

Equity markets traded side-ways for most of last week as they struggled to continue the previous weeks strong gains, which in the face of a weaker dollar and rising commodity prices was not a bad achievement since previously rallies of a similar nature tended to be erased as negative news from the financial sector emerged to shatter investor confidence. The bold assertion from Goldman Sach's CEO that the credit crisis was 'nearer the end than the beginning' was embraced with open arms by the markets and while this potentially is an accurate assessment of the situation, the reality remains that there is potentially more pain to be endured by way of write-downs in the coming months, but also that the extent of the collateral damage to the broader economy has still to be revealed. In this regard, we re-iterate our comment from last week that the most important short-term catalyst for equity markets will be earnings. GE, a bell-weather for the US has not set a good tone in this regard by reducing its full year guidance by 7.5%, while earlier in the week mining giant Alcoa also warned about slower growth for the coming year. While the coming week has important inflation data releases from the UK, US and Euro-zone, the main focus of attention will be on the raft of US companies reporting. Among the companies reporting are investment banks JPMorgan(Wed), Merrill Lynch (Thurs) and Citigroup(Fri), where further write-downs and possible dividend cuts will be monitored, but also Dow components Intel, Johnson & Johnson, Coca-Cola, IBM and Caterpillar. Any further earnings disappointments will weigh heavily on equity markets.

TRADING IDEAS, EARNINGS & PREVIEWS

Ryanair

Fundamental view : Last week, the Irish inflation data released for March showed that the air transport index rose by a massive 47% month on month. The size of this increase indicates that in addition to Easter taking place in March this year, that progress is being made by the airlines in passing on some of the impact of higher fuel costs in the form of higher average fares. Evidence of same contained in Ryanair's full year results' announcement on 3rd June could act as a major positive catalyst for the share price from current levels.

Price: €2.70

P/E: 9x

Target: €4.50

Next catalyst : Between now and then, the airline's new €200m share buyback programme, which started last week and which is expected to be completed between now and 5th June, could act as a support for the share price, with 6.5m shares bought back for cancellation last Thursday at €2.85. Another catalyst in the short term could be any correction in the oil price from its current c.\$110 level, as a result of continuing weak US economic data. Given the high degree of negative correlation between the Ryanair share price and the oil price, one way of capitalising on any correction in the oil price from current record high levels would appear to be to BUY Ryanair

BUY

Irish Financials

Fundamental view : The Bank of England cut its base rate by 0.25% to 5% last week, with at least two further 0.25% cuts to 4.5% now expected by September. Even though the ECB did not cut, it is expected to do so by at least 0.25% by year end. This should help ease the current margin pressure of the banking sector and over time should help to reduce the risk of significant credit quality deterioration. With the share prices of the **Irish financials** now back towards the lower end of their recent trading ranges, we would highlight the following events over the next month or so, which could act as positive catalysts for their share prices from current levels.

Next catalyst : Tomorrow week, 22nd April, AIB (€13.17) will release its AGM statement, which may include some comments on current trading. The next day, 23rd April, Irish Life & Permanent (€11.65) will go ex with respect to its final dividend of 52.5c per share, and two weeks later, on 7th May, Anglo Irish Bank's (€8.08) H1 results' announcement is likely to contain updated detail with regard to the relative strength of its liquidity and credit quality. Then, two weeks later, on 21st May, Bank of Ireland (€9.19) will announce its full year results. Our view is that given current expectations, that the combined effect of these upcoming catalysts will be to drive significant share price upside from current levels for all of the Irish financials

BUY

Nokia

Fundamental View: One of **Nokia's** closest peers, Sony Ericsson, said that moderating sales growth of mobile phones will negatively revenue and net profit for the first quarter with part of the downgrade related to component shortages on some of its phones. What differentiates Nokia from its peers is that it is the clear leader in mobile phone production and also has the largest exposure to emerging markets. Nokia's CFO recently pointed out that it is well insulated from the current economic slowdown in the US with 5% of its revenue generated there and only 12% from the America's region as a whole. In addition to Nokia's strong earnings growth potential from emerging markets, it also has a strong balance sheet with c. €11bn in net cash.

Price: €20.58

P/E: 12x

Div: 3%

Target: €25.00

Next Catalyst :The next major catalyst for Nokia is on the 17/04/2008 when it is due to report its first quarter results. We expect the group to report a 48% rise in EPS to €0.37 with revenue increasing by 31% to \$12.9bn. We also expect Nokia to issue a strong outlook given its sizeable emerging market exposure .

BUY

Game Group

Fundamental View : Shares in **Game Group**, the UK's largest video-game retailer, have significantly outperformed the general retail sector over the last 12-months. The group has performed well despite a difficult economic environment as sales of Nintendo's Wii, Microsoft's Xbox and Sony Play Station have exceeded expectations. While Game Group's performance has been impressive we believe that the group cannot be insulated from the continuing decline in economic activity and will not be able to replicate last year's strong performance. It should also be noted that on February 26th, the group's CEO, Lisa Morgan, and finance Director, David Thomas sold the majority of their shareholding in the company.

Price: €2.23

P/E: 16x

Target: €1.80

Next Catalyst: The next catalyst for Game Group is on 29/04/2008 when the group is due to report its full-year results. While we expect the results to be strong given that it has recently raised its earnings guidance we believe that 2009 will be a much more difficult year for the group as the downturn in economic activity will continue to weigh on discretionary retailers

SHORT

Tesco

Fundamental View : Shares in **Tesco** have fallen by 19% this year on concerns that a slowing UK economy will affect consumer spending. We believe that this underperformance is overdone and offers an excellent buying opportunity. While the UK consumer is clearly under pressure at the moment we believe that Tesco is the best positioned of all the UK retailers given its low cost profile along with its international exposure. International revenue now represents 26% of group revenue for Tesco with an increasing focus on emerging markets.

Price: £3.86

P/E: 14.8x

Div: 3%

Target: £4.50

Next Catalyst: The next catalyst for Tesco will be on Tuesday 15/04/08 when the group is due to report its full-year results for the period ending 29/02/08. We expect Tesco to report a c. 15% rise in EPS to 26p with revenue increasing by 11% to £47.5bn. We also expect Tesco to issue a reassuring outlook for its 2009 financial year given that growth at its international markets should be able to offset any fall in its domestic operations.

BUY

BHP Billiton Update

Last week, rumours emerged that China may be seeking to accumulate a strategic stake in BHP Billiton in an effort to influence the proposed merger of BHP Billiton and Rio Tinto. Given the effect this has had on the share price, and the future uncertainty surrounding the stock, we no longer recommend taking a short position in BHP Billiton

Earnings Week Ahead

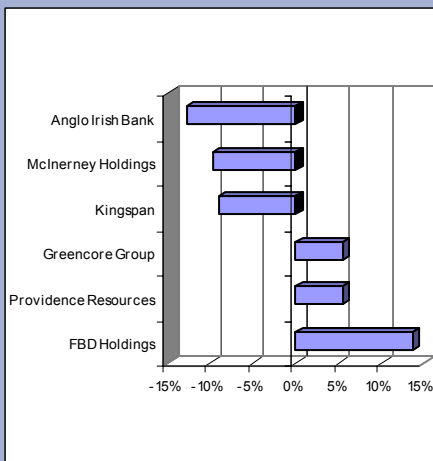
Economic Week Ahead

Mon: (Danone, Q1)**Tues:** (Carphone Warehouse, TS) (Tesco, FY) (Intel, Q1) (J&J, Q1) (M&T, Q1)**Wed:** (SABMiller, Q1)(Coca-Cola, Q1) (eBay, Q1) (JP Morgan, Q1) (Wells Fargo, Q1) (IBM, Q1)**Thurs:** (Nokia, Q1) (Taylor Wimpey, TS) (WH Smith, Interim) (Cap One, Q1) (Google, Q1) (Merrill Lynch, Q1)**Fri:** (Caterpillar, Q1) (Citigroup, Q1)**Mon:** UK PPI (9.30) , EMU Industrial Production (10.00), US Retail Sales (13.30)**Tues:** UK CPI (9.30), German ZEW (10.00), US PPI (13.30), Empire Manufacturing (13.30)**Wed:** UK Employment Data (9.30), EMU CPI (10.00), US CPI (13.30) Housing Data (13.30) , Industrial Production (14.45), Beige Book (19.00)**Thurs:** US Jobless Claims (13.30), Philly Fed (15.00)

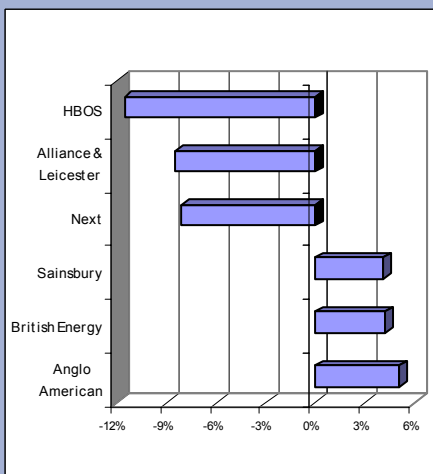
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
07/04/08-11/04/08

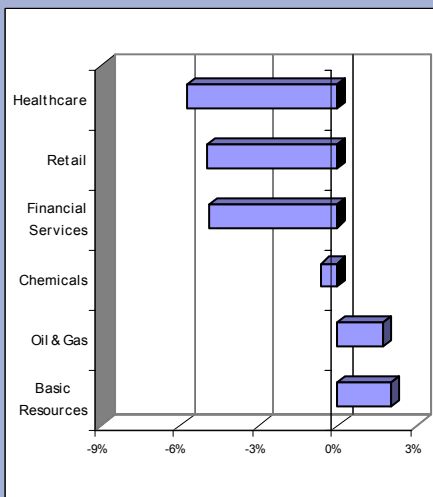
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE

Company	WTD	YTD	Relevant news
AIB	-5.5%	-15.68%	M&T Q1 results due April 15th.
Aviva	-4.3%	-7.43%	Aviva to buy 70% of Irish health group Vivas.
BP	3.6%	-11.06%	JP Morgan & Chase upgrades BP to overweight from neutral.
IN&M	-2.3%	-11.79%	UK newspaper circulation marginally higher in March.
CRH	-4.5%	0.25%	Peer Apogee Enterprises reports Q4 and full year results well ahead of estimates.
Hewlett Packard	-2.0%	-9.92%	HP's notebook computer takes on Apple and Dell for student market.
IAWS	-1.0%	0.28%	Hiestand, in which IAWS has a 30% stake, reported 31.4% rise in net profit to CHF48.3m.
IL&P	-7.6%	-2.43%	CEO, Denis Casey is confident over IP&M's mortgage portfolio.
Microsoft	-3.0%	-20.56%	Microsoft believe they have made a fair bid for Yahoo.
Paddy Power	-5.4%	-2.24%	Aintree racing brings in more normalise margins compared to the recent bumper profits.
Ryanair	-5.8%	-39.83%	Ryanair buy back 6.5 million shares at €2.85
Vodafone	-4.4%	-18.96%	Vodafone agrees five year BT wholesale deal.

DD Unrealised gain YTD	-8.75%	ISEQ YTD	-13.07%
DD Realised gain YTD	-10.96%	FTSE YTD	-9.28%
DD Total YTD	<u>-12.05%</u>	Average performance	<u>-11.17%</u>
Relative Performance	<u>-0.88%</u>		

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

What it says in the 'Sundays'

Company	Paper	Headline
Glanbia	S. Independent	BOSI buys up 3pc stake in Glanbia
Fitch	S. Tribune	Irish Financial system highly vulnerable
DNG	S. Tribune	Average house sale takes 5 months
United Drug	S. Business Post	long term take over target?
IFG	S. Times	IFG stock 'misunderstood'
FBD	S. Times	Eureko plans financial powerhouse

Upcoming Corporate Visits

COMPANY	PRESENTATION DATE
Kenmare	11/04/2008
Paddypower	May (tbc)



Last Weeks Moves

Equities

	Level	Change WTD	Change YTD	Div Yield	P/E08
ISEQ	6099	-4.0%	-12.0%	3.3%	7.1
FTSE 100	5896	-0.9%	-8.7%	4.1%	11.7
DAX	6604	-2.4%	-18.1%	3.1%	11.3
Dow Jones	12325	-2.3%	-7.1%	2.6%	14.6
S&P 500	1333	-2.7%	-9.2%	2.3%	20.2
Nasdaq	2290	-3.4%	-13.7%	0.9%	33.7
EuroStoxx 50	3103	-2.4%	-15.8%	4.4%	10.7
Nikkei 225	13324	0.2%	-13.0%	1.6%	14.8

Sector

	Weekly move%	YTD move %
Basic Resources	2.04	0.263
Oil & Gas	1.704	-12.932
Chemicals	-0.621	-6.861
Utilities	-1.824	-15.216
Media	-2.39	-19.224
Food&Bev	-2.392	-9.409
Telecom	-2.545	-20.838
Travel & Leisure	-2.586	-19.298
Autos	-3.23	-17.224
Industrials	-3.262	-16.645
Banks	-3.375	-16.851
Construction & Materials	-3.579	-12.647
Technology	-3.712	-20.879
Insurance	-4.103	-10.388
Personal & Household Goods	-4.143	-17.423
Financial Services	-4.882	-16.156
Retail	-4.988	-19.946
Healthcare	-5.735	-15.694

Commodities

	Current	Change YTD
Crude Oil	\$110.14	+15.0%
Gold spot	\$923.12	+10.7%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.580	+8.3%	1.45-1.55
EUR-GBP	0.802	+9.2%	0.74-0.78
EUR-JPY	159.7	-2.0%	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%	4.74%	3.50%
UK	5.00%	5.93%	4.25%
US	2.25%	2.71%	1.50%

Credit Market Summary

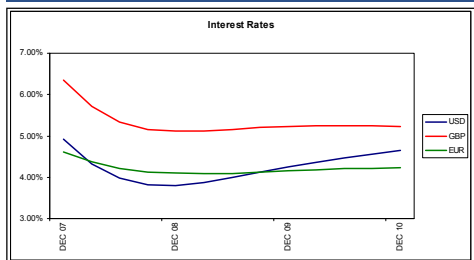
A change in sentiment in credit markets was the theme of the week, when on Tuesday a 3 week rally came to an end. Sentiment focused on the possibility of disappointing earnings in the upcoming weeks, causing spreads to widen. Widening was most pronounced in corporate names, concern over financials seems to have become muted in recent week as markets take comfort from the precedent set by the Fed in regards to Bear Sterns. The outlook next week is for ongoing volatility as the Q1 earnings season kicks off, and as upside surprises are expected to be limited spreads should widen.

Credit Sector Movements

Building materials: More private equity investor interest in the sector as Belgian investor, Groupe Bruxelles Lambert, acquires an 18.6% stake in La Farge – this is on top of the already sizable private equity interest in Saint Gobain, where Wendell private equity group own 21.2% of the company.

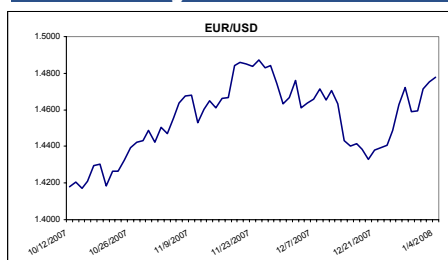
Retail: Weakest sector this week with Sainsbury and MKS leading the charge after the UK reported the weakest consumer confidence numbers in 4 years. Dixons also underwhelmed the market with the 2nd profit warning in 4 months which prompted Fitch to place the ratings on negative watch.

Interest Rate Outlook

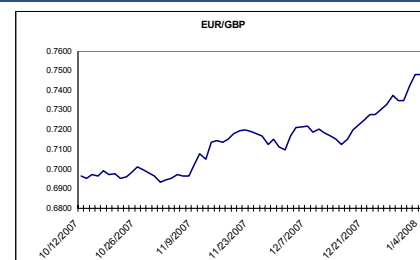


Treasury yields weakened across the board last week following a disappointing start to first quarter earnings season in the US. In particular, GE's first quarter results fell well short of expectations on Friday which led investors to again to seek safe haven purchases in government securities. Any further earnings misses from Dow Jones components this week could see treasury yields fall further.

Currency Comment



The € continued to strengthen against the \$ last week as the ECB left interest rates on hold and reiterated its hawkish stance on inflation. Focus returns to the US this week with retail sales due on Monday. Any weakness here could push the \$ lower. US CPI data on Wednesday will also be closely watched as the Fed tries to manage inflation worries with slower growth.



The € was also stronger against £ last week as the Bank of England reduced its base interest rate by 0.25% to 5.00%, its third such decrease since December. CPI data out of the UK on Tuesday will be closely watched and any strength in the number could see £ regain some of its recent losses.



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