



DOLMEN STOCKBROKERS **WEEKLY OUTLOOK**

12.03.2007



Dolmen Stockbrokers

Section

1 Market View

12/03/2007

Equity markets enjoyed a recovery last week following the aggressive sell-off of the previous week. While the selling pressure spilled over into the early part of last week, markets demonstrated sufficient resilience to finish on average, 2.5% higher. This recovery was partly aided by a more stable emerging market performance, which in turn reduced the level of the Yen carry trade reversal, experienced the previous week. Also helping markets was a reasonably dovish ECB as the bank increased rates to 3.75% but indicated that any further rate increases were not imminent, while the Bank of England also played its part keeping UK rates on hold at 5.25%.

The real reason however behind this relief rally was the value created in certain sectors and stocks, which the recent market weakness created. The sectors that attracted most attention were banking and insurance, while the basic resource sector also saw buyers at the lower levels. Our advice last week was for investors to buy on weakness and to concentrate on the liquid large cap stocks. This advice still holds even after the rally last week.

The week ahead sees the release of key US inflation as well as retail sales, however we would not be surprised to see an element of profit taking ahead of these numbers following the quicker than expected rally last week. The normal pattern after a 5%-6% fall in markets tends to be a short sharp rally before another bout of weakness at which point a more gradual and less exaggerated rally takes hold. If this pattern emerges over the next week or two then investors should continue to execute our advice of last week and buy large cap, liquid stocks.

Current Trading Ideas

Trading ideas	
<p>Morrison Last rec @ £2.98 Current: £3.21 Target: £3.30 Stop-loss: £2.90</p>	<p>In conjunction with the announcement of its results for the year ended 29/01/07 this Thursday, Morrison, the UK supermarket, will present a strategic review of its balance sheet. The consensus forecasts are that full year profit before tax and eps of £318m and 8.2p respectively will be announced, representing major year on year increases on the prior year comparatives of £54m and 4.39p. However, given the major freehold property assets owned by Morrison (95% of stores), and its very under-gearred balance sheet, there is significant potential for the upcoming review of the group's balance sheet to act as a positive catalyst for the share price. Following the recent private equity takeover approach for Sainsbury, there is now greater pressure for existing management to unlock such property value. The fact that a new management team has recently taken over at Morrison may also make it more likely for a radical balance sheet review to be presented at the full year results' announcement. Based on current forecasts for cash flow from operations, Morrison would be debt free within 2 years. Morrison's cashflows could comfortably support a debt level representing 50% of the value of its freehold property portfolio. Using the proceeds of such a debt issue to buy back shares at £3.20 each would lower the group's cost of capital and could boost the group's forward eps (for the year ending 31/01/09) by 20% from 18p to 22p. As a result, our current price target for Morrison of £3.30 is based on 15x forward eps of 22p: BUY.</p>
<p>CRH Last rec @ €30.70 Current: €32.16 Target: €37.00 Stop-loss: €30.60</p>	<p>Last week, CRH announced its results for the year ended 31/12/06. Profit before tax and earnings per share of €1.602 bn and 222.4c respectively, were in line with consensus forecasts of €1.583 bn and 223c, and were year on year increases of 25% and 20%. The results showed acceleration in earnings growth at the group's European Material, Products and Distribution businesses, helped by some operating margin expansion. In the US, the group's 3 divisions all generated strong profit growth, with the passing on of higher input costs helping to achieve operating margin improvement at the US Materials and Products divisions. The group's US products division, which has an exposure to new US housing representing c.10% of total group operating profit, should also receive a boost from any recovery in the US housing market in H2 2007. CRH completed €2.1 bn of acquisitions during the 12 months ended 31/12/06, including its largest ever deal, the \$1.3 bn APAC acquisition. As these acquisitions start to feed through into group earnings in 2007 and as increased synergies start to be generated in 2008, further earnings growth of c.10% per annum should be generated. Our current forecasts are for 2007 and 2008 earnings per share of €2.40 and €2.64 respectively, with the potential for further acquisitions in 2007 providing the potential for further upgrades to these forecasts by year-end. Given the current valuations of CRH's peer group and its prospects for continued double digit earnings growth in 2007 and 2008, our current 12 month price target of €37 (15% further upside) is based on 14x 2008 eps of €2.64: BUY.</p>
<p>British Land Last rec @ £16.39 Current: €15.34 Target: €17.50 Stop-loss: €14.10</p>	<p>British Land recently announced its results for the 3 months ended 31/12/06. NAV per share, before once off charges of £16.85 was largely in line with our forecast of £16.90, and was 2% higher than the group's NAV per share as at 30/09/06. The growth was primarily driven by British Land's 35% exposure to the London office market, with a further 223,000 sq ft at 201 Bishopsgate now pre-let. Even though the rate of price appreciation in the UK commercial property market is now expected to be at a slower rate in 2007 than in recent years, with c.2.4 msf of office development projects delivering over the next 2 years, the vast majority of which is located in the fast-improving London City area, we are still forecasting further 9% NAV per share growth over the next 12 months to £18.42 as at 31/12/07. Our current 12-month target price of £17.50 (14% further upside) is based on a 5% discount to 2007-year end NAV per share. In line with BL's REIT conversion on 01/01/07, the group increased its full year dividend to at least 33p, representing a dividend yield of 2.2% on the current share price. This is a 94% year on year increase in the dividend, in line with the requirement for REIT's to distribute 90% of their net profits after capital allowances, corporation tax free. This requirement should result in further dividend increases, and the sector will no longer be liable for CGT on property sales, with the distribution of these gains only liable to 22% UK withholding tax. The introduction of a REIT structure in the US drove a major increase in property investment there, and the new UK legislation is forecast to double the size of the UK quoted property sector: BUY.</p>

<p>Aviva Last rec @ £7.77 Current: £7.81 Target: £9.00 Stop-loss: £7.50</p>	<p>Aviva recently reported full year gross operating profit of £3.245 bn for the year ended 31/12/06, a year on year increase of 12%. However, not helped by a very weak equity market backdrop, the market chose to focus on the fact that the result was £55m (c.2%) lower than the consensus forecast of £3.3 bn. The main driver of the growth was the 16% growth in life and pension premiums to £26.852 bn, and the group's upbeat outlook for relatively strong 2007 UK sales growth and improving non-UK life margins would not appear to be fairly discounted now by the group's current share price. Aviva is guiding further strong 15% sales growth for 2007, driven by particularly strong international sales growth. This international sales growth will be boosted by the group's August 2006 acquisition of US life insurer, AmerUs Group, for \$2.9 bn in cash, with the initial contribution of AmerUS to the group's 2006 sales results showing 21% year on year growth, helped by the introduction of new products. Despite this US expansion, Aviva remains committed to growing its dividend, recently announcing a 10% increase in its 2006 dividend per share to 30p. Further 10% growth in 2007 to 33p would provide a 2007 dividend yield of c.4.2% on the current share price. Given that Aviva's 2007 return on embedded value of 14% is forecast to be c.10% stronger than the UK sector average, its price to embedded value (EV) should trade at a similar premium. Our current 12 month price target of £9 (15% upside) would rate the shares at 1.6x 2006 EV per share of £5.73, a 7% premium to the sector average: BUY.</p>
<p>IAWS Last rec @ €18.47 Current: €18.38 Target: €20.00 Stop-loss: €17.00</p>	<p>This morning, IAWS announced its results for the 6 months ended 31/01/07. EPS of 37.15c was largely in line with the consensus forecast of 37c, and was a yoy increase of 12%. The growth was primarily driven by 17.3% revenue growth to €838m, offset by a higher interest charge. The group's margin expanded by 0.4% to 8.4% at the post associate level, as input price inflation continued to be passed on in the form of higher prices. The results were also helped by the first 3 months contribution from Otis Spunkmeyer, the US frozen cookie dough manufacturer acquired last October, particularly as Otis is a relatively high margin business. The results also benefited from an improved performance from the group's agribusiness as a result of stronger sales of animal feed and fertiliser in line with increased demand. The operating profit of Origin Enterprises, the group's Irish agribusiness, property and Shamrock food distribution businesses, showed 10% growth to €11.9m. Given the improvement in profitability at Origin, combined with the group's increased net debt of €689m, IAWS is now examining a number of strategic options for the future development of this business, including IPO. Any action in this regard, in helping to realise the hidden surplus land bank value within this business, should act as a positive catalyst for the IAWS share price. Given that c.50% of forward group earnings are now generated in the US, and that the group's US peers all trade at multiples in excess of 20x forward earnings, IAWS' food business deserves a multiple of at least 18x consensus forward eps of €1.06, generating value of €19.08 per share. Combining this value with the group's surplus land bank value of at least €1 per share, gives our new 12-month price target of €20 (11% further upside). The current consensus forecasts are that IAWS will generate 13% eps growth this year to 92c, accelerating to 15% eps growth to €1.06 for the year ending 31/07/08: BUY.</p>
<p>C&C Last rec @ € 11.82 Current: €9.92 Target: €13.00 Stop-loss: €9.30</p>	<p>C&C management recently visited us as part of their pre-close period series of investor meetings. The meeting provided strong reassurance with regard to Magners' medium term sales growth prospects from increased share of the UK LAD market. This growth could be further enhanced by successful expansion into two European markets this summer. As stated in conjunction with the recent release of the group's year-end trading statement, the company will also clarify its plans with regard to the return of capital to shareholders at its full year results' announcement on 9th May. Given the capacity expansion currently underway and the continuing strong year on year growth in cider consumption, particularly in the UK, we are currently expecting 80% eps growth to 54c for the year ended 28/02/07, and further 20% eps growth to 65c for the year ending 28/02/08. Our current 12-month price target of €13 is based on 20x forward eps of 65c: BUY.</p>
<p>AIB Last rec @ € 21.67 Current: €23.40 Target: €25.00 Stop-loss: €21.00</p>	<p>Last week, AIB announced results for the year ended 31/12/06. Earnings per share (excluding profits from property and business disposals) of 182.8c was c.2% ahead of the consensus forecast of 178.5c, and was a year on year increase of 25%, boosted by particularly strong growth from the group's Capital Markets and Polish divisions. The earnings growth was driven by strong 25% loan growth offset by margin erosion of 0.12% (0.18% expected) to 2.26%. Group credit quality also remained robust, with the 2006 bad debts charge representing only 0.12% (0.13% expected) of average loans. Our view was that there would be scope for the "in line" guidance of the December trading statement to be beaten when the 2006 results were announced appears to have happened, driven by slight positive surprises in relation to both margins and credit quality. However, once the final dividend per share of 46.5c is collected on Wednesday, we would use the share price strength of recent days as an opportunity for some profit taking in the short term: Take Profits.</p>
<p>DCC Last rec @ €27.30 Current: €24.57 Target: €28.00 Stop-loss: €23.00</p>	<p>DCC recently announced that it had reached agreement with Joe Moran, who owns 51% of Manor Park, to seek offers for 100% of the business. With consensus sum of the parts valuations attributing a value of c.€200m to DCC's 49% shareholding, there is the potential for the achievement of a sale price significantly in excess of this to act as a catalyst for further share price upside. For example, the achievement of an overall sale price of €750m, would boost the group's sum of the parts valuation by c.€2.08 per share, increasing our current 12 month price target from €26 to €28. Progress with regard to the sale of Manor Park is expected to be achieved in c.one month's time: BUY.</p>

Dolmen Dozen Weekly Update

Company	Change on week	Relevant news
AIB	7.88%	After the company posted EPS of 182.8c on Tuesday. This was c.2% ahead of forecasts and a yoy increase of 25%
Aviva	0.51%	In conjunction with the announcement of their 2006 results, Aviva announced they expect strong 15% sales growth for 2007
BHP Billiton	2.69%	Xstrata provided a boost for the mining sector last week after it reported better-than-forecast annual results
BP	1.55%	Shares in oil companies rose about 1% after US data showed supplies of crude declined for the first time in three weeks
British Land	5.14%	Following the recent announcement of a NAV per share of £16.85 as at 31/12/06.
CRH	2.13%	Posted full year results on Tuesday with PBT and EPS of €1.602bn and 222.4c respectively. They were 25% and 20% yoy increases
Greencore	-6.39%	Recent speculation that the company is experiencing delays acquiring planning permission on its Carlow site
GSK	1.98%	Following the recent release of stronger than expected 2007 earnings growth guidance.
INWS	5.71%	Following the recent announcement of very solid circulation figures from the group's Irish titles.
RBS	2.50%	Paid a 66p full year dividend last Wednesday
Ryanair	5.66%	Share price starting to recover after sell off in recent weeks
Vodafone	0.72%	Following the recent successful acquisition of a 67% stake in Indian mobile group, Hutchinson Essar, for \$11.1 bn.

Other Trading Ideas

Date of Rec	Company	Price (at time of Rec)	Last Close	Source	Analyst	Target Price
20-Dec	Greencore	4.45	4.25	Daily	SD	4.80
04-Jan	Fyffes	1.06	1.16	Daily	SD	1.15
08-Jan	Tullow Oil	3.70	5.40	Daily	SD	4.20
22-Jan	Prudential	7.18	6.83	Weekly	SD	8.20
22-Jan	Sterling Energy	0.17	0.17	Daily	SD	0.28
05-Feb	Ryanair	11.22	5.97	Daily	SD	13.00
06-Feb	BP	5.32	5.25	Daily	SD	6.00
07-Feb	BHP Billiton	9.86	10.30	Daily	SD	11.50
08-Feb	GSK	13.98	14.35	Daily	SD	15.00
12-Feb	Vodafone	1.49	1.40	Daily	SD	1.60
13-Feb	British Land	16.39	15.34	Daily	SD	17.50
19-Feb	United Drug	3.97	3.80	Weekly	SD	4.40
26-Feb	Grafton	12.79	12.15	Weekly	SD	14.00
27-Feb	Kerry	20.46	22.00	Daily	SD	23.00
28-Feb	Irish Life & Permanent	21.50	21.30	Daily	SD	23.00
05-Mar	CRH	31.49	32.16	Weekly	SD	37.00
05-Mar	RBS	20.76	21.10	Weekly	SD	22.50
07-Mar	FBD	40.00	39.15	Daily	SD	48.00
08-Mar	Anglo Irish Bank	15.41	16.35	Daily	SD	18.00

Sunday Papers

Paper	Company	Comment
Sunday Times	ICG	Investors sit tight on offer
Sunday Times	Tesco	Near the top of the food chain
Sunday Times	Agcert	Lots of muck but no brass
SBP	C&C	C&C's soft drinks and distribution businesses are now seen as non-core with growth plans very much on cider.
SBP	ICG	The timing of Eamonn Rothwell's MBO at ICG last week surprised analysts, but he insists that he simply wanted to be fair to shareholders.
Sunday Independent	ICG	"No property agenda" for the ICG land bank at port
Sunday Tribune	Dell	Under pressure to cut Irish jobs
Sunday Tribune	Airtricity	Linked to US private equity takeover

Economic Calendar

Date	Region	Event	Period	Consensus	Prior
13/03/07	EC	ZEW Survey (Econ. Sentiment)	MAR	4.5	6.8
13/03/07	UK	Visible Trade Balance GBP/Mn	JAN	-£6950	-£7142
13/03/07	UK	Trade Balance Non EU25 GBP/Mn	JAN	-£4300	-£4308
13/03/07	UK	Total Trade Balance (GBP/Mln)	JAN	-£4600	-£4894
13/03/07	GE	ZEW Survey (Econ. Sentiment)	MAR	3.3	2.9
13/03/07	GE	Zew Survey (Current Situation)	MAR	67.2	70.9
13/03/07	US	Advance Retail Sales	FEB	0.30%	0.00%
13/03/07	US	Retail Sales Less Autos	FEB	0.30%	0.30%
14/03/07	US	Current Account Balance	4Q	-\$203.0B	-\$225.6B
14/03/07	US	Import Price Index (MoM)	FEB	0.80%	-1.20%
14/03/07	US	Import Price Index (YoY)	FEB	--	0.10%
15/03/07	US	PPI Ex Food & Energy (MoM)	FEB	0.20%	0.20%
15/03/07	US	Producer Price Index (YoY)	FEB	1.90%	0.20%
15/03/07	US	PPI Ex Food & Energy (YoY)	FEB	1.70%	1.80%
15/03/07	US	Empire Manufacturing	MAR	17.3	24.4
15/03/07	US	Net Long-term TIC Flows	JAN	\$60.0B	\$15.6B
15/03/07	US	Total Net TIC Flows	JAN	--	-\$11.0B
15/03/07	US	Philadelphia Fed.	MAR	4	0.6
16/03/07	US	Consumer Price Index (MoM)	FEB	0.30%	0.20%
16/03/07	US	CPI Ex Food & Energy (MoM)	FEB	0.20%	0.30%
16/03/07	US	Consumer Price Index (YoY)	FEB	2.30%	2.10%
16/03/07	US	CPI Ex Food & Energy (YoY)	FEB	2.70%	2.70%

Corporate Calendar

Date	Region	Company	Event
12/03/2007	GB	Bovis Homes Group	FY Results
12/03/2007	IRE	IAWS	Interim results
13/03/2007	IRE	Aer Lingus	FY Results
14/03/2007	GB	Legal & General Group	FY Results
14/03/2007	USA	Lehman Brothers	Q1 earnings
15/03/2007	GB	Prudential	FY Results
15/03/2007	GB	Morrison (Wm) Supermarkets	FY Results
15/03/2007	IRE	Horizon	FY Results
16/03/2007	IRE	Fyffes (include Total Produce numbers)	FY Results

Chart View

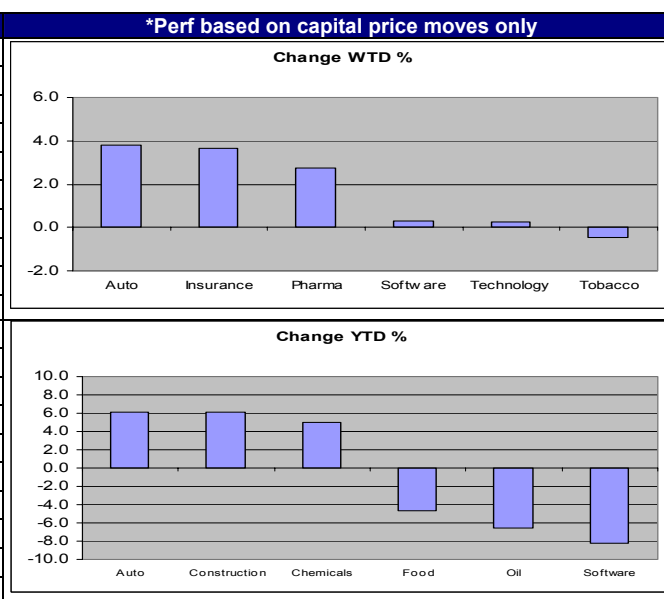
Chart	Trend	Comment	Key Support	Second Support	Key Resist	Second Resist	Current Position	Recent Position
Iseq	Sideways	Good bounce 4% from lows. Overbought on daily chart with proximate resistance. Wouldn't rush to buy here	9100		9625		No position	No position
Ftse100	Sideways	long term support held. Gap and resistance at 6300-6350 will probably contain.	5980	6100	6320		Sell Order @ 6300 with a 6400 stop	Buy @ 5998, took profit @ 6224.5
Nasdaq	Down	Bouncing on little volume.	1700	1740	1790	1800	Sell Order 1790 and 1830 with a 1865 stop	Long @ 1710 took profit 1742.5
Dax	Sideways	Not as bearish as the US. Did not break long term trend line. Buy on Weakness	6450		6770	6850	No position	Short 1 @ 6899, stop @ 6965
Dow	Sideways	Getting overbought on the Daily Chart. A lot of congestion between 12400 and 12500	12000		12600		No position	Buy order @12650, stopped @ 12500
Euro/USD		Not setting new highs, may now test support	1.2950	1.2875	1.3250		Sell order @ 1.3250, stop @ 1.34	Short @ 1.3020 closed out at 1.2968
Euro/GBP		Failing to set new highs, may correct	.6765	.6770	.6875		Short 1 lots @ 0.6787, stop @0.6875	Short @0.6625 stopped 0.6660
Bunds		Look to retest old lows if 115.50 fails to hold	115.50	114.50	118.05		No position	Long at 114.97 took profit @ 116.00
Oil		Narrowing range suggests breakout formation. Failure to test new highs would suggest a move lower	60		62	64.20	Short 1 lot @ 59.69 stop @ 64.20	Short 1 lots @ 55 stopped @ 61 stop
Vodafone	Sideways	Mid Range, incline to long only at good entry levels. Would chose to take profit @ 144/145	1.36		1.44		No position	Long @ 144,142 stopped @138
BHP	Sideways	11.20 next resistance level, look for a test of this level. Concerning that it continues to trade on light volume and overbought in the short term.	9.00	10.05	11.20		No position	Short @ 11.01 took profit @ 10.265
Tullow	Sideways	Sideways price action, now lows concerning. Inclined to trade the extremes.	3.45		3.75	4.20	No position	Long at 3.90 stopped at 360
Anglo	Up	Positive Chart remains, buy on dips	15.25	15.50	17.00		No Position	Long @ 15.60 took profit @ 16.30
C&C	Down	Look for a bounce to 11.50	8.00	9.35	11.50		No Position	Long @11.56, closed at 11.69
Ryanair	Sideways	Looking to get short	5.40		6.10		Sell order at 6.15 with 6.60 stop	No position
AIB	Up	Would look for the price action to stabilize before trading again.	21		24		No Position	Long @ 23 stopped 22.40
BOI	Up	Like AIB expect to recover from recent losses.	16.50	17.00	17.20	18.20	No Position	Long at 18 stopped 17.40
CRH	Up	May struggle up to the 32.50 level. Look for a better entry level near the 31/31.50 level	28.31		32.5		No Position	Long @ 33 and @ 32.50 stopped 31.50 stop
BP	Down	Chart remains negative. Needs to trade above 5.40 to break down trend	5.05		5.40		No Position	No Position
Aviva	Up	Look for a bounce to the 8.00/8.10 level.	7.50	7.80	8.50		No Position	Long @ 8.435 stopped 8.10
Lloyds	Sideways	Worth a look at the 5.40 level not inclined to sell at current levels	5.21		3.75		No Position	

Last Week's Moves

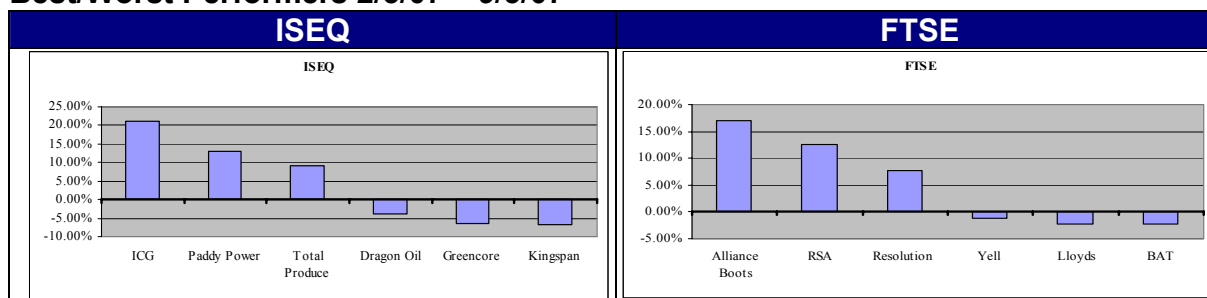
	Levels	Last week's moves	YTD Move
Equities			
DJ INDUS. AVG	12288.74	1.45%	-1.39%
S&P 500	1405.27	1.32%	-0.90%
NASDAQ	2391.75	1.02%	-0.96%
DJ	3675.32	1.71%	-0.61%
FTSE 100	6245.2	2.11%	0.39%
DAX	6716.52	1.71%	1.81%
ISEQ	9567.918	3.37%	1.70%

	Div Yield- 2007	EPS Growth 2007	P/E-2006	P/E-2007
ISEQ	2.45%	8.7%	15.61	13.97
UK	3.70%	6.78 %	13.71	12.84
US	2.03%	6.62%	16.62	15.61
Euro	3.46%	6.25%	13.26	12.48

Sector*	Weekly Move %	YTD Move %
Autos	3.79	6.14
Construction	2.61	6.12
Chemicals	2.45	4.98
Personal Goods	1.41	4.60
Media	1.48	4.38
Tobacco	-0.48	3.72
General Retailers	2.31	3.00
Pharmaceuticals	2.74	2.86
Mining	1.94	0.03
Banks	2.66	-0.20
Insurance	3.65	-0.34
General Industrials	1.86	-1.05
Leisure Goods	2.39	-1.12
Utilities	2.49	-1.89
Telecoms	0.36	-2.41
Beverages	0.54	-3.53
Technology	0.25	-4.18
Food Producers	2.20	-4.66
Oil & Gas	1.83	-6.61
Software	0.28	-8.22



Best/Worst Performers 2/3/07 – 9/3/07



After the c.8% crash in the ISEQ last week the market rebounded well finishing the week up 3.3%. Along with the general recovery in world markets the ISEQ was helped along by a number of the large cap Irish companies announcing results. In the financial sector AIB reported stronger than expected results and Anglo released a trading statement on Thursday upgrading their guidance for the second time in 5 weeks. In the construction sector both CRH and Kingspan released results, with CRH's beating expectations. Paddy Power also posted results on Monday. The main mover this week however was ICG, who announced a MBO on Thursday.

The market stepped below the key 6,000 level for the first time in four months on Monday as only six of the large-caps closed higher for the day. Xstrata provided a boost for the hard-hit mining sector on Tuesday after the nickel and copper miner reported better-than-forecast annual results. On Wednesday the FSTE got a boost in late afternoon as shares in oil companies such as BP and Royal Dutch Shell rose about 1% after US data showed supplies of crude declined for the first time in three weeks. On Thursday it extended gains somewhat after the BoE held its key interest rate at 5.25%. Though the decision was expected, the rise in stocks and the slight fall in the pound indicated there were some who were concerned of a slight chance of a rate hike.

Section

3

Commodity, Currency & Credit Markets

	Current			YTD Change		
	EURO	GBP	USD	EUR	GBP	USD
Base Rate	3.75%	5.25%	5.25%	0.25%	0.25%	0.00%
3 Month	3.89%	5.52%	5.07%	0.01%	0.19%	0.02%
12 Month	4.09%	5.72%	4.93%	0.01%	0.10%	0.07%
5 Year	3.91%	5.13%	4.55%	-0.01%	0.00%	-0.15%
10 Year	3.95%	4.82%	4.59%	0.01%	0.08%	-0.12%
CRUDE OIL FUTR Mar 07	60.78			-3.94%		
NAT GAS FUTR Mar 07	7.186			8.78%		
GOLD SPOT \$/OZ	652.13			2.31%		
SILVER SPOT \$/OZ	12.86			-0.54%		
LME ALUMINUM 3MO (\$)	2745			-2.07%		
LME COPPER 3MO (\$)	6275			-0.87%		

Exchange Rates

	Current	YTD change	Year End Forecasts
EUR-USD X-RATE	1.3113	-0.65%	1.350
EUR-GBP X-RATE	0.678543	0.80%	0.665
EUR-JPY X-RATE	155	-1.41%	145.000

Forecast 2007

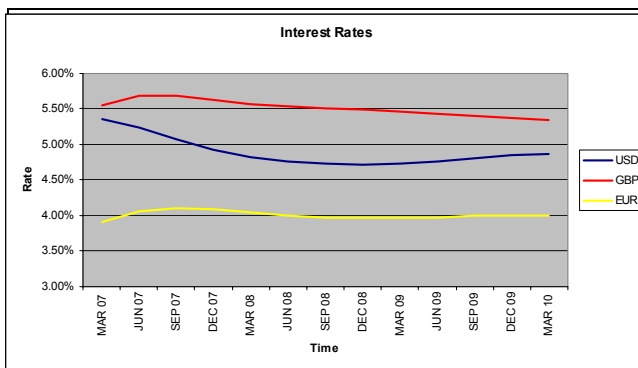
GDP	Current	2007(e)
Ireland	7.70%	6.00%
Euro Zone	2.70%	2.50%
UK	2.90%	3.00%
US	3.00%	2.00%

Central Bank Interest Rates	Current	2007(e)
Ireland	3.50%	3.75%
Euro Zone	3.50%	3.75%
UK	5.00%	5.25%
US	5.25%	4.75%

Inflation	Current	2007(e)
Ireland	4.40%	5.50%
Euro Zone	1.90%	2.10%
UK	2.70%	2.90%
US	2.00%	1.20%

10 Year Bond Yields	Current	2007(e)
Ireland	4.01%	3.65%
Euro Zone	4.01%	3.65%
UK	4.81%	4.50%
US	4.69%	4.35%

Bund Comment

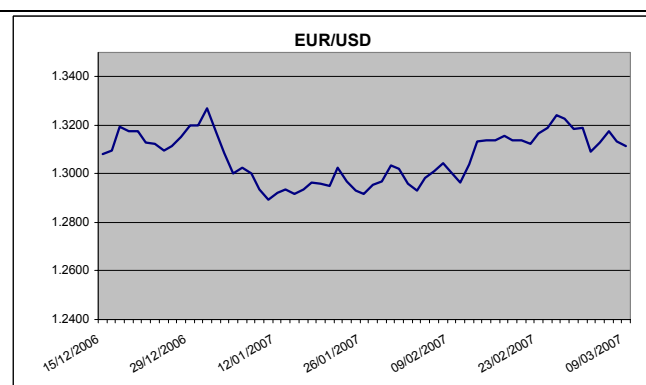


Comment:

10 Year yields rose last week as traders took profit from the previous week rally. With 10 year rates sitting at 3.92 and the ECB expected to raise rates to 4% this year the flattening of the European yield curve continues.

This week we expect traders to continue to unwind their longs, however the US data releases will drive the market particularly the CPI number on Friday

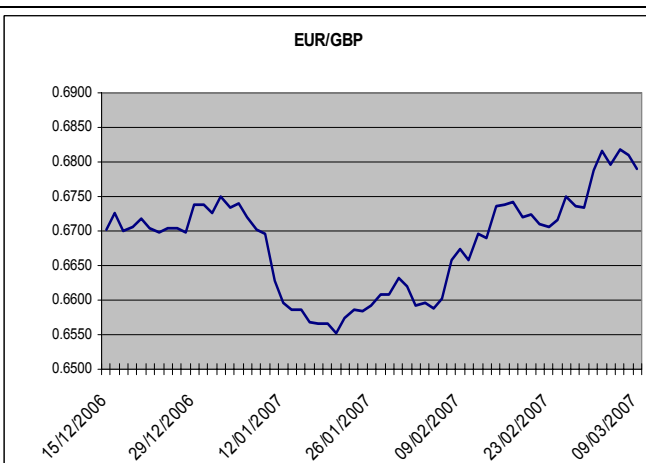
Currency Comment



Comment: EUR/USD

The Euro weakened against the USD last week on the back of a stronger than expected payroll number on Friday. However the currency pair remains very much stuck in a tight range as traders try to gauge the state of the US economy and the path of interest rate movements.

This week US CPI and retail sales will provide the focus. The retail sales number will give an indication of the state of the US consumer, while the inflation number will give an indication of future US interest rate moves. We expect the USD to weaken as the US data continues to weaken.



Comment: EUR/GBP

EURGBP traded sideways last week as the ECB raised interest rates as expected but failed to indicate how many if any rate rises will be necessary past one further increase in the summer.

This week we expect GBP to strengthen against the EUR with only the ZEW business confidence number out of Europe this week GBP will gain support from house price data on Tuesday and unemployment figures on Wednesday

Corporate Credit Markets

Rating-5 Yr Bonds	Sample Names	Dec 2005 Yield	Current Yield	
AAA	Rabobank	3.65%	4.01%	<p>Credit markets continue to be linked to equity markets, with investment grade spreads starting the week wider at 25bps and ending the week significantly tighter at 22bps. However the bigger movements were seen in the high yield market with spreads widening to 231bps (60bps wider than the tightest point on February 26th) before retracing almost 50% of that move to close the week at 203bps.</p> <p>*ITRAXX is an index of the 125 most liquid investment grade corporate names in the European market</p>
AA	Deutsche Bank	3.95%	4.20%	
A	Tesco	3.83%	4.14%	
BBB	MKS	5.30%	5.71%	
BB	Royal Caribbean Cruise lines	5.73%	5.90%	

Sector Movements in week ended 09/03/2007:

- Automotive:** Quiet in the sector – the only mover amongst the European automakers was DCX which widening 1bps as speculation continues that GM or a private equity firm are interested in acquiring the Chrysler unit of DCX. GM spreads widened this week on the same story however spreads had tightened back by the end of the week after GM's CEO dismissed rumours that they were possible acquisitions. Ford also traded in a similar pattern to GM this week, volatile early in the week but they saw lower trading volumes and spreads returned to last week's levels by Friday. Elsewhere Peugeot, Renault, and VW were unchanged. BMW was also unchanged despite reporting strong results this week.
- Building materials:** Quiet for the most part in the sector – the only mover was LaFarge, which widened 1bps this week following the closure of one plant in South Africa for mechanical reasons. Elsewhere Pilkington, Heidelberg, and Saint Gobain were unchanged
- Chemicals:** Quiet in the sector –both Bayer and BASF were unchanged over the week. Bayer received a boost from UBS bank, who increased the target share price from €45 to €60, currently trading at €44.
- Airlines:** Mixed in the sector - Lufthansa widened 3bps this week on reports in a German newspaper that the airline may be an interested bidder for Allitalia or Iberia. British Airways tightened 2bps this week after the Open Skies agreement moved spreads 15bps wider last week. BAY has projected 10% operating margins in FY 2008. Elsewhere, BAE and Rolls Royce were unchanged.
- Food/Beverages:** Mixed in the sector – Diageo widened 1bps this week despite reporting a 73% surge in sale sin China – apparently the Chinese like Johnnie Walker whiskey. Cadbury was unchanged despite reporting a 1.3% increased in soft drink sales in the US, compared to declines in sales for competitors Coca-Cola and Pepsi.
- Telecoms:** Mixed in the sector – BT was 1bps wider on speculation of private equity interest in the company. However this is a small spread movement, which combined with the ongoing share buybacks in the company, would seem to dismiss LBO rumours. Deutsche Telecom tightened 2bps this week following improvements to free cash flow generation. Vodafone tightened 1bps after Hutchinson shareholders approved the sale of the Indian division to Vodafone.
- Retail:** Wider across the sector – this continues to be the most volatile sector due to persistent LBO rumours for each Sainsbury's, Morrisons and Carrefour. Sainsbury's widened 3bps, Morrisons widened 2bps and Carrefour widened 3bps. In addition Tesco widened 1bps this week on rumours they were interested in Swedish retailer Axfood. Boots widened 10bps late Friday on rumours of an approach. This is a big move for Boots, indicating a likely private equity bidder.
- Media:** Mixed in the sector – the only mover was EMI, which widened 1bps this week, a very subdued week for the music producer following a number of weeks of merger and LBO rumours. Spreads are staying wide, indicating the credit markets believe an LBO more likely than an acquisition, which stands to reason given the rejection of the Warner bid last week. Reuters, WPP and BSKyB were unchanged.

Dolmen Stockbrokers contact numbers

Joint Managing Directors

Ronan Reid	01 633 3894
Gerardine Jones	01 633 3803
Paul McGowan	01 633 3875

Stockbrokers

Leonard Abrahamson	01 633 3816
Suzanne Berkery	01 633 3881
Fergus Briscoe	01 633 3878
John Cronin	01 633 3897
Sheena Coen	01 633 3847
Jeffrey Flynn	01 633 3821
Richard Goodbody	01 633 3646
Mark Kelly	01 633 3883
Paul Kelly	01 633 3867
Bryan O'Neill	01 633 3864
Colm O'Reilly	01 633 3870
Richard Power	01 633 3891
Barry Relihan	01 633 3622
Peter Shubotham	01 633 3836
Stephen Tynan	01 633 3873
Ken Williams	01 633 3647
Ronan Goggin (Cork Office)	021 422 2122
Edmund Moloney (Cork Office)	021 422 2122
Donal Ring (Cork Office)	021 422 2122
Brian Tobin (Cork Office)	021 422 2122
Eamonn Quane (Cork Office)	021 422 2122
Ernest Holloway (Limerick Office)	061 436 500
John Ring (Limerick Office)	061 436 500
James Byrne (Limerick Office)	061 436 500

Dealers

Padraig Brennan	01 633 3879
JP Maguire	01 633 3615

Director of Investment Services Planning

Jim Shiggins	01 6333630
--------------	------------

Research/Fund Management

Stuart Draper	01 633 3850
Carl Bourke	01 633 3829

Martin O'Sullivan	01 633 3892
David Beaton	01 633 3877
Maire Kirby	01 633 3890
Ciaran Mulhall	01 633 3896
Ailish Connolly	01 633 3626
Joseph Dempsey	01 633 3835
Claire Lanigan	01 633 3823
Damian Howley	01 633 3898
Mary-Rose Ahern	01 633 3874

Client Services

Tracy Kelly	01 633 3888
Siobhan Tyrrell	01 633 3888
Jonathan Bredin	01 633 3888
Ruairi O'Brien	01 633 3888

Head of Middle Office

Connor Maguire	01 633 3812
----------------	-------------

Head of Compliance

Mark Ambrose	01 633 3804
--------------	-------------

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. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

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.

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.