

A little over a week ago equity markets rejoiced in the fact that the US economy might not be in recession after all or that if it was that it would be shallow. Better than expected GDP and employment data had the market thinking that there was light at the end of the tunnel. During the week just past however, markets are beginning to question whether the light in question is in fact an on-rushing inflation train. With oil tipping almost daily record highs and food prices still holding elevated levels, the focus on inflation has become the over-riding concern for the markets. The Fed in their last statement expressed concern at the up-side risks to inflation, a point re-enforced by former Fed Chairman Volker, while the ECB did nothing to row back on their concerns over price stability. The fear for markets now is that the Fed, by cutting rates to 2% and injecting billions into the financial system in an all out attempt to ensure financial market stability, has in fact rewarded the risk-takers at the expense of the broader economy and has in fact created a more pronounced problem for the economy.

TRADING IDEAS, EARNINGS & PREVIEWS

BP

Price: 613p
P/E: 9.9x
Div: 4.5%
Target: 700p

Fundamental view : Last week, we re-iterated our current **BP BUY** recommendation and upgraded our 12 month share price target to £7, based on 10x 2008 eps of 70p. In addition to the impact of higher oil and gas prices, the upgrade was driven by lower than previously expected costs from operational improvements, combined with continuing volume growth. BP's recent Q1 2008 results' announcement showed underlying replacement cost net profit of \$6.49 bn, 59% higher year on year, which facilitated a 30% year on year increase in the Q1 2008 dividend per share to 6.81p.

Next catalyst : Further evidence of continued production growth and cost savings in the Q2 2008 results' announcement on 29th July could be a catalyst for a further re-rating of the BP share price. BP also remains on course to pay a current year dividend yield of c.4.5%, paid quarterly, which pays investors for waiting for such a further upward re-rating this year.

Chart View: The chart outlook is not negative but at current levels the stock is beginning to look overbought in the short-term. This coupled with difficult to overcome resistance in the 640-650 area suggests that some weakness should be sought before new longs are initiated.

BUY**CRH**

Price: €23.85
P/E: 8.9x
Div: 2.9%
Target: €33.00

Fundamental View : Over the past week, the **CRH** share price has fallen by 5%, in part driven by the group's Interim Management Statement, which stated that its previous target of delivering profit growth in 2008 is now "more challenging". However, with the first 4 months of the year only accounting for c.7% of CRH's full year profits, the company is of the view that some growth could still be achieved in 2008. As a result, it is premature to reduce current year forecasts by c.4%, as consensus has done.

Next catalyst : This is particularly the case as last week's trading statement confirmed that strong growth continues to be generated in Poland and Central & Eastern Europe, as well as from the group's US infrastructure operations. With CRH likely to highlight this diversification when it meets bond investors during the remainder of this week, starting tomorrow, these meetings, involving Barclays, BNP Paribas, RBS and UBS, could act a near term positive catalyst for the share price, particularly with the shares still trading at 9x 2008 eps of €2.65, a discount of c.20% to the group's European peers

Chart View: The €22-€27 range of the last 6 months continues to provide trading opportunities. Buy on weakness

BUY**Prudential**

Price: 703p
P/E: 18.7x
Div: 2.5%
Target: 810p

Fundamental View : This Thursday, 15th May, **Prudential** will release an AGM statement, which should highlight continuing strong growth driven by its Asian division. This division delivered Q1 2008 sales growth of 30% to £375m. The recent stabilisation of the US dollar is also an important positive for Prudential, with c.60% of the group's profits coming from dollar or dollar-related currencies.

Next catalyst : As a result, this Thursday's AGM statement could act as a positive near term share price catalyst, and our current 12 month share price target of £8.10 (15% upside) is based on 1.5x 2007 embedded value per share of £5.40. The above average volatility of Prudential's share price, with a market beta of c.1.3x, also generates frequent short-term trading opportunities

Chart View : Despite recent pullback the uptrend remains intact, albeit in a fairly unconvincing manner. Reassess on a close below 690.

BUY**Coca-Cola**

Price: \$56.15
P/E: 18.3x
Div: 2.7%
Target \$68.00

Fundamental View : For the last number of weeks we have been advising clients to wait for weakness in **Coca-Cola's** share price before taking a long position. On Friday, Coca-Cola's shares closed at \$56.15 and we believe this represents an excellent entry level. Coca-Cola recently issued a strong set of first quarter results that came in well ahead of expectations boosted by overseas growth particularly in emerging markets. The key driver for Coca-Cola is its international markets exposure which now represents 76% of total revenue and should keep it well insulated from any further downturn in the US. Coca-Cola has also been increasing its focus on providing a healthier product offering over the last number of years emphasized by its \$4.1bn acquisition of vitamin drinks group Glaceau last year.

Next Catalyst : A major catalyst for Coca-Cola is that it is one of the main sponsors of the Beijing Olympics this summer which should further help the rollout of its products in China.

Chart View : Stock has traded through the lower end of the \$56.50 support area. Looks overdone in the short-term and a bounce is not unlikely.

BUY**Diageo**

Price: £10.41
P/E: 17.2x
Div: 3.2%
Target £11.50

Fundamental View : Last week **Diageo** announced the restructuring of its Guinness operations in Dublin, which will include disposing half of the historic St James Gate site. Also, management guided that performance for the last nine months was in line with expectations. We feel this is a great long term buying opportunity to pick up a quality company with a defensive business model and emerging market exposure. Consumer trends remain favourable, with increasing demand for premium brands in general, and spirits in particular. We see excellent value in Diageo near the £10 mark.

Next Catalyst : Diageo will release their full year financial statement in August, we expect a solid set of results from the company. Additionally Sterling weakness, benefits Diageo due to its UK cost base and non-UK revenue streams, as a result any further decline in the British Pound should be positive for earnings.

Chart View : Stock continues to trade sideways with strong support at the £10 level.

BUY**Apple****Update**

On 01/02/2008, we recommended that clients wait for **Apple** shares to fall below the \$130 level before taking a long position. Apple shares fell to \$121 and have since rebounded to close at \$183 last Friday. As Apple shares have appreciated by 40% since our call we now recommend that clients take profits.

Earnings Week Ahead

Economic Week Ahead

Mon: (HSBC, Q1) (Travis Perkins, AGM) (Next, AGM) (MBIA, Q1) (Centrica, AGM)

Mon: UK PPI (9.30)

Tues: (Kerry Group, AGM) (Alliance Leicester, AGM) (Enterprise Inns, H1) (Carrefour, Q1) (Icade, Q1) (Societe General, Q1) (Vinci, Q1) (Wal-Mart, Q4)

Tues: UK CPI (9.30), US Import / Export Prices (13.30), Retail Sales (13.30)

Wed: (Tullow Oil, AGM) (Glanbia, AGM) (E.ON, H1) (Sainsbury, FY) (Freddie Mac, Q1) (Macy's, Q1) (Iberia, Q1) (Unilever, AGM) (First Derivatives, AGM)

Wed: UK BoE Inflation Report (9.30), EU Industrial Production (10.00), US CPI (13.30)

Thurs: (P.Power, TS) (AIB, MS) (Kingspan, TS) (McInerney, TS) (Prudential, AGM)

Thurs: EU GDP & Inflation (10.00), US Empire Manu. (13.30), Industrial Production (14.15), Philly Fed (15.00)

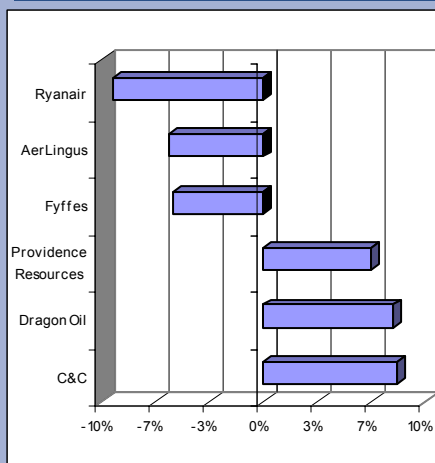
Fri: (B.A, Q4) (Ladbrokes, TS) (Land Securities, prelim) (Premier Foods, AGM)

Friday: US Housing Starts (13.30), Michigan Sentiment (14.55)

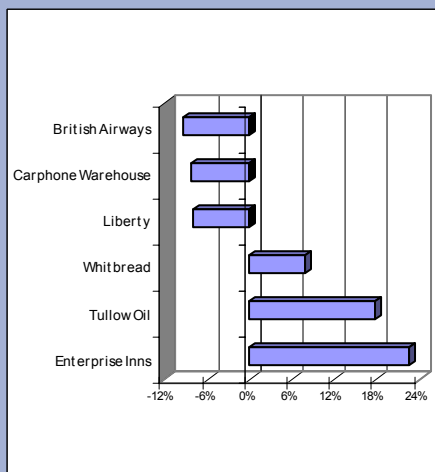
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
05/05/08-09/05/08

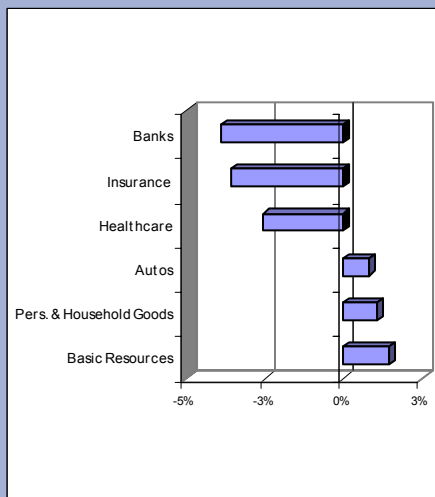
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	WTD	YTD	Relevant news
AIB	-1.2%	-11.6%	Ahead of its interim management statement .
Aviva	-3.2%	-4.5%	Golaman Sachs raises price target to 760p from 711p.
BP	0.3%	-0.81%	Peer Total reports 18% increase in first quarter net profit.
IN&M	4.1%	-15.6%	APN, the Australasian media group, in which IN&M has a 39% stake, says trading is ahead of last year.
CRH	-5.2%	-0.55%	CRH says weaker dollar and slowing markets will make hitting targets tougher than expected.
Hewlett Packard	1.6%	-2.67%	Reports suggest HP in talks with BT to buy their British data centres for £1.5bn.
IAWS	3.7%	10.2%	Tim Horton, the Canadian coffee and doughnut restaurant group misses Q1 forecasts by 8%.
IL&P	4.0%	-4.5%	A life Strategy report indicates sales across the Life Assurance sector in Ireland are down 18%.
Microsoft	0.5%	-17.4%	Microsoft withdraws takeover offer for Yahoo.
Paddy Power	5.4%	-2.30%	Ahead of its AGM on Thursday.
Ryanair	-8.8%	-36.7%	Ryanair's April load factor falls 79% from 83% last year.
Vodafone	-1.2%	-13.3%	Vodafone rules out bid for South African MTN.

What it says in the 'Sundays'

Company	Paper	Headline
C&C	S. Independent	C&C gets a Magners hangover
AIB	S. Tribune	Personal loans, main source of bad debts.
C&C	S. Tribune	Profits evaporated by share buyback scheme
Anglo	S. Business Post	commitment to further dividend increases
AgCert	S. Business Post	set to be saved by AES Corportation

Upcoming Corporate Visits

COMPANY

PRESENTATION DATE

Glencar Mining

16th May 2008

Bank of Ireland

22nd May 2008



Last Weeks Moves

Equities

	Level	Change WTD	Change YTD	Div Yield	P/E08
ISEQ	6431	-0.7%	-7.3%	3.2%	9.4
FTSE 100	6205	-0.2%	-3.9%	3.8%	12.0
DAX	7003	-0.6%	-13.2%	2.7%	12.7
Dow Jones	12745	-2.4%	-3.9%	2.5%	16.0
S&P 500	1388	-1.8%	-5.4%	2.2%	23.0
Nasdaq	2446	-1.3%	-7.8%	0.9%	37.4
EuroStoxx 50	3228	-2.0%	-12.4%	4.1%	11.6
Nikkei 225	13655	-2.8%	-10.8%	1.6%	16.2

Technical Short-Term Trading Idea:

Strategy: Sell the S&P 500 on a rally

Comments:

Following the March low of 1256 the S&P 500 has rallied over 10%. There is much overhead resistance including the 1416 halfway point from the Oct high to the March low and the 200 day moving average at 1429.

Momentum indicators are suggesting that the S&P 500 will struggle to sustain any rally in the short-term.

Multiple indicators of late are pointing to increased risk aversion.

Trade:

- Sell the S&P 500 on a move to 1405.
- Target is 1365.
- Place a stop at 1435.
- Key levels: 1378, 1390, 1400, 1406, 1416, 1429.

Indices can be traded through CFD accounts.

Each standard contract sold at 1,405 with a \$10 per point exposure would return \$400 if

covered at 1,365, versus a loss of \$300 if stopped out at 1,435.

Mini contracts are also available and represent one fifth the exposure of a regular contract.

Commodities

	Current	Change YTD
Crude Oil	\$125.96	+31.5%
Gold spot	\$884.85	+6.1%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.548	+6.1%	1.45-1.55
EUR-GBP	0.792	+7.8%	0.74-0.78
EUR-JPY	159.2	-2.3%	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%	4.86%	3.50%
UK	5.00%	5.77%	4.25%
US	2.25%	2.69%	1.50%

Credit Market Summary

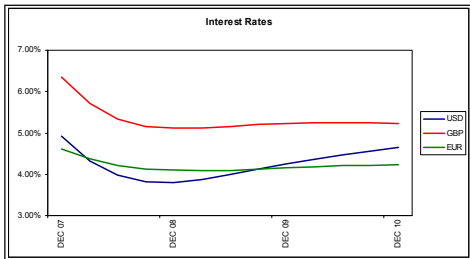
A back lash to recent over-zealous spread tightening in addition to rising commodity prices and inflation concerns led spreads to widen last week – we saw both investment grade and financial spreads widen 20% while high yield widened 14%. While credit markets became exuberant about the recapitalisation stories and the bail-out of Bear Sterns they have sobered up and realised the underlying problems still exist, notably in the US housing market and consumer spending. Near term spreads are unlikely to re-test the recent lows, as the roller-coaster ride continues.

Credit Sector Movements

Automotive: Wider in the sector – Renault led the charge with spreads widening 13% after CEO Carlos Ghosn announced he would leave one of the two CEO roles he holds at Nissan and Renault. BMW widened 5.5% this week after flagging that raw materials are expected to increase 12% in 2008. Elsewhere good news prevailed with VW getting €1.25b of 3 year debt away to market paying a fixed 5.125% coupon, an attractive 140bps over treasuries. Friday afternoon investor Kirk Kerkorian announced his tender for an additional 20m of Ford shares which may increase his holding from 4.7% to 5.5%. Ford spreads tightened on the news.

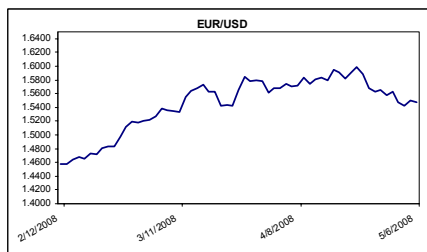
Retail: Mixed in the sector – very subdued in the food retail sector this week with spreads all but unchanged over the week, the story was similar in the non-food sector with MKS widening 10% after peer Next reported sales down 9% on lower customer discretionary spending.

Interest Rate Outlook

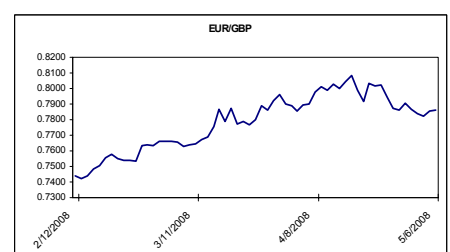


Heightened risk aversion saw bond prices move higher last week driving yields lower as credit market concerns resurfaced with AIG revealing \$15bn in credit-related losses and the company said it plans to raise \$12.5bn to shore up its balance sheet. The yield on the US 2-year treasury fell by 23bps over the week to 2.22% while the 10-year yield fell by 11bps to 3.77%.

Currency Comment



The \$ strengthen against the euro early last week on better than expected ISM services data which showed its first expansionary reading in 4 months. The € regained some ground however as the ECB left interest rates on hold at 4.00% and reiterated its hawkish inflation stance. Focus this week will be in the US with retail sales data due on Tuesday, while inflation data on Wednesday will be closely watched.



Sterling lost ground against the € last week as UK consumer confidence continued to slide as concerns over the UK economy persist. While the Bank of England left rates on hold at 5.00%, the market is now pricing in a 0.25% interest rate cut from the BoE when it meets in June. The BoE's inflation report due on Wednesday will be closely watched for any upwardly revisions to inflation.



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 judgment 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 Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

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 David Dunk & Stephen Taylor are equity analysts.

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. Tel : +353 1 633 3800/1890 400 300
45 South Mall, Cork, Ireland Tel : +353 21 422 2122
Theatre Court, Mallow St, Limerick, Ireland. Tel : +353 61 436 500

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