

If there were prizes for picking a song title that sums up the key factor affecting the markets at anyone time, well the most appropriate one for this week, and possibly for a while to come, would be 'Money's too tight (to mention)'. Apart from a deterioration in the flow of data out of the US with Friday's release of a jobs report that saw the US lose 63,000 jobs in February, and the revelation that mortgage delinquencies and house repossessions are record levels and growing, the over-riding fear for markets is a breakdown in the day-to-day functioning of the money and credit markets. As the CFO of Bank of Ireland explained on Friday during a company visit to Dolmen, the biggest downside risk in the market at present is the rising cost of funding, which in his opinion will remain the case until such time as the monoline issue is resolved. The recent trend in Libor rates has been higher, and while still at levels well below the elevated rates of late December, the trend is worrying. The data to look out for next week will be consumer related with the any read across from the higher delinquencies, and weakening jobs markets possible reflected in February retail sales (Thursday) and Michigan Sentiment (Friday), while the impact of higher commodity prices could well impact the CPI reading also due on Friday. While all the above data will be watched with interest, the biggest influence on the markets will continue to be monetary liquidity, or the lack of same. A continuation of the rising trend in the cost of credit will not be positive for markets.

TRADING IDEAS, EARNINGS & PREVIEWS

Economic Update

In the last week all financial stocks have come under renewed selling pressure, this despite a series of results from UK and Irish banks that contained no nasty surprises along with healthy dividend increases. The difficulty for financial stocks now is that the monoline insurance issue remains unresolved and that the casualties of the dysfunctional mortgage securities market now count among their number the hedge funds. The demand for funding has increased in recent weeks as the difficulties spread and as margin calls increase, however liquidity remains thin and the cost of funding is starting to return to uncomfortably high levels. Exaggerating the situation is the fact that credit markets have all but ceased to function. The monetary easing we have seen from the Fed since September has had minimal impact, and further cuts are likely to be as ineffective, unless the monoline problem is resolved and a state of normality returns to the banking system.

BOI

Fundamental view: Last week, the Group Chief Financial Officer of **Bank of Ireland (BOI)**, John O'Donovan, visited Dolmen to update us on the bank's trading before it goes into its year end close period at the end of this month. Even though there has been some recent upward pressure in short term funding rates, the situation has improved overall since calendar year end, apart from term funding, where BOI is unlikely to have any requirements until Q1 2009. BOI's credit quality remains robust, with its full year 2009 bad debts charge unlikely to exceed 0.2% of average loans, even though earnings growth is likely to remain sluggish until at least calendar H2 2008.

Price: €9.01
P/E: 5.91x
Div: 7.0%
Target:
€12.00

Next catalyst: However, the bank's capital position remains stronger than sector average, so even in the event of a slight year on year earnings decline for full year 2009, further dividend per share growth of 5% to 66.6c can be relied upon on the 63.4c per share for full year 2008, which is expected to be announced on 21st May and go ex on 28th May. This leaves the shares paying the attractive dividend yield of c.7% for waiting for earnings growth to resume. Our current 12 month share price target of €12 (33% upside) is based on a sector average rating of 8x forward eps of €1.49

Next catalyst: Good support exists at both €8.75 and €8.57 and any weakness towards this area should be used as a short-term buying opportunity.

BUY

Pairs Trade

Long Ryanair

Price: €3.18
P/E: 10.0x
Short Easyjet
Price: £4.17
P/E: 10.1x

Fundamental view: In line with the recent oil price strength, the European airline sector has been severely de-rated, with **Easyjet** and **Ryanair** now trading at 10.4x and 10.3x 2008 eps of 40p and 31c respectively. Even though as a result of the current discounting, the yield outlook for both airlines remains very competitive over the coming months, Ryanair's substantially stronger operating margin (c.20% versus c.9% for Easyjet) leaves it better placed to continue to be profitable during this period despite the twin pressures of higher fuel and fare discounting.

Next catalyst: Ryanair's upcoming share buyback programme of up to €200m, which is expected to be completed between now and 5th June, could act as a near term support for its share price from current levels. The yield outlook becoming a little more robust in conjunction with the Irish airline's full year results' announcement on 3rd June could act as a catalyst for more substantial upside. As a result, our view is that there is the potential for some significant short term relative outperformance from Ryanair, and we continue to recommend a pairs trade at current levels within the European airline sector through a **SHORT** position in Easyjet and a **LONG** position in Ryanair. Both share prices moved c.1% higher last week.

Next catalyst: Ryanair's €3.05 key support level has held and this is positive. Easyjet is trading sideways but a break below the key 400 area would suggest significant losses to follow.

IN&M

Price: €1.83
P/E: 8.8x
Div: 8.2%
Target: €2.50

Fundamental view: On Thursday fortnight, 27th March, **Independent News & Media (INWS)** will announce its results for the year ended 31/12/07. We are forecasting revenue and earnings per share of €1.7 bn and 19c respectively to be announced, representing year on year increases of 3% and 10%. The revenue growth will be driven by 4% advertising revenue growth and 1% circulation growth. Irish advertising revenue is still expected to show high single digit growth, with strong recruitment and retail advertising more than offsetting a slowdown in property advertising.

Next catalyst: The group's final dividend per share of c.9.13c is expected to go ex in mid April, which alone represents a yield of c.5% on the current 184c share price. With further 10% dividend per share growth expected in 2008 to 15.1c, the expected 2008 dividend represents a yield of 8.2% on the current share price. INWS' stronger than sector average earnings growth of c.10% for 2007 and 2008 also warrants a premium valuation, even though at 8.8x consensus 2008 eps of 21c, the shares continue to trade at a discount of c.20% to the current European newspaper sector average of c.11x. The above average probability of further major shareholder stake-building provides another potential positive catalyst for the share price

Next catalyst: Downtrend continues with stock failing to hold the important €2 area. Short-term indicators suggest the stock is oversold and this coupled with long-term support at €1.75/€1.80 should help provide some respite.

BUY

Ladbrokes

Price: £2.96
P/E: 11.0x
Div: 4.8%
Target: £3.40

Fundamental view: Shares in Ladbrokes have fallen by 8% this year and we feel that current valuations offers an attractive buying opportunity. Paddy Power remains our preferred company in the gaming sector, however recent price action has been very positive, and the stock is up almost 20% from recent lows. The fundamentals for Ladbrokes are compelling, the stock trades at a 2008 earnings multiple of 11x and a dividend yield of 4.7%, especially given the defensive nature of the sector.

Next Catalyst: The next major catalyst for Ladbrokes is the Cheltenham festival next week, which should bring the stock into focus. Additionally, there have been M&A rumours in the gaming sector in recent weeks, and consolidation among its peers would be expected to give a boost to Ladbrokes.

Next catalyst: The stock is well supported in the 280-290 area and any downside should be limited.

BUY

Trading Ideas Update

Adidas is down 5% since our recent short. Wednesday's results were a mixed bag, the company missed on their net income for the fourth quarter, €21m versus €28.3 expected. Performance at Reebok remains poor and is likely to continue to impact Adidas in the short to medium term. However the company is benefiting from improving margins as a result of a decline in the dollar, and a stronger negotiation position with suppliers post Reebok merger. Management are guiding for an increase in profit of at least 15% in 2008. We are recommending taking profits at current levels.

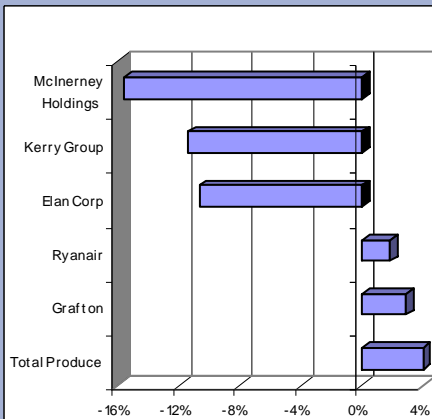
EARNINGS: MON: (IAWS, Interim) (Grafton, FY) (Bovis Homes, FY) (Origin Ent, Interim) **TUES:** (Antofagasta, Prelim) (Friends Prov, Prelim) (Datalex, FY) (Newcourt, FY) **WED:** (AerLingus, Prelim) (Tullow, FY) (Standard Life, Prelim) (Thomas Cook, EGM) **THURS:** (Volks, Invest. Update) (Horizon, FY) (Home retail, TS) (Morrison, Pre) **FRI:** (Prudential, FY)

ECONOMIC: MON: (UK PPI, Industrial and Manufacturing Production, US Wholesale Inventories), **TUES:** (German ZEW, US Trade Balance), **WED:** (Euro-Zone Industrial Production, UK Budget Speech), **THURS:** (US Import Prices, Initial Jobless Claims, Retail Sales, Business Inventories), **FRI:** (Euro-Zone Final CPI, US CPI, Michigan Sentiment).

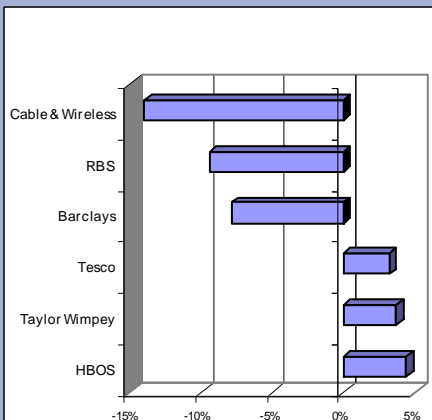
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
29/02/08-07/03/08

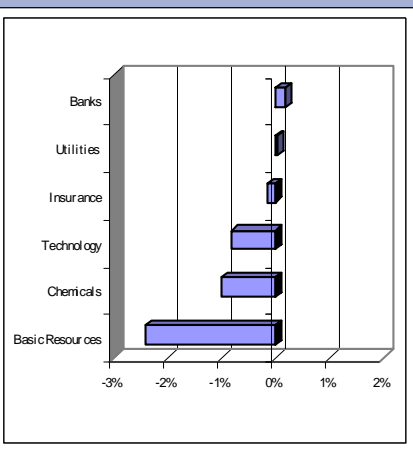
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	WTD	YTD	Relevant news
AIB	-3.3%	-16.11%	A.I.B have curtailed recruitment in light of cuts in profit forecasts. .
Aviva	-4.6%	-13.22%	Lehman Brothers raises Aviva to overweight and increases price target to 854p from 805p.
BP	-3.3%	-14.0%	Goldman sachs raises BP price target to 630p from 585p.
Coca-Cola	0.6%	-3.80%	Coca-Cola achieved official "green " status
CRH	-1.4%	1.81%	CRH posted 2007 net profit of €1.43bn an 18% increase from €1.21bn a year earlier.
Hewlett Packard	-1.0%	-5.3%	Hewlett Packard reduces cost of colour printing by up to 50% for small businesses.
IAWS	1.3%	-10.68%	Posted first half results that came in ahead of expectations.
IL&P	-0.8%	-10.50%	IL&P report an net profit of €590m, an increase from €529m last year.
Microsoft	2.5%	-23.60%	Microsoft CEO says catching google is goal.
Paddy Power	1.2%	-5.71%	Paddy Power posts a 59% increase in operating profit to €72.1m
Ryanair	0.6%	-31.17%	Ryanair announced it carried 3.84m passengers in February, a 20% year on year. .
Vodafone	-5.5%	-17.84%	Vodafone says cost savings from network supply chains has been achieved ahead of schedule.

DD Unrealised gain YTD	-10.04%	ISEQ YTD	-11.17%
DD Realised gain YTD	-10.55%	FTSE YTD	-11.72%
DD Total YTD	<u>-13.97%</u>	Average performance	<u>-11.45%</u>
Relative Performance		<u>-2.53%</u>	

* DD Return (Includes dividends & FX changes since stocks inclusion)

What it says in the 'Sundays'

Company	Paper	Headline
DCC	S.Times	Variety spices up the profits
Datalex	S.Times	Travel software firm takes off in December
Paddypower	S.Independent	Buy the bookie
FBD	S. Business Post	FBD corporate activity on the horizon
Glanbia	S. Business Post	Acquisitions a key focus for 2008
ICG	S. Business Post	Carroll to go it alone



Last Weeks Moves

Equities

	Level	Change WTD	Change YTD	Div Yield	P/E08
ISEQ	6160	-4.0%	-11.2%	3.7%	7.1
FTSE 100	5700	-3.1%	-11.7%	4.9%	11.4
DAX	6514	-3.5%	-19.3%	3.1%	11.3
Dow Jones	11939	-2.7%	-10.0%	2.6%	14.6
S&P 500	1331	2.6%	-9.3%	2.4%	13.7
Nasdaq	2271	2.5%	-14.4%	0.9%	20.1
EuroStoxx 50	3057	-4.1%	-17%	4.8%	10.3
Nikkei 225	12783	-6.0%	-16.5%	1.7%	14.5

Sector

	Weekly move%	YTD move %
Basic Resources	-2.42	-2.16
Chemicals	-1.03	-13.65
Technology	-0.80	-19.75
Industrials	-0.76	-13.99
Construction & Materials	-0.75	-14.32
Travel & Leisure	-0.60	-18.04
Financial Services	-0.58	-14.52
Media	-0.44	-17.71
Healthcare	-0.33	-13.22
Food&Bev	-0.32	-11.51
Telecom	-0.29	-18.99
Retail	-0.27	-17.04
Oil & Gas	-0.25	-14.21
Autos	-0.21	-18.73
Personal & Household Goods	-0.18	-15.64
Insurance	-0.16	-17.64
Utilities	0.05	-14.90
Banks	0.18	-21.20

Commodities

	Current	Change YTD
Crude Oil	\$105.15	+9.8%
Gold spot	\$973.20	+16.7%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.536	+5.3%	1.55
EUR-GBP	0.763	+3.8%	0.75
EUR-JPY	157.7	-3.2%	165.0

GDP Growth

	Current	Year End (est)
Ireland	5.00%	3.00%
Euro Zone	2.50%	2.00%
UK	3.10%	2.00%

Central Bank Interest Rates

	Current	3 month	Year End (est)
Euro Zone	4.00%	4.37%	3.50%
UK	5.25%	5.67%	4.50%
US	3.00%	3.08%	2.00%

Credit Market Summary

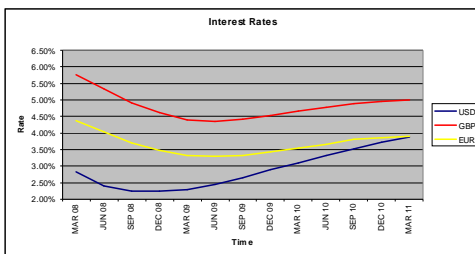
An ugly week for credit markets, things started off hairy, improved in anticipation of the AMBAC bailout which subsequently overwhelmed markets with its lack of bank support. The week continued with negative news flow regarding US mortgage delinquencies and foreclosures with a weak non-farm payrolls number rounding out the week on Friday. This market continues to be jittery, driven by short term news stories, therefore with no concrete resolution to the monoline problems and further deterioration in market liquidity and housing markets this widening trend is expected to continue – spreads ended the week at 625bps, a new high (for now).

Credit Sector Movements

Chemicals. Wider in the sector – the biggest mover is BASF again this week widening 23% to 72bps, catching up to its counterparts Bayer and Linde, who each widening 18% to 88bps and 98bps respectively. This follows comments from a German chemicals industry group which commented that German chemical makers will see growth slow to 4.5% this year, as these companies cannot expect to pass rising raw material and input costs onto buyers.

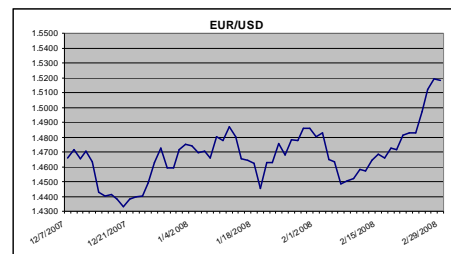
Food/Beverages: Wider in sector – Cadburys widened 22% this week after analysts warned the company may delay the spin-off of the US beverages division due to debt market weakness. Diageo widening 13% this week while Compass suffered from sectoral weakness, widening 15%.

Interest Rate Outlook

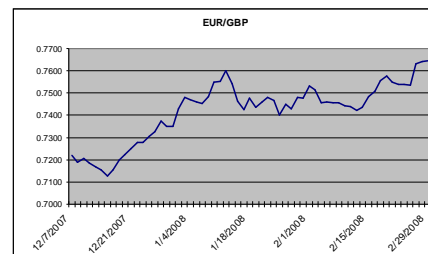


The yield on the US two-year note fell by a further 11 basis points last week to 1.52% on speculation that the Fed will continue to aggressively lower interest rates when it meets March 18th. The futures market is currently pricing in a 100% chance that the Fed will lower the fed funds rate by 75 basis points to 2.25% with further cuts on the way.

Currency Comment



The US dollar continues to weaken versus the Euro on increasingly weak economic data out of the US. Last week's disappointing nonfarm payrolls figure and downward revisions to the January and December numbers indicate that the US is already in a recession. Key this week will be on Thursday when US retail sales data for December is due and any weakness in the numbers could see the dollar fall further.



The Euro strengthened versus sterling last week following hawkish inflationary comments from Jean Claude Trichet after the ECB left interest rates on hold at 4.00%. Key this week will be on Tuesday with German ZEW confidence data due. Any softness in this data could see the Euro lose ground against sterling.



Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers (s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Stuart Draper, David Dunk and Stephen Taylor are responsible for the production of this report. Stuart Draper is Head of Research and Stephen Taylor is an equity analyst.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.



DOLMEN SECURITIES LTD

75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland
Theatre Court, Mallow St, Limerick, Ireland.

Tel : +353 1 633 3800/1890 400 300
Tel : +353 21 422 2122
Tel : +353 61 436 500

E-mail: info@dsl.ie
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie