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### Market Movers

## IRISH PAPERS TODAY

FitzPatrick was lent millions in foreign currency  
(The Irish Times)

Nationwide credit rating downgraded  
(The Irish Times)

## INTERNATIONAL PAPERS TODAY

Lloyds has top rating removed  
(Financial Times)

Weak sterling will help economy  
(Daily Telegraph)

## DOLMEN DOZEN

| Company     | 1-day % | YTD %  |
|-------------|---------|--------|
| Aryzta      | -2.9%   | -19.1% |
| BP          | -2.1%   | -6.3%  |
| CRH         | -6.3%   | -3.8%  |
| E.ON        | -2.1%   | -21.8% |
| HPQ         | 1.8%    | -1.2%  |
| IL&P        | -7.1%   | -14.3% |
| INM *       | 3.9%    | -53.9% |
| J&J         | -1.2%   | -4.6%  |
| JPMorgan    | -5.7%   | -21.7% |
| Microsoft   | -0.9%   | -1.8%  |
| Paddy Power | -0.5%   | -20.3% |
| Vodafone    | -1.5%   | -5.8%  |

\* We are currently Neutral on IN&M

## Market View

**Analyst : Stephen Taylor**

Equity markets are weaker this morning adding to yesterday's losses as concerns around the global economic downturn continue. Fourth quarter GDP data out of Japan that showed an annualised decline of 12.7% highlight the scale of the downturn. Exports from Japan were the main cause of the sharp contraction falling by 13.9% as demand for cars and electronics slumped. Large cap companies like Toyota, Sony and Hitachi all expect to report significant losses this year and eliminate thousands of jobs. Japan's economy has been in recession since late 2007 as its export market has collapsed and the strong Yen is also putting pressure on earnings. In Europe today the main focus will be on ZEW business confidence figures out of Germany. Expectations are for a rebound to minus 25 from minus 31 in January. We believe that there are downside risks to this number and will place further pressure on the ECB to resume lowering interest rates when it meets in March. On the corporate side earnings releases from Daimler and Wal-Mart are expected before the US market opens and will be in focus as both companies are closely tied to economic activity.

### Irish Financials :

**Analyst : Oliver Gilvarry**

Further revelations have come out on the movement of Sean Fitzpatrick's loans from Anglo Irish Bank to Irish Nationwide. A report in today's Irish Times details how the loans with Irish Nationwide were denominated in USD and GBP as well as Euros. Irish Nationwide provided Sean Fitzpatrick with loans of \$56m and £14m on the 26<sup>th</sup> of September 2007. The £14m loan was secured on properties and 4.5m Anglo shares. Another loan of \$26m was lent to the former Anglo chairman which was secured by an undertaking by Anglo, which means the loan would be repaid by the bank in the event Fitzpatrick was unable to repay the loan. As the details of the loan transfers between the two banks continue to be released, the damage to the reputation of the Irish financial system continues.

In a separate development, rating agency Moody's down graded Irish Nationwide's credit rating by two notches to Baa3 from Baa1. The reason for the downgrade was due to the high proportion of the loan book in commercial property, which accounts for circa 80% of the loan book.

Meanwhile, the Euro has come under pressure overnight against the dollar following a report from Moody's indicating they may downgrade the credit ratings of certain European banks with exposures in Eastern Europe. The most exposed are the Austrian banks, Erste Bank and RZB, where 65% and 79% of pre-tax profit is made in Eastern Europe respectively. Other banks with significant exposure to Eastern Europe is KBC, the Belgian bank, with 27% of its loan book from this area and Swedbank which has a 20% exposure mainly in the Baltic states. As a large number of Eastern European countries experienced property booms helped by the availability of credit from foreign banks, the credit crunch and lack of credit is making the downturn worse. Add in the current account deficits most of these countries are running, and the economic outlook is poor for the next two years.

The read through for AIB is negative from this report as 7% of its loan book is related to its Polish operation. The ability of AIB to sell the operation under the current conditions is unlikely.

**E.ON: Buy** Current Price (€22.38) Price target (€40.00) Analyst : Stephen Taylor

Iberdrola, Spanish power company and peer of E.ON, has reported full year EBITDA of €6.41bn, a 16% increase year on year, but behind analyst estimates of €6.6bn. This worse than expected performance was largely attributable to a weak fourth quarter, where EBITDA fell to €1.49bn from €1.73bn, reflecting negative currency and accounting affects at its Scottish Power unit. Furthermore the weakness in commodity prices experienced turned the value of derivatives used by its Scottish Power to cover volatility in fuel prices to a negative €23m at the end of 2008, from the positive €167m registered in September.

**United Drug: Buy** Current Price (€2.12) Price target (€4.30) Analyst : David Dunk

United Drug has released a trading statement to coincide with its AGM meeting this morning. The company will reorganise its operating divisions into, Healthcare Supply Chain, Packaging & Speciality, and Contract Sales & Marketing Services. The Healthcare Supply Chain and Packaging & Speciality divisions have seen economic weakness feed into customer demand. The Contract Sales & Marketing Services division has seen strong growth as its clients increase the level of business outsourced to United Drug. Sterling weakness remains an issue for United Drug, due to the translation of profits from the UK. The company is guiding for full year profit of at least in-line with previous years' levels, on a constant currency basis. We remain positive on United Drug and will issue a review in the coming days.

**BHP Billiton: Neutral** Current Price (1211p) Price target (1200p) Analyst : David Dunk

Speculation continues on a possible counter bid by BHP Billiton, following Chinalco's proposed deal with Rio Tinto. Rio Tinto's management is struggling to garner support for a controversial deal to sell stakes in its core assets to Chinalco for \$12.3bn, as well as a convertible debt issue for \$7.2bn. The main Rio Tinto stakeholders have concerns over the deal, and are expected to support a possible bid from BHP for some key mining assets or even the entire firm. However, a full bid from BHP for Rio would most likely be conditional on a rights issue by Rio. BHP remains our preferred pick in the sector, and our rating and price target remains unchanged.



### International Equity Markets

| Index     | Value | 1-Day | YTD    |
|-----------|-------|-------|--------|
| ISEQ      | 2,251 | -4.0% | -5.1%  |
| FTSE      | 4,135 | -1.3% | -7.7%  |
| Dow Jones | 7,850 | -1.0% | -10.6% |
| S&P       | 827   | -1.0% | -8.5%  |
| Nikkei    | 7,646 | -1.4% | -13.7% |
| Stoxx 50  | 2,194 | -1.6% | -11.6% |

### Sector Performances

| Sector       | Index | 1-Day | YTD    |
|--------------|-------|-------|--------|
| Construction | 191   | -2.5% | -7.5%  |
| Technology   | 155   | -0.5% | 0.0%   |
| Oil & Gas    | 281   | -1.3% | 4.8%   |
| Financials   | 124   | -3.3% | -20.1% |
| Retail       | 192   | -1.0% | 3.9%   |
| Food & Drink | 219   | 0.0%  | -6.5%  |

### Commodity Prices

| Commodity | Index | 1-Day | YTD    |
|-----------|-------|-------|--------|
| Crude Oil | 37.5  | 10.4% | -24.5% |
| Copper    | 155.5 | 0.3%  | 5.1%   |
| Gold      | 941.8 | 0.0%  | 8.8%   |
| Silver    | 13.6  | 0.9%  | 22.8%  |
| Wheat     | 535.5 | -0.6% | -12.5% |
| Cattle    | 87.0  | -0.6% | -2.9%  |

### Currency Exchange Rates

| Commodity | Index  | 1-Day | YTD   |
|-----------|--------|-------|-------|
| €/\$      | 1.280  | -0.5% | 9.6%  |
| €/£       | 0.896  | -0.1% | 6.5%  |
| £/\$      | 1.430  | -0.4% | 3.2%  |
| \$/JPY    | 91.74  | -0.2% | -1.6% |
| €/JPY     | 117.45 | -0.7% | 8.1%  |
| €/SFR     | 1.485  | -0.6% | 0.8%  |

### 5Yr Credit Spreads

| Commodity    | Index   | 1-Day | YTD   |
|--------------|---------|-------|-------|
| Invest Grade | 161.0   | -6.3% | -7.1% |
| High Yield   | 1,094.2 | 2.5%  | 8.2%  |
| Financials   | 129.9   | 1.4%  | 12.2% |
| BoI          | 382.2   | 1.1%  | 62.6% |
| AIB          | 285.3   | -2.0% | 43.0% |
| RBS          | 161.1   | 6.7%  | 16.8% |

### Money Market Rates

| Rate      | EUR  | UK   | US   |
|-----------|------|------|------|
| Overnight | 1.2% | 0.8% | 0.3% |
| 3-Month   | 1.9% | 2.6% | 1.2% |
| 1-Year    | 1.9% | 1.7% | 1.4% |
| 2-Year    | 2.1% | 2.0% | 1.6% |
| 5-Year    | 2.8% | 2.9% | 2.6% |
| 10-Year   | 3.5% | 3.6% | 3.1% |

| Date       | Company                     | Region | Event     |
|------------|-----------------------------|--------|-----------|
| 17/02/2009 | United Drug PLC             | IE     | S/HOLDERS |
| 17/02/2009 | Dominos Pizza UK & IRL      | GB     | PRELIM    |
| 17/02/2009 | Intercontinental Hotels Gr  | GB     | PRELIM    |
| 17/02/2009 | Temple Bar Investment T     | GB     | PRELIM    |
| 17/02/2009 | Daimler AG                  | DE     | Q4        |
| 17/02/2009 | Benetton Group SpA          | IT     | PRELIM    |
| 17/02/2009 | Wal-Mart Stores Inc.        | US     | Q4        |
| 17/02/2009 | Iberdrola SA                | ES     | Q4        |
| 18/02/2009 | Thorntons PLC               | GB     | INTERIM   |
| 18/02/2009 | Acergy SA                   | GB     | Q4        |
| 18/02/2009 | Sports Direct International | GB     | TRADE     |
| 18/02/2009 | Carlsberg A/S               | DK     | Q4        |
| 18/02/2009 | Euler Hermes SA             | FR     | Q4        |
| 18/02/2009 | Societe Generale            | FR     | Q4        |
| 18/02/2009 | COMMERZBANK AG              | DE     | Q4        |
| 18/02/2009 | Heineken NV                 | NL     | FINAL     |
| 18/02/2009 | ING Groep NV                | NL     | Q4        |
| 18/02/2009 | Analog Devices Inc.         | US     | Q1        |
| 18/02/2009 | Deere & Co.                 | US     | Q1        |
| 18/02/2009 | Hewlett-Packard             | US     | Q1        |
| 18/02/2009 | Ameren Corporation          | US     | Q4        |
| 18/02/2009 | Constellation Energy Gro    | US     | Q4        |

| Date       | Event                       | Region | Estimate |
|------------|-----------------------------|--------|----------|
| 17/02/2009 | CPI (MoM)                   | UK     | --       |
| 17/02/2009 | RPI (MoM)                   | UK     | --       |
| 17/02/2009 | ZEW Survey ( Sentiment)     | GE     | --       |
| 17/02/2009 | Empire Manufacturing        | US     | --       |
| 17/02/2009 | ABC Consumer Confidence     | US     | --       |
| 18/02/2009 | Bank of England Minutes     | UK     | --       |
| 18/02/2009 | Construction Output SA      | EC     | --       |
| 18/02/2009 | MBA Mortgage Applications   | US     | --       |
| 18/02/2009 | Import Price Index (MoM)    | US     | --       |
| 18/02/2009 | Housing Starts              | US     | --       |
| 18/02/2009 | Industrial Production       | US     | --       |
| 19/02/2009 | Public Sector Net Borrowing | UK     | --       |
| 19/02/2009 | M4 Money Supply (MoM)       | UK     | --       |
| 19/02/2009 | Producer Price Index        | US     | --       |
| 19/02/2009 | Initial Jobless Claims      | US     | --       |
| 19/02/2009 | Philadelphia Fed.           | US     | --       |
| 20/02/2009 | PMI Manufacturing           | GE     | --       |
| 20/02/2009 | PMI Services                | GE     | --       |
| 20/02/2009 | PMI Manufacturing           | EC     | --       |
| 20/02/2009 | PMI Services                | EC     | --       |
| 20/02/2009 | Retail Sales (MoM)          | UK     | --       |
| 20/02/2009 | Consumer Price Index        | US     | --       |

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## DOLMEN SECURITIES LTD

75 St. Stephen's Green, Dublin 2, Ireland.  
45 South Mall, Cork, Ireland  
Theatre Court, Mallow St, Limerick, Ireland.

Tel : +353 1 633 3800/1890 400 300  
Tel : +353 21 422 2122  
Tel : +353 61 436 500

E-mail: [info@dsl.ie](mailto:info@dsl.ie)  
E-mail: [cork@dsl.ie](mailto:cork@dsl.ie)  
E-mail: [Limerick@dsl.ie](mailto:Limerick@dsl.ie)