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Market Movers

IRISH PAPERS TODAY

Irish-based institutions borrow at record levels from ECB
(The Irish Times)

Anglo Irish Bank's tier one capital debt downgraded by Fitch
(The Irish Times)

Investors find C&C trading blunders hard to swallow
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Microsoft launches assault on Google with free online software
(Financial Times)

C&C admits to mistake in revenue figures
(Financial Times)

US deficit tops \$1trillion
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.0%	5.7%
BP	2.2%	-9.7%
CRH	0.5%	-2.2%
DCC	-2.1%	36.8%
E.ON	2.8%	-16.1%
HPQ	0.2%	2.8%
IL&P	0.2%	87.3%
INM	21.5%	-41.2%
J&J	1.4%	-3.5%
JPMorgan	7.3%	10.1%
Microsoft	3.8%	19.5%
Vodafone	2.5%	-18.6%

Market View

Analyst : Stephen Taylor

European equity markets are higher this morning adding to yesterday's strong gains and higher finishes in the US and Asia overnight. The key recovery sectors including basic resources and financials were the main drivers behind the gains and money moved again back into riskier asset classes and out of government debt markets. One of the main catalysts behind yesterday's move was Meredith Whitney's upgrade of Goldman Sachs to buy with a \$186 price target. Whiney has previously maintained a negative stance towards financial shares over the last two years gaining her a lot of credibility and the upgrade yesterday led to significant gains with the BKX index, up 7% in the US. On the currency markets, Sterling is stronger against the Euro this morning with the € at 0.8595. The UK RICS house price survey showed that more real-estate agents and surveyors said that home values increased rather than fell for the first time in 20 months. In addition, retail sales data also showed a positive surprise for June with sales increasing by 1.4%, a further sign that the downturn in the UK is beginning to subside. We expect Sterling to continue to strengthen against the Euro over the coming months as the UK economy recovers more quickly than Europe. As for today, the main focus will be on economic and corporate newsflow. On the economic front, German business confidence data will be closely watched for further signs of improvement, while retail sales data from the US will also be in focus. More importantly however, will be corporate earnings. Both Goldman Sachs and Johnson & Johnson are due to report second quarter results before the US market opens, while after the market closes tonight Intel will report results. Any comments on earnings stabilisation for all companies should be taken positively by the market.

Glanbia : Trading statement **Current Price (€2.20)**

Analyst : Oliver Gilvarry

Glanbia released a pre-close trading statement this morning ahead of half year results due on the 26th of August. The release states that the first half of 2009 has "been challenging" for the group. The volatility in global dairy markets has impacted on profitability in Food Ingredients Ireland and this business has become loss making, impacting on half and full year outcomes. The group has implemented a rationalisation programme with the aim to deliver a strong operational and cost performance this year. Despite these cost savings, the half year results will be significantly behind the same period in 2008. Consumer foods in Ireland is performing in line, but is being impacted by increased competitiveness in the consumer food market and weak consumer confidence. In the Agribusiness, revenues and profits have fallen due to falling farming incomes. International joint ventures are performing "satisfactorily" and Food Ingredients USA is performing in line with expectations, but results will be behind the same period in 2008. On a positive, the Nutritionals business is achieving strong organic growth and Optimum is performing in line. On outlook, the group have re-iterated guidance for EPS for the full year of 30-32c. Management stated trading for the first half of 2009 was difficult and in their opinion dairy markets will not recover until late this year and potentially not until early 2010. We would agree with management's view on dairy markets and as the group's performance is dependent on this recovery, we see no catalyst to move the stock forward significantly in the next number of months. In the food sector our preferred pick is Kerry Group due to its diversified geographic presence and product lines.

BHP : Buy **Current Price (1368p)** **Price target (1800p)** **Analyst : David Dunk**

Tensions have increased between China and Australia following on from the recent detention of four Rio Tinto executives, by Chinese authorities. The Chinese authorities allege that the four executives bribed officials at Chinese steel mills in order to influence price negotiations. Thus far Chinese authorities have issued very few details on the case, and it is still unclear, what charges if any the four will face. Requests by Australian officials for further details in relation to Stern Hu, one of the four detainees, and an Australian national, have met with little response. A Chinese newspaper has reported that the probe into the four Rio Tinto employees was endorsed by the Chinese President Hu Jintao. It is not yet clear what the implications will be for Rio Tinto. The Company remains at an impasse with Chinese steelmakers over the fixing of the iron ore price for the current year. In the short term, Rio Tinto will presumably resort to selling iron ore in the spot market as opposed to offering a greater than 33% reduction on the previous year's price.

C&C

Neutral

Current Price : €1.85

Price Target : €1.74



DOLMEN STOCKBROKERS

Analyst: **David Dunk**

Tuesday 14th July 2009

- Yesterday morning, C&C announced a correction to the data presented last week, as part of its operational update. Revenue figures, quoted in constant currency, were incorrect. Overall revenues were lower than originally stated, with an overall decline of 5%, instead of an increase of 3%.

C&C Revenue's 4 months to 30th June		
Category	Original	Revised
Cider	3%	-6%
Cider Ireland	7%	0%
Cider GB	-1%	-12%
Spirits & Liqueurs	-12%	-22%
Total	3%	-5%

Descriptive Stats		Shareholders	
Year to date	-19%	Morgan Stanley	6.7%
52 Week High	5.55	Causeway	6.7%
52 Week Low	0.74	Invesco	5.8%
Bloomberg	GCC ID	JP Morgan	5.0%

	FY07	FY08	FY09e
Revenue (€m)	555	514	403
Operating Profit	125	100	82
EPS	0.31	0.25	0.19
DPS	0.27	0.09	0.06
P/E	6.0	7.4	9.7
Div Yield	14.6%	4.9%	3.2%

- C&C is maintaining its guidance for operating profit guidance for the current year. Management expects an operating profit that is at the top end of the previously stated guidance range of €77m-€82m. The volume figures from last week are also unchanged, with overall flat cider volumes, and spirits & Liqueurs volumes down 16%.

Peer Analysis	EV/EBITDA 08	EV/EBITDA 09	Div Yield
Carlsberg	8.9	7.6	1.1%
Heineken	9.5	8.0	0.8%

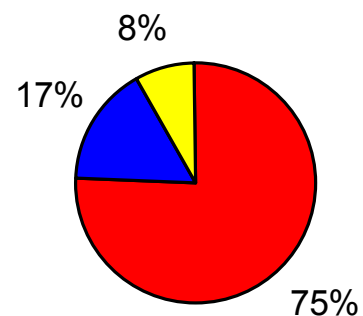
- The error appears to have been a result of a miscalculation on the system used to estimate the revenue figures. This system is separate from that used to track and forecast operating profit. Management's guidance for operating profit of the top end of the €77m-€82m range, was based on the correct 5% decrease in overall revenues.

- While the operating profit guidance is unchanged, the quality of earnings is lower than implied by the original figures. As a result our EBITDA and revenue expectations are amended to reflect higher margins on lower revenues. Secondly, the market is likely to view this error negatively in terms of the new management's credibility. We have made a number of adjustments to our valuation, taking into account managements mishandling of the inaccurate revenue figures, as well as the figures themselves.

- Based on current year EV/EBITDA multiples for the peer group, we have estimated a fair value for C&C. We have estimated the appropriate multiple at 8.2x current year EV/EBITDA. Our multiple incorporates a modest premium to its peers, due to C&C's potential as a takeover target. C&C is likely to be a M&A target in the next couple of years, due to the strong cash flows from its peers, and the synergistic benefits from a takeover, as well as C&C's management's incentive package. Our valuation assumes current year EBITDA of €93m, and slightly lower net debt levels.

- As a result, our new price target is €1.74, which forces us to reduce our rating on C&C to Neutral. The Nielsen on-trade data expected this week is not expected to be a major catalyst for the stock following on from last weeks up-date on volumes.

03/2009 Revenue by Division



- Cider
- Spirits & Liqueurs
- Distribution



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,606	1.3%	12.3%
FTSE	4,202	1.8%	-4.7%
Dow Jones	8,332	2.3%	-5.1%
S&P	901	2.5%	-0.2%
Nikkei	9,262	2.3%	4.5%
Stoxx 50	2,345	2.8%	-3.4%

Sector Performances

Sector	Index	1-Day	YTD
Construction	204	2.2%	0.7%
Technology	169	2.6%	11.1%
Oil & Gas	272	1.6%	2.9%
Financials	176	2.1%	18.5%
Retail	212	0.9%	16.4%
Food & Drink	239	0.9%	3.4%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	59.7	-0.3%	9.2%
Copper	222.3	0.5%	57.9%
Gold	920.3	0.8%	4.5%
Silver	12.8	1.1%	13.6%
Wheat	542.8	4.6%	-17.0%
Cattle	90.3	1.8%	1.1%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.398	0.3%	0.1%
€/£	0.861	0.2%	-11.2%
£/\$	1.623	0.1%	10.2%
\$/JPY	92.94	0.4%	2.5%
€/JPY	129.89	0.7%	2.7%
€/SFR	1.514	0.0%	1.4%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	139.5	-6.3%	-22.7%
High Yield	851.5	-0.8%	-18.8%
Financials	118.8	1.4%	-0.2%
BoI	385.8	1.1%	53.6%
AIB	387.3	-0.6%	88.6%
RBS	175.9	3.9%	29.4%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.2%
3-Month	1.0%	1.0%	0.5%
1-Year	1.3%	1.2%	0.8%
2-Year	1.7%	2.0%	1.3%
5-Year	2.8%	3.4%	2.7%
10-Year	3.6%	4.0%	3.6%

Date	Company	Region	Event
14/07/2009	Glanbia PLC	IE	TRADE
14/07/2009	Iberia Lineas Aereas de	ES	TRAFFIC
14/07/2009	Headlam Group PLC	GB	INTERIM
14/07/2009	British Airways PLC	GB	AGM
14/07/2009	CSX Corporation	US	Q2
14/07/2009	Altera Corporation	US	Q2
14/07/2009	Intel Corporation	US	Q2
14/07/2009	Johnson & Johnson	US	Q2
15/07/2009	Austrian Airlines AG	AT	TRAFFIC
15/07/2009	BTG Plc	GB	TRADE
15/07/2009	Land Securities Group F	GB	TRADE
15/07/2009	Northern Foods Plc	GB	TRADE
15/07/2009	Rio Tinto PLC	GB	Q2 OUTPUT
15/07/2009	JD Wetherspoon PLC	GB	TRADE
15/07/2009	BT Group PLC	GB	AGM
15/07/2009	Burberry Group PLC	GB	TRADE
15/07/2009	ICAP PLC	GB	AGM
15/07/2009	J Sainsbury PLC	GB	AGM
15/07/2009	Xilinx, Inc.	US	Q1
15/07/2009	Abbott	US	Q2
15/07/2009	W.W. Grainger	US	Q2
16/07/2009	Elan Corp PLC	IE	S/HOLDERS

Date	Event	Region	Estimate
14/07/2009	RICS House Price Balance	UK	--
14/07/2009	DCLG UK House Prices (Yo'	UK	--
14/07/2009	CPI (MoM)	UK	--
14/07/2009	RPI (MoM)	UK	--
14/07/2009	ZEW Survey (Econ. Sentime	GE	--
14/07/2009	ZEW Survey (Econ. Sentime	EC	--
14/07/2009	Euro-Zone Ind. Prod. sa (Mo	EC	--
14/07/2009	CPI (MoM)	US	--
14/07/2009	Advance Retail Sales	US	--
14/07/2009	Business Inventories	US	--
14/07/2009	ABC Consumer Confidence	US	--
15/07/2009	BOJ Target Rate	JN	--
15/07/2009	Jobless Claims Change	UK	--
15/07/2009	ILO Unemployment Rate (3n	UK	--
15/07/2009	Euro-Zone CPI (MoM)	EC	--
15/07/2009	MBA Mortgage Applications	US	--
15/07/2009	Consumer Price Index (MoM	US	--
15/07/2009	Empire Manufacturing	US	--
15/07/2009	Industrial Production	US	--
15/07/2009	Minutes of June 24 FOMC M	US	--
16/07/2009	Initial Jobless Claims	US	--
16/07/2009	Net Long-term TIC Flows	US	--

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