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Market View

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European equity markets continue to trade higher this morning adding to gains in the US and Asia overnight. Comments from Bank of America's CEO Ken Lewis that the bank was profitable for the first two months of the year is helping to add some confidence to the market. Lewis also pointed out that the bank will not need any additional aid from the Government. Lewis' comments follow on from Citigroup's earlier on in the week that it was having its best quarter since the end of 2007. Such commentary can obviously be taken as a positive for the market however we would note that credit markets continue to remain dislocated with spreads on the Itraxx investment grade index at distressed levels despite having eased over the week. Another positive factor that is adding momentum to the market is in relation to consumer data. Retail sales figures (ex autos) out of the US yesterday showed an increase in February adding to January's gains. While the rise in gas prices partly contributed to the increase there was also rises in electronic, furniture and clothing sales. The figures suggest that discounting is having a positive effect and that the consumer has not completely disappeared. Key focus for today will again be on the consumer with Euro-zone retail sales due at 10am and Michigan Confidence data out of the US expected due at 2pm.

IN&M : Neutral Current Price (14c) Price target (45c) Analyst : Stephen Taylor

IRISH PAPERS TODAY

Deflation of 1.7% driven by interest rent and clothing
(The Irish Times)

Obama to tackle tax avoidance by US firms overseas
(The Irish Times)

Irish bank asset figures may be misleading, admits OECD
(Irish Independent)

Independent News & Media (INM) has announced that Sir Anthony O'Reilly has retired as CEO and will be replaced by current Chief Operating Officer Gavin O'Reilly with immediate effect. The group has also announced that the board has been reduced to 10 from 17. The new 10-member board will comprise of : Dr. Brian Hillery (Chairman), Gavin O'Reilly, Donal Buggy (CFO) and the following non-executive directors, Ken Clarke, Baroness Margaret Jay, Brian Mulronee and Fran Murray. Leslie Buckley, Paul Connolly and Lucy Gaffney have been co-opted to the Board with immediate effect. INM has also announced that it will release full year results on 24/04/09. INM's second largest shareholder Denis O'Brien (c. 26% stake) said that he welcomes the appointment of Gavin O'Reilly as CEO. INM said that current trading conditions 'remain difficult' and in relation the group's current debt refinancing issue of which €200m is due to be refinanced in May it commented that talks with its banks have been 'purposeful'. This is the key issue for INM in the short-term and until we see further clarity we remain cautious on the stock

INTERNATIONAL PAPERS TODAY

Foreign Office's two-tier take on the G20
(Financial Times)

Madoff pleads guilty to 11 charges
(The Wall Street Journal)

C&C : Buy Current Price (€1.15) Price target (€1.60) Analyst : David Dunk

JD Wetherspoon has released interim results for the six months ended 25th January. Revenue for the period was £468.7m, compared to £440.2m for same period last year. Profit before tax and exceptional items was £30.8m, up from £30.2m last year. Like for like sales increased 1.9% over the period, with total sales increasing 5.6%. This is a very solid performance from JD Wetherspoon, in an extremely difficult operating environment. A stabilisation in UK pub sales in the current year would be strongly positive for C&C. Although today's news is positive for the industry, the next 12 months are likely to remain challenging. We continue to see value in C&C, and our price target and rating remain unchanged

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.2%	-26.7%
BP	-0.1%	-14.0%
CRH	3.7%	-10.5%
E.ON	-4.4%	-34.8%
HPQ	2.6%	-19.2%
IL&P	5.3%	-46.0%
INM *	5.4%	-55.2%
J&J	2.3%	-18.1%
JPMorgan	13.7%	-26.4%
Microsoft	-0.6%	-12.5%
Paddy Power	-1.7%	-11.4%
Vodafone	1.6%	-14.5%

* We are currently Neutral on IN&M

Chinese stimulus spend :

Analyst : Edward Keeling

In his annual news conference ending the nine day session of China's ceremonial parliament, Premier Wen Jiabao reiterated China's commitment to keep the yuan broadly steady. This will be welcomed news from a global demand perspective as speculation had mounted that the Chinese administration may attempt to devalue its currency to boost exports. In addition and perhaps more significant was Wen's comments that China has adequate ammunition to revive China's economy and that at any time, an additional 4 trillion yuan is available to add to the current stimulus package. Wen indicated that his 8% growth target was a measure of his government's confidence and a reflection of its commitment to raise living standards. China's economy has been under pressure as collapsing exports have dragged the economy to its weakest growth in seven years.

Aer Lingus

Neutral

Current Price : €0.57

Price Target : €0.65



DOLMEN STOCKBROKERS

Analyst: **David Dunk**

Friday 13th March 2009

- Aer Lingus released its preliminary results for the year 2008, yesterday. Full year revenue was €1.36bn, up from €1.28bn for the previous year. The company has reported a profit before tax, and once off items of €21.2m. However, after tax and exceptional items, the company has reported a loss of €107.8m. This is broadly in line with market expectations. One-time items losses amounted to €140.9m, and were largely relating to restructuring costs.

- **Revenues stable:** Passenger revenue increased by 2.5% to €1,152m. Passenger numbers were up 2.5% to just over 10m. Load factor for the year was 72.8% versus 75.4% for 2007, although there was a capacity increase of 13.9%. Average fares were down 4.6%, down 6.4% for short haul and 2.6% for long haul. Revenue per passenger was down 1.7% versus 2007. Ancillary revenues showed a strong performance over the year with growth of 37.7% to €149.9m.

- **Loss making in 09:** In January of the current year, Aer Lingus guided for a pre tax profit in 2009. However management are now guiding that the airline will suffer a larger operating loss in 2009 than in 2008. Management are attributing the changing guidance to a weak economic environment, and a consumer that is increasingly cost sensitive. The airline expect yields to fall by a double digit percentage in the current year, noting that it would be profit making, at less than a 12% decline in yields. The change in 2009 guidance is the main reason for the significant decline in Aer Lingus' share price in recent days.

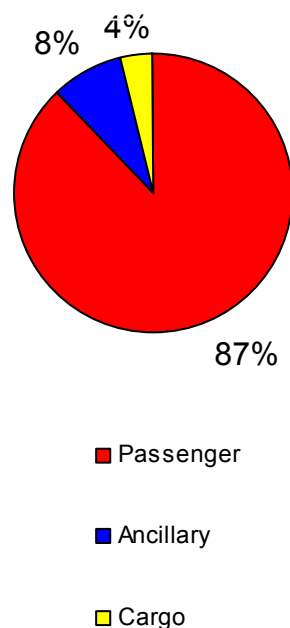
- **Cash balances decreasing:** The company finished the year with €653.9m of net cash, down from €757 at the end of 2007. The decline in the company's net cash position, is attributed to the operating loss and capital expenditure. For 2009, the company is guiding for €400-430m in cash by year end. The company is expecting to invest €160m in its fleet in the current year, and €120 in exceptional items.

- **Downgrade to Neutral:** Following on from Aer Lingus's disappointing guidance for an operating loss in 2009, we are changing our buy recommendation to Neutral, and lowering our price target to €0.65. The present book value for Aer Lingus is €1.45 per share. The current cash balance per share is €1.22, although this is expected to drop to about €0.80 per share by the end of the current year. Despite this, we don't see material upside from current levels, given that Aer Lingus will likely be loss making in the current year, and the forecasted declines in cash balances.

Descriptive Stats		Shareholders	
Year to date	-62%	Ryanair	29.8%
52 Week High	2.15	Irish Government	25.1%
52 Week Low	0.48	Aer Lingus ESOP	14.2%
Bloomberg	AERL ID	Bank of Ireland	3.5%

	FY2007	FY2008	FY2009
Revenue (€m)	1,301	1,357	1,254
Operating Profit	439	-18	-50
EPS	0.2	-0.20	-0.02
DPS	N/a	N/a	N/a
P/E	3.4	N/a	N/a
Div Yield	N/a	N/a	N/a

2008 Revenue by Product





International Equity Markets

Index	Value	1-Day	YTD
ISEQ	1,991	2.3%	-12.9%
FTSE	3,712	0.5%	-14.9%
Dow Jones	7,170	3.5%	-18.3%
S&P	751	4.1%	-16.9%
Nikkei	7,569	5.2%	-14.6%
Stoxx 50	1,963	1.5%	-18.2%

Sector Performances

Sector	Index	1-Day	YTD
Construction	169	1.6%	-15.1%
Technology	144	2.4%	-4.9%
Oil & Gas	248	0.0%	-5.5%
Financials	106	3.0%	-27.0%
Retail	177	1.8%	-1.8%
Food & Drink	203	-1.0%	-11.6%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	47.0	11.1%	-8.0%
Copper	162.5	-0.1%	16.7%
Gold	926.6	1.9%	4.7%
Silver	12.9	1.1%	14.6%
Wheat	525.0	3.3%	-15.7%
Cattle	83.9	1.6%	-5.6%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.291	0.6%	7.9%
€/£	0.926	0.1%	3.0%
£/\$	1.394	0.5%	4.8%
\$/JPY	97.72	0.5%	-7.6%
€/JPY	126.18	1.1%	-0.3%
€/SFR	1.530	3.4%	-2.8%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	198.8	-6.3%	9.5%
High Yield	1,085.5	0.2%	5.0%
Financials	197.6	1.2%	65.2%
BoI	640.0	2.7%	163.8%
AIB	609.2	1.4%	204.9%
RBS	227.8	4.5%	63.5%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.8%	0.5%	0.3%
3-Month	1.7%	2.6%	1.3%
1-Year	1.8%	1.8%	1.5%
2-Year	2.0%	2.2%	1.7%
5-Year	2.8%	2.9%	2.5%
10-Year	3.4%	3.5%	3.0%

Date	Company	Region	Event
13/03/2009	ENI SpA	IT	FINAL
13/03/2009	JD Wetherspoon PLC	GB	INTERIM
13/03/2009	SAS AB	SE	AGM
16/03/2009	Clarkson PLC	UK	PRELIM
16/03/2009	Aeroports de Paris SA	FR	TRAFFIC
16/03/2009	Gladstone PLC	UK	MEETING
17/03/2009	Royal Dutch Shell Plc	TRADE	NL
17/03/2009	Friends Provident PLC	PRELIM	GB
17/03/2009	Hikma Pharmaceuticals f	PRELIM	GB
17/03/2009	Tribal Group PLC	PRELIM	GB
17/03/2009	Macromedia	Q1	US
17/03/2009	Escada AG	Q4	DE
18/03/2009	EiRx Therapeutics Plc	INTERIM	IE
18/03/2009	Alliance Pharma Plc	PRELIM	GB
18/03/2009	French Connection Group	PRELIM	GB
18/03/2009	Nike	Q3	US
19/03/2009	Prudential Plc	FINAL	GB
19/03/2009	Investec Plc	TRADE	GB
19/03/2009	T Clarke PLC	PRELIM	GB
19/03/2009	Premier Farnell plc	FINAL	GB
19/03/2009	FedEx	Q3	US
19/03/2009	Hermes International SC	Q4	FR

Date	Event	Region	Estimate
13/03/2009	Euro-Zone Labour Costs (Yo'	EC	--
13/03/2009	Trade Balance	US	--
13/03/2009	Import Price Index (MoM)	US	--
13/03/2009	U. of Michigan Confidence	US	--
16/03/2009	Rightmove House Prices (Mo	UK	--
16/03/2009	Euro-Zone CPI (MoM)	EC	--
16/03/2009	Eurozone Employment (QoQ)	EC	--
16/03/2009	Euro-Zone CPI - Core (YoY)	EC	--
16/03/2009	Empire Manufacturing	US	--
16/03/2009	Industrial Production	US	--
16/03/2009	NAHB Housing Market Index	US	--
17/03/2009	ZEW Survey (Econ. Sentimen	GE	--
17/03/2009	ZEW Survey (Econ. Sentimen	EC	--
17/03/2009	Producer Price Index (MoM)	US	--
17/03/2009	Housing Starts	US	--
17/03/2009	Building Permits	US	531K
17/03/2009	ABC Consumer Confidence	US	--
18/03/2009	BOJ Target Rate	JN	--
18/03/2009	Bank of England Minutes	UK	--
18/03/2009	Jobless Claims Change	UK	--
18/03/2009	ILO Unemployment Rate (3m	UK	--
18/03/2009	Construction Output SA MoM	EC	--

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