguese food sales to drop by 2.6% YoY and the specialized retail formats to improve by 9% YoY. As for Brazil, though growth in BRL should have recovered since the beginning of the year to levels more consistent with the country's inflation (+8% forecasted), the currency devaluation (-40% YoY average in the 1Q) should continue hampering sales performance in Euros. This effect shouldn't become smoother until the final part of the year, when the comparison basis becomes easier. EBITDA margin is expected to improve by some 30 b.p., helped by Portuguese specialized retail formats and Brazil, compensating some slowdown in the Portuguese food formats. Bottom line is estimated to drop by 39% YoY, hampered by the absence of windfalls and a higher tax rate.

The performance of Brazilian operations is a critical item to monitor. An in all, one should bear in mind that the 1Q is traditionally the less important for food retailers and this year this is further stressed by the Easter Season effect.

Maria de Lurdes Pinho (mlp@bpi.pt)

[Back to Index](#)

HOLDINGS

Sonae SGPS: sells the remaining 2% stake in BPI

Rating: BUY	Closing Price: EUR 0.38	Price Target: 0.76
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Sonae SGPS announced the disposal of the remaining 2% stake held in BPI (15.2 mn shares), for a total cash inflow of Euro 33.4 mn and a capital gain of Euro 3.5 mn on its consolidated accounts. The proceeds will be used to reduce debt. (Company release).

Impact: With this disposal, Sonae ends its financial participation in BPI. We see the group's effort to reduce debt (Euro 3294 mn at YE02) as positive. With the sale of the 4.3% stake in BPI Sonae cashed-in a total amount of Euro 73 mn and realised a capital gain of Euro 10.5 mn.

Maria de Lurdes Pinho (mlp@bpi.pt)

[Back to Index](#)

SMALL CAPS

Viscofan: IAN sells canned fruit business

Rating: HOLD	Closing Price: EUR 6.32	Price Target: 7.10
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Viscofan announced that its subsidiary IAN (100% stake) has settled a sale compromise with Iberfruta SA in order to sell its canned fruit business. Concerning the price of the transaction (1) it is approximately Eur15mn plus the inventory value at the contract effective day, (2) the exact value depends of a final "due diligence" and (3) the payment will be made through four annual payments. Moreover, the company estimates the implied capital gain in Eur7mn. (Company Release)

Impact: Positive! Even this represents around 5% of Viscofan's current market cap, just considering the Eur15mn and excluding the inventory valuation, we see this move as positive for Viscofan as (1) it is in line with IAN's strategic plan that considers the fruit segment as non-core, (2) the sale is made with a capital gain, that can be used in restructuring the other IAN's activities. Finally, we remind that Viscofan will disclose its 1Q03 results between the next 5th and 6th of May.

Eduardo Coelho (epc@bpi.pt) Gonalo Manuel Faria (gmf@bpi.pt)

[Back to Index](#)

DIVIDENDS

Company	GDps (Eur)	Ex-Div Date
PT	0.16	28 Apr
Cofina	0.035	6 May
Ibersol	0.055	12 May
TEM	0.175	June
Telefonica I	0.13	03-Jul
Telefonica II	0.12	15-Out
Portucel	0.0315	
Agbar	0.1587	

Source: CMVM/CNMV

[Back to Index](#)

EQUITY Capital Markets, Research, Sales, Dealing

Henrique Cabral Menezes	(351) 22 607 3224
-------------------------	-------------------

Research

Graça Graça Moura Tiago Bossa Dionísio Banking and Insurance	(351) 22 607 3141
--	-------------------

Teresa Pinto Leite Enrique Soldevila Manrique Energy and Forest	(351) 22 607 3136 (34) 91 781 4602
---	---------------------------------------

Tiago Veiga Anjos, CFA Motorways, Construction & Building Materials	(351) 22 607 3275
--	-------------------

Ricardo Pimentel Seara Flora Trindade Telecoms	(351) 22 607 3134
--	-------------------

Lurdes Pinho Retail & Consumer Goods	(351) 22 607 3363
---	-------------------

Eduardo Coelho Gonçalo Manuel Faria Small Caps	(351) 21 311 8667
--	-------------------

Maria do Céu Gonçalves (Publishing) Carla Gomes Alves (Publishing)	
---	--

International Sales

Ana Negrais de Matos, CFA Ana Spratley Ferreira, CFA Filomena Rocha Maria Sousa Pinto Sérgio Godinho	(351) 22 607 3179 (351) 22 607 3196 (351) 22 607 3218 (33) 1 445 033 48 (351) 22 607 3139
--	---

Head of Domestic Sales & Dealing

Miguel Sequeira	(351) 22 607 3372
-----------------	-------------------

Institutional Dealing	(351) 22 607 3279
-----------------------	-------------------

Bruno Moreira da Silva Luís Sousa Pinto Marta Brito e Cunha Philip Sprackling	
--	--

Domestic Dealing

Lisbon Office João Canedo João Cotrim	(351) 21 311 8631
---	-------------------

Oporto Office Francisco Chaves Pedro Costa Pedro Moreira	(351) 22 607 3279
---	-------------------

Economics and Fixed Income Research

Cristina Casalinho	Chief Economist	(351) 21 310 1186
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BANCO PORTUGUÊS DE INVESTIMENTO**Oporto Office**

Rua Tenente Valadim, 284
4100-476 Porto
Phone: (351) 22 607 3100
Telefax: (351) 22 600 2052

Madrid Office

Pº de la Castellana, 40-bis-3ª
28046 Madrid
Phone: (34) 91 781 4603
Telefax: (34) 91 781 4607

Lisbon Office

Largo Jean Monnet, 1
1269-067 Lisboa
Phone: (351) 21 310 1000
Telefax: (351) 21 353 5650