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### Market Movers

## IRISH PAPERS TODAY

Tullow signs \$2bn debt deal  
(*The Irish Times*)

IMF funds may rise to \$500bn  
(*The Irish Times*)

EU states warned on guarantees to banks  
(*The Irish Times*)

## INTERNATIONAL PAPERS TODAY

Massive deals in drug industry  
(*The Wall Street Journal*)

Barclays warned on toxic asset dumping  
(*Financial Times*)

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	4.3%	-26.1%
BP	5.9%	-17.5%
CRH	-6.1%	-21.0%
E.ON	0.1%	-35.0%
HPQ	-5.4%	-29.7%
IL&P	-14.4%	-54.3%
INM *	5.8%	-66.7%
J&J	-2.9%	-22.1%
JPMorgan	-0.2%	-49.6%
Microsoft	-0.9%	-22.1%
Paddy Power	-1.6%	-10.6%
Vodafone	-2.8%	-17.9%

\* We are currently Neutral on IN&M

## Market View

Analyst : Oliver Gilvarry

Overnight US markets closed weaker with the DJIA and S&P500 falling by 1.2% and 1.0% respectively. Real economy stocks were the reasons for the falls with financials actually increasing during the session. After midnight UK housing data was released and UK housing sales have fallen to a 1978 low. The number of new homes built in the UK following this data could be the lowest since 1921 as potential buyers are hit by unemployment fears and lack of credit. Data on retail sales in February showed the boost in sales in January has disappeared with like for like sales falling 1.8%. This morning UK industrial production for January will be released with the market expecting a decline of 1.2% mom and 9.9% yoy. The pace of decline is slowing, but conditions still remain very weak in the UK. The banks will remain in focus today in Europe with reports that Barclays have begun discussions with the UK government on its inclusion in the Asset Protection Scheme. The amount of assets to be included range between £10-50bn, a range that seems very light compared to the amounts RBS and Lloyds insured with the government. This evening the US will have a record \$34bn 3-year US Treasury auction and this will be followed tomorrow with an \$18bn 10-year Treasury auction. The results of the auction will be closely watched to determine the demand for US government paper, especially with the larger and larger amounts that will be issued over the course of the year.

### **BHP Billiton: Neutral Current Price (£11.71) Price target (£12.00) Analyst : David Dunk**

Antofagasta released full year final results this morning. EPS for the full year was \$1.73 compared to \$1.402 in the previous year. Group turnover was \$3.37bn over the period. Net earnings increased to \$1.71bn compared to \$1.38bn in 2007. Copper production was 477,700 tons over the year. The company finished the year with \$2.9bn of net cash on its balance sheet. Antofagasta will pay a final dividend of \$0.536 per share, bringing the total dividend for the year to \$0.60. The group says that macro economic conditions remain weak. The group continues to seek opportunities globally, and sees the current copper concentrate imbalance as favouring producers. Demand for copper declined significantly in the second half of 2008, with forecasts for 2009 production down 9% versus 2008. We do not anticipate any changes to our valuations in the mining sector based on Antofagasta's results.

### **GlaxoSmithKline: Neutral Price (£10.00) Price target (£13.00) Analyst : David Dunk**

In a continuing trend in the pharmaceutical sector, Merck yesterday made a \$41bn bid for rival Schering-Plough. The offer consists of \$10.50 in cash, plus 0.5767 shares in Merck, for each share in Schering-Plough. Merck shareholders would end up as holders of 68% of the combined company. The deal valued shares in Schering-Plough at \$23.61 per share. Merck sees cost savings of \$3.5bn annually beyond 2011. Like many pharmaceutical companies, Merck is looking for M&A opportunities to counter expiring patents, and weak pipelines. Yesterday's offer puts further pressure on peers in the industry to make similar deals. In particular, the prospect of similar deals from J&J, GlaxoSmithKline and AstraZeneca is significant. We do not see Élan as a takeover target at current levels. Our recommendations on the sector remain unchanged.

### **E.ON: Buy Current Price (€18.69) Price target (€40.00) Analyst : Stephen Taylor**

E.ON has reported full year 2008 adjusted EBIT that increased by 7.3% to €9.9bn with revenue increasing by 26% to €86.8bn. Adjusted net income increased by 9% to €5.6bn in line with its pre-release in February. The group has proposed to pay a dividend of €1.50 resulting in a payout ratio of 50% and current dividend yield of 8.00%. E.ON's dividend will trade ex on 7/05/09. In relation to 2009, E.ON said that its outlook for 2009 is subject to uncertainty. The group expects adjusted EBIT to match 2008 and adjusted net income to decline by about 10%. In relation to 2010, E.ON has lowered its adjusted EBIT outlook by 10% to €11bn citing the financial crisis, regulation and negative foreign exchange effects. E.ON also said that it plans to sell €10bn of assets by the end of 2010 and cut spending by €6bn. Shares in E.ON have fallen by 8% this morning on the back of its outlook for the next two years. While the shares are likely to remain under pressure in the short-term we believe that the stock offers attractive long-term value. We will be publishing a detailed report on E.ON tomorrow.



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**Fyffes:**      **Current Price (€0.17)**

**Analyst :** Oliver Gilvarry

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Fyffes released full year results this morning with group revenue increasing by 9.6% to €606.7m and the full year dividend is 1.5c. Profit before tax excluding exceptional items was €15.9m compared to €18.4m in 2007 impacted by the higher costs of fruit, shipping and fuel experienced during 2008. The investigation by the EU into the supply of bananas in Northern Europe resulted in no fines for Fyffes directly, but a German company it has a joint venture with has been fined and this will have an impact on Fyffes if upheld. The settlement of the Fyffes – DCC insider dealing case is included in the accounts and amounts to €33m. The balance sheet of the company remains strong with net cash of €32.2m at year end from €48.8m a year earlier. The fall in cash was due to acquisitions, purchase of plant and equipment and funds returned to shareholders through dividend and share buybacks. The investment in Blackrock continues to be held on the balance sheet at its share of reported NAV as at the 31<sup>st</sup> of December 2008. The asst is carried at €60m compared to the market value of the investment of €12.4m. A point in the results that has a read through for other companies in Ireland and the UK is Fyffes defined benefit pension fund. The pension fund had a surplus of €1.6m at the start of 2008, but ended the year in a net deficit of €10m. Management have guided previously adjusted EBIT in a range of €14-18m for 2009 and they have reiterated this guidance. This is despite experiencing a slow start to the year with price increases in the first two months insufficient to offset higher costs and unfavourable exchange rates.

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**McDonalds: Buy**    **Current Price (\$52.32)**    **Price target (\$70.00)**    **Analyst :** Stephen Taylor

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McDonalds reported global sales that increased by 1.4% in February. Sales would have increased 5.4% if it were not for the extra day in February 2008. On a like for like basis US sales increased by 6.8%, European sales increased by 4%, while Asia, the Middle East and Africa saw sales rise by 4.1%. McDonalds has consistently performed strongly over the current economic downturn with monthly sales continuing to grow strongly in all of its geographies. One factor that is currently having an effect on the company is in relation to currency translation however this is already reflected in the market. McDonald's said that the recent strength in the US dollar will trim \$0.07 to \$0.09 off first quarter EPS, broadly in line with expectations. Translation effects aside, McDonalds' underlying business continues to perform strong and we reiterate our buy rating on the stock which also pays a dividend yield of c. 4%.

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**International Equity Markets**

Index	Value	1-Day	YTD
ISEQ	1,916	-1.7%	-19.3%
FTSE	3,542	0.3%	-19.9%
Dow Jones	6,547	-1.2%	-25.4%
S&P	677	-1.0%	-25.1%
Nikkei	7,055	-0.4%	-20.4%
Stoxx 50	1,810	-0.4%	-25.6%

**Sector Performances**

Sector	Index	1-Day	YTD
Construction	153	-2.9%	-24.5%
Technology	131	1.9%	-13.7%
Oil & Gas	241	1.5%	-9.9%
Financials	90	-2.3%	-39.3%
Retail	168	-1.2%	-8.1%
Food & Drink	199	-1.5%	-14.3%

**Commodity Prices**

Commodity	Index	1-Day	YTD
Crude Oil	47.1	3.4%	-7.1%
Copper	164.0	-2.9%	16.1%
Gold	922.0	-1.8%	3.2%
Silver	12.9	-2.9%	12.9%
Wheat	523.3	-0.7%	-15.9%
Cattle	83.2	0.9%	-6.8%

**Currency Exchange Rates**

Commodity	Index	1-Day	YTD
€/\$	1.261	-0.3%	10.0%
€/£	0.915	1.9%	4.1%
£/\$	1.378	-2.2%	5.6%
\$/JPY	98.85	0.6%	-8.0%
€/JPY	124.65	0.2%	1.1%
€/SFR	1.461	-0.4%	1.8%

**5Yr Credit Spreads**

Commodity	Index	1-Day	YTD
Invest Grade	208.8	-6.3%	21.5%
High Yield	1,144.1	-0.3%	12.8%
Financials	207.4	3.7%	80.1%
Bol	626.5	-2.9%	157.0%
AIB	614.4	1.7%	197.6%
RBS	225.3	1.3%	67.0%

**Money Market Rates**

Rate	EUR	UK	US
Overnight	1.3%	0.5%	0.3%
3-Month	1.7%	2.6%	1.3%
1-Year	1.8%	1.9%	1.5%
2-Year	2.0%	2.3%	1.8%
5-Year	2.7%	3.0%	2.6%
10-Year	3.3%	3.5%	3.1%

Date	Company	Region	Event
10/03/2009	ESI Group SA	FR	Q4 SALES
10/03/2009	E.ON AG	DE	FINAL
10/03/2009	Audi AG	DE	Q4
10/03/2009	Close Brothers Group PL	GB	INTERIM
10/03/2009	Antofagasta PLC	GB	PRELIM
10/03/2009	Soco International PLC	GB	PRELIM
11/03/2009	JCDecaux SA	FR	FINAL
11/03/2009	Deutsche Lufthansa AG	DE	Q4
11/03/2009	Aer Lingus Group Plc	IE	PRELIM
11/03/2009	Bulgari SpA	IT	Q4
12/03/2009	Carrefour SA	FR	Q4
12/03/2009	Volkswagen AG	DE	Q4
12/03/2009	Aegon NV	NL	FINAL
12/03/2009	Home Retail Group plc	GB	TRADE
12/03/2009	WM Morrison Supermark	GB	PRELIM
12/03/2009	Standard Life Plc	GB	PRELIM

Date	Event	Region	Estimate
10/03/2009	RICS House Price Balance	UK	--
10/03/2009	Consumer Price Index (MoM)	GE	--
10/03/2009	Trade Balance	GE	--
10/03/2009	Current Account (EURO)	GE	--
10/03/2009	Imports SA (MoM)	GE	--
10/03/2009	Exports SA (MoM)	GE	--
10/03/2009	Industrial Production (MoM)	UK	--
10/03/2009	Wholesale Inventories	US	--
10/03/2009	ABC Consumer Confidence	US	--
11/03/2009	Total Trade Balance (GBP/MI)	UK	--
11/03/2009	Factory Orders MoM (sa)	GE	--
11/03/2009	MBA Mortgage Applications	US	--
12/03/2009	ECB Publishes Mar. Monthly	EC	--
12/03/2009	Euro-Zone Ind. Prod. sa (MoI)	EC	--

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