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Market Movers

IRISH PAPERS TODAY

€95m takeover bid for Eircom by former Babcock executives
(The Irish Times)

€243m loss at Irish Nationwide
(The Irish Times)

ECB row over rates fuels uncertainty as output falls
(Irish Independent)

INTERNATIONAL PAPERS TODAY

FSA under attack on regulation in boom
(Financial Times)

China roots for 'V' recovery
(The Wall Street Journal)

DOLMEN DOZEN

| Company | 1-day % | YTD % |
|-----------|---------|--------|
| Aryzta | 8.5% | -9.6% |
| BP | 3.0% | -15.5% |
| CRH | 4.2% | 6.9% |
| E.ON | 0.7% | -18.5% |
| HPQ | 5.0% | 0.9% |
| IL&P | 9.6% | 46.0% |
| INM* | 4.1% | -53.3% |
| J&J | 0.8% | -12.8% |
| JPMorgan | 2.1% | 5.4% |
| Microsoft | 4.9% | 1.6% |
| Vodafone | 3.6% | -8.8% |

* We are currently Neutral on IN&M

Market View

Analyst : Stephen Taylor

European equity markets are higher this morning following yesterday's strong finish in the US. The technology sector continues to outperform following Nokia's comment yesterday that the demand outlook for mobile phone's is becoming clearer. This ties in well with Intel's comments earlier on in the week that it believe the first quarter will be the bottom in demand for PC's. We remain overweight the technology sector with both Microsoft and Hewlett-Packard being two of our preferred plays in the sector and remaining in our Dolmen Dozen fund. A stabilisation in demand for PCs will be a major positive for both stocks. Microsoft has also received a lot of upbeat comments recently from analysts on its new Windows 7 product which is due to replace Vista at the end of this year. As for today, focus will be on corporate earnings with Citigroup and General Electric due to report first quarter results. US banking results have been strong so far with JPMorgan, Goldman Sachs and Wells Fargo all reporting results that were well ahead of analyst expectations. These results reduce the risk somewhat for a major negative surprise from Citigroup today, however we would remain cautious ahead of the results. GE's results will also be key today with particular focus on its financial arm. Previously described as a hedge fund that sells light bulbs we believe the biggest risk for today will be GE's earnings report.

JPMorgan : Buy Current Price (\$33.24) Price target (\$40.00) Analyst : Oliver Gilvarry

JPM released Q1 results yesterday just before midday. EPS for the quarter was stronger than our estimate of 38c, coming in at came in at 40c. Investment banking drove performance, accounting for more than 100% of the increase in pre-provision profit. Revenue from this area was \$8.3bn with \$4.9bn of the revenue generated from fixed income trading. Leveraged loans were written down by \$711m and mortgage related securities were marked down by \$214m. The credit card unit continues to suffer from higher unemployment and the default rate climbed to 7.72% from 5.56% in Q4. This was higher than our estimates and management have guided this will move closer to 9% in Q2. CEO of JPM, Jamie Dimon, stated he doesn't believe the credit card division will be profitable this year. Credit quality in sub-prime and Home Equity loans seems to be stabilising, but prime mortgages delinquency trends are moving higher. The higher unemployment numbers are feeding into prime loans books and will result in higher bad debts.

On capital, Tangible Common Equity TCE, increased from 3.8% to 4.2% in Q1, above average for its peer group and its reserve position remains the highest of any bank.

On US government funding, Dimon stated "We have learned our lesson about borrowing from government". He also said JPM could pay back TARP tomorrow and the bank has no interest in using PPIP.

The Q1 results were strong and highlight that JPM is the strongest on the street and is benefiting from weak competitors. The slowdown in the US economy and rising unemployment is starting to bite into prime personal loan books.

Irish Nationwide : Full Year Results

Analyst : Edward Keeling

Irish Nationwide has posted a full year loss after tax of €243m, down from a profit of just over €300m the year before. The group's total bad debts have soared from 0.39% in of its loan book in 2007 to 4.4% for full year 2008, resulting in a bad debt charge of €464m. The loan book itself contracted by 15% on the previous year to €10.5bn, however over €1.4bn of the decline can be attributed to sterling weakness. It is estimated that 80% of its loan book is made up commercial lending, while reserves at year end stood at €1.2bn, or c.8% of total assets of €14.4bn. Customer deposits have also fallen, declining by nearly 7% to €7.2bn and the building society has conceded that its ability to remain as a going concern is dependent on the continued support from the government.

GSK: Sell Current Price (1032p) Price target (900p) Analyst : David Dunk

We are downgrading our recommendation on GlaxoSmithKline to Sell, with a £9.00 price target. Our rationale is based on declining organic constant currency earnings growth. Although Sterling weakness will boost earnings, on a constant currency basis, GSK's earnings are declining. GSK's pipeline is unlikely to counter the number of patent expiries in coming years. Competition from generic drug makers has intensified in recent years, a trend that is likely to continue. Over the next twelve months, we expect concern over negative regulatory action in the US, to increase dramatically. GSK will release its Q1 earnings on the 22nd April, we will subsequently release a more complete review.

In other news, AstraZeneca has announced that it has won a temporary blocking order against Apotex Inc from selling a generic copy of the Pulmicort drug. Pulmicort sales contributed \$982m to AstraZeneca's turnover last year. The order is to remain in place until at least April 27th, when the patent case is due to be heard. While positive news for AstraZeneca, the case highlights the aggressive competition from generic drug makers.



Elan : Sell **Current Price (\$6.15)** **Price target (\$4.00)** **Analyst : David Dunk**

Biogen released its Q1 results last night, after-hours. Biogen is Elan's partner in marketing the Tysabri drug. The number of Tysabri users increased from 37,600 at the end of 2008, to 39,900 at the end of March. Approximately 20,800 patients are being treated in the US, with 18,500 in Europe, and a further 600 patients on global trials. While an increase in patient numbers is positive, we still expect Tysabri to post a loss this year. The current rate of new patient take up will leave Elan well below its original goal of 100,000 patients. We do not expect Elan to trade materially higher on the results. Due to the weakness in its balance sheet, and lack of earnings, we retain our sell recommendation on Elan. Elan will release its results on the 22nd of April.

Tesco : Buy **Current Price (332p)** **Price target (400p)** **Analyst : David Dunk**

French peer of Tesco, Carrefour, reported first quarter revenue that declined by 2.8% to €22.7bn missing analyst expectations of €23bn. The decline in revenue for the company is the first in six years. Carrefour pointed out that it had seen no improvement in trading during March and that the economic environment is expected to remain difficult. The group commented that it is gaining market share in France driven by its increased discounting. In relation to its business outside of France, Carrefour said that it had seen a further slowdown in Spain and China particularly in non-food items. While Carrefour's results may be perceived as a negative read across for Tesco, Tesco remains our top pick in the retail sector given its ability to out perform in an economic downturn as consumers look for lower priced items. The group's international segment is also performing strongly.



International Equity Markets

| Index | Value | 1-Day | YTD |
|-----------|-------|-------|-------|
| ISEQ | 2,422 | 3.7% | 3.9% |
| FTSE | 4,053 | 2.1% | -8.7% |
| Dow Jones | 8,125 | 1.2% | -7.4% |
| S&P | 865 | 1.6% | -4.2% |
| Nikkei | 8,908 | 1.7% | 0.5% |
| Stoxx 50 | 2,301 | 1.7% | -6.1% |

Sector Performances

| Sector | Index | 1-Day | YTD |
|--------------|-------|-------|-------|
| Construction | 206 | 2.8% | 0.8% |
| Technology | 169 | 3.3% | 11.4% |
| Oil & Gas | 259 | 1.6% | -2.4% |
| Financials | 158 | 3.3% | 4.6% |
| Retail | 198 | 0.6% | 7.9% |
| Food & Drink | 217 | 0.5% | -6.7% |

Commodity Prices

| Commodity | Index | 1-Day | YTD |
|-----------|-------|-------|--------|
| Crude Oil | 50.0 | 1.5% | -4.3% |
| Copper | 217.9 | -1.4% | 50.5% |
| Gold | 875.7 | -1.7% | -0.9% |
| Silver | 12.3 | -4.3% | 7.6% |
| Wheat | 536.5 | 1.8% | -15.5% |
| Cattle | 85.1 | 0.4% | -1.1% |

Currency Exchange Rates

| Commodity | Index | 1-Day | YTD |
|-----------|--------|-------|-------|
| €/\$ | 1.319 | -0.3% | 6.5% |
| €/£ | 0.883 | 0.2% | 8.1% |
| £/\$ | 1.493 | -0.5% | -1.4% |
| \$/JPY | 99.28 | -0.1% | -8.8% |
| €/JPY | 130.90 | -0.4% | -2.8% |
| €/SFR | 1.512 | 0.0% | -1.4% |

5Yr Credit Spreads

| Commodity | Index | 1-Day | YTD |
|--------------|---------|-------|--------|
| Invest Grade | 173.3 | -6.3% | -3.6% |
| High Yield | 1,050.7 | -2.6% | 0.2% |
| Financials | 144.9 | -4.9% | 23.9% |
| BoI | 462.1 | -0.7% | 88.0% |
| AIB | 418.8 | -8.8% | 126.9% |
| RBS | 188.2 | -0.9% | 37.8% |

Money Market Rates

| Rate | EUR | UK | US |
|-----------|------|------|------|
| Overnight | 0.9% | 0.4% | 0.3% |
| 3-Month | 1.4% | 1.5% | 1.1% |
| 1-Year | 1.6% | 1.5% | 1.2% |
| 2-Year | 1.9% | 2.2% | 1.5% |
| 5-Year | 2.8% | 3.1% | 2.3% |
| 10-Year | 3.5% | 3.7% | 3.0% |

| Date | Company | Region | Event |
|------------|--------------------------|--------|-----------|
| 17/04/2009 | BB&T Corporation | US | Q1 |
| 17/04/2009 | Citigroup Inc. | US | Q1 |
| 17/04/2009 | General Electric | US | Q1 |
| 17/04/2009 | Swiss Reinsurance Corp | CH | S/HOLDERS |
| 20/04/2009 | Trinity Biotech PLC | IE | Q1 |
| 20/04/2009 | Alliance Trust PLC | GB | PRELIM |
| 20/04/2009 | Sports Direct Internatio | GB | TRADE |
| 20/04/2009 | Bank of America Corpor | US | Q1 |
| 20/04/2009 | Eli Lilly | US | Q1 |
| 20/04/2009 | Hasbro, Inc. | US | Q1 |
| 20/04/2009 | IBM | US | Q1 |
| 20/04/2009 | Texas Instruments | US | Q1 |
| 21/04/2009 | Morgan Stanlet | US | Q1 |
| 21/04/2009 | Associate d British Food | GB | INTERIM |
| 21/04/2009 | Tesco PLC | GB | PRELIM |
| 21/04/2009 | Deutsche Post AG | DE | AGM |
| 21/04/2009 | AK Steel Hldng Corp | US | Q1 |
| 21/04/2009 | Bank of New York Mello | US | Q1 |
| 21/04/2009 | M&T Bank Corporation | US | Q1 |
| 21/04/2009 | Merck & Co., Inc. | US | Q1 |
| 21/04/2009 | Northern Trust | US | Q1 |
| 21/04/2009 | State Street Corporator | US | Q1 |

| Date | Event | Region | Estimate |
|------------|-----------------------------|--------|----------|
| 17/04/2009 | Euro-Zone Trade Balance | EC | -- |
| 17/04/2009 | Construction Output SA MoM | EC | -- |
| 17/04/2009 | U. of Michigan Confidence | US | 58.5 |
| 20/04/2009 | Rightmove House Prices (Mc | UK | -- |
| 20/04/2009 | Leading Indicators | US | -- |
| 21/04/2009 | Producer Prices (MoM) | GE | -- |
| 21/04/2009 | CPI (MoM) | UK | -- |
| 21/04/2009 | RPI (MoM) | UK | -- |
| 21/04/2009 | ZEW Survey (Econ. Sentime | GE | -- |
| 22/04/2009 | Bank of England Minutes | UK | -- |
| 22/04/2009 | Jobless Claims Change | UK | -- |
| 22/04/2009 | ILO Unemployment Rate (3m | UK | -- |
| 22/04/2009 | Public Sector Net Borrowing | UK | -- |
| 22/04/2009 | M4 Money Supply (MoM) | UK | -- |
| 22/04/2009 | MBA Mortgage Applications | US | -- |
| 22/04/2009 | UK Exchequer Budget Stater | UK | -- |
| 22/04/2009 | House Price Index MoM | US | -- |
| 23/04/2009 | ECB Euro-Zone Current Acc | EC | -- |
| 23/04/2009 | Industrial New Orders SA Mc | EC | -- |
| 23/04/2009 | Initial Jobless Claims | US | -- |
| 23/04/2009 | Existing Home Sales MoM | US | -- |
| 23/04/2009 | Consumer Spending (MoM) | FR | -- |

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