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Market Movers

IRISH PAPERS TODAY

€5.3bn in savings and 17,000 job cuts proposed by review
(The Irish Times)

China on track to hit 8% growth as a result of government spend
(The Irish Times)

Elan back in profit next year, shareholders told
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Cit on the brink of collapse after bail-out talks fail
(Financial Times)

Nokia rings alarm with cut in handset margin forecasts
(Financial Times)

JPMorgan net jumps 36%
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-0.5%	3.1%
BP	0.4%	-5.8%
CRH	-1.0%	-3.7%
DCC	-1.8%	44.5%
E.ON	-1.3%	-14.7%
HPQ	2.2%	9.3%
IL&P	-3.1%	90.5%
INM	8.2%	-37.0%
J&J	0.5%	-1.0%
JPMorgan	-0.4%	14.6%
Microsoft	1.3%	25.7%
Vodafone	0.0%	-17.3%

Market View

Analyst : Edward Keeling

European equity markets have opened higher this morning reflecting new earnings season optimism following stronger than expected earnings from JPMorgan and IBM yesterday. Global stock markets have rallied this week, despite some US economic data, as better than forecasted earnings from several US bellwethers, initiated by Goldman Sachs on Tuesday, have raised hopes of an economic rebound. This was further buoyed by US employment data which showed a 47,000 decline in the amount of people claiming for state unemployment insurance. This was ahead of economists' estimates and raised hopes that the worst of the US labour contraction is over. Yesterday was not without negatives however, as CIT group announced it is in discussions with lenders to secure financing, after the collapse of rescue talks with the government. While its collapse would be far from the damage caused by Lehman Brothers, it is a lender to hundreds of thousands of small and medium sized businesses and its failure would surely weigh heavily on equity markets. As for today, the main focus will again be on the US reporting season with Bank of America, Citigroup and General Electric due to report second quarter earnings. We would not be as comfortable with the quality of the corporates reporting today and we advise trading clients to consider taking some cash of the table ahead of today's session.

JPMorgan : Buy Current Price (\$36.13) Price target (\$40.00) Analyst : Oliver Gilvarry

JP Morgan (JPM) Released Q2 earnings yesterday before the US market opened. The market was expecting EPS at 5c for Q2, but the results were much stronger and came in at 28c per share. Investment banking revenue due to trading and underwriting fees helped offset defaults in consumer loans. The quality of its credit card portfolio has been of key focus in the last number of months as unemployment increases in the US. CEO of JPM stated he doesn't expect the credit card business to make profits this year or next. Losses on the Chase card business could hit 10% in Q3 and will be "highly dependent" on unemployment after that. The credit card losses in WaMu could reach 24% by the end of the year. Consumer credit trends are showing some signs of stabilisation with declines in 30 day+ delinquencies, but management still increased its loss projections for prime and sub-prime mortgages. Wholesale credit is weakening with a large jump in non performing loans, increasing by \$2.3bn compared to Q1. One of the problem areas highlighted by management in this area was the media and telecom sectors. Commercial real estate is also of concern to management from a credit perspective. The capital position of the bank also increased in the quarter with common tier 1 increasing by 0.4% to 7.7%. The ability of JPM to absorb the losses coming through its consumer and wholesale loan portfolios has also increased due to pre-provision profits increasing 89% yoy. Overall the results were very strong and JPM continues to take market share from weaker competitors and is managing credit issues. We reiterate our buy recommendation on the stock with a price target of \$40.

Technology Sector : IBM & Google results

Analyst : Stephen Taylor

IBM

IBM reported net profit for the quarter that rose to \$3.1bn from \$2.8bn a year ago. Revenue declined by 15% to \$23.3bn and was broadly inline with consensus. EPS increased to \$2.32 from \$1.97 and well ahead of analyst expectations of \$2.01 boosted by higher profit margins due to cost cuts. In light of the strong second quarter report, IBM raised its full year earnings guidance and now expects 2009 EPS of at least \$9.70 compared to its previous estimate of \$9.20. IBM also indicated that it was ahead of its plan of achieving \$10 to \$11 EPS in 2010. IBM has held up well through the economic downturn as it has focused on software and services in outsourcing, automation and technology support, all areas that have enjoyed relatively strong demand over the last two years. Shares in IBM were up 2% in after hours trading.

Google

Google reported second quarter net profit that increased by 19% to \$1.48bn or \$4.66 a share, from \$1.25bn, or \$3.92 a share. Revenue increased by 2.9% during the second quarter, however was slower than the 6.2% for the second quarter. The average cost of Google ads fell 13% year on year. The group's CEO indicated on the conference call that it is seeing signs of stabilisation and that 'we are not looking at the same downward spiral that we were looking at 6-months ago'. Shares in Google were 2% lower in after hours trading.

Overall, while Google's growth has clearly slowed we take both earnings reports as a positive for the technology sector as a whole. Despite some stock specific issues in relation to Dell and Nokia, technology earnings have been strong. Next week, Texas Instruments, Apple, Yahoo and Microsoft are all due to report quarterly results.



DCC : Buy Current Price (€14.82) Price target (€21.50) Analyst : David Dunk

DCC has released an interim management statement this morning for the three months up to June 30th ahead of the company's AGM later today. Overall operating profit for the group was ahead of budget over the period, on a reported and constant currency basis. DCC Energy performed strongly, with results broadly in-line with the previous year, despite more favourable weather conditions in the previous year. DCC Sercom also put in a strong performance, but was modestly behind the same period in the prior year. DCC's other businesses were impacted by the economic slowdown in Ireland, and the UK. DCC is maintaining its guidance for the full year of operating profit that is 5% to 10% behind that reported last year. However, due to favourable currency movements, we would expect reported operating profit at the top of this range.

BA : Sell Current Price (135p) Price target (100p) Analyst : David Dunk

British Airways has announced that it intends to raise £600m through a convertible bond issue, to ease liquidity constraints. The convertible bond issue will have a maturity of 2014. The bonds will be convertible into 15-20% of BA equity. The coupon is expected to be between 5.5%-6.25%. Barclays, Deutsche Bank, Merrill Lynch and RBS are the managers on the deal. BA has also updated on recent trading, noting that Q1 operating loss was about £100m, better than expected. The company had £1.25bn in cash as of June 30th

Ryanair

Buy

Current Price : €3.27

Price Target : €3.80



DOLMEN STOCKBROKERS

Analyst: **David Dunk**

Friday 17th July 2009

- Yesterday Ryanair announced 11 new routes from Oslo, Norway. Seven routes from Rygge airport and four from Torp. The routes should enable Ryanair to increase its traffic from the 2 airports to 1.8m passengers per year.

- We recently upgraded our rating on Ryanair from Neutral to Buy, primarily as a result of a pull back in Ryanair's share price. At current levels Ryanair offers an attractive investment. While we remain negative on the sector as a whole, Ryanair is uniquely positioned to prosper in the current environment.

- Ryanair is the lowest cost operator in the industry, in an environment where cost conscious consumers are travelling less, and shorter distances than they would have in the past. Ryanair is exclusively focused on short haul operations, which would be less cyclical than long haul routes. Due to its low cost base, Ryanair is able to increase its market share at the expense of its competitors.

- Ryanair has in the past sought to aggressively increase its fleet at times when favourable terms were available. Ryanair recently announced financing of 45 new aircraft to be delivered between October 2009, and September 2010. Given the low fixed interest rates available, and that the deal was completed at the favourable €/€ rate of 1.46, this deal is very attractive to Ryanair. On top of this airplane prices are significantly discounted from levels in recent years.

- Ryanair has one of the strongest balance sheets in the sector with €2.3bn in cash on its balance sheet. Net debt is expected to be about €400m for the current year, up from €209m at the end of the recent fiscal year. The increase in net debt primarily relates to additional capital expenditure, and is expected to decline in subsequent years.

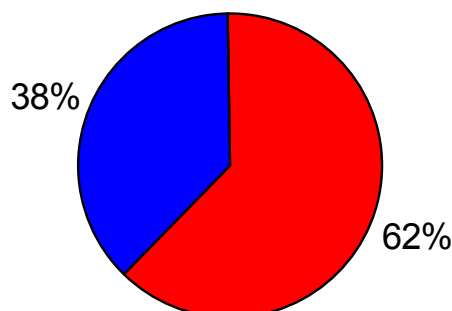
- Fuel prices which severely affected the financial performance of Ryanair, last year, is unlikely to have the same effect in the current year. Ryanair has hedged 90% of its fuel requirements up until the end of the calendar year at a price of \$620 per tonne, in addition to a hedge of 5% of the requirements of the first quarter of 2010 at \$490 per tonne. As a result Ryanair's full year fuel-bill is likely to be smaller by about €450m.

- Ryanair expects to grow traffic numbers by 15% to 67m in the current year, which seems realistic to us. Ryanair has guided for yield declines of between 15% to 20% in the current year. This seems excessive to us, with our research suggesting a yield decline at the bottom end of this range if not even less. As a result Ryanair's guidance for after tax profits of €200m-€300m appears particularly conservative. We expect Ryanair to report an operating profit of almost €400m for the full year. We retain our price target of €3.80. This is based on a multiple of 14x expected current year earnings. Ryanair will release an interim trading statement on the 27th of July.

Descriptive Stats		Shareholders	
Year to date	11%	Micahel O Leary	4.1%
52 Week High	3.876	Fidelity	4.0%
52 Week Low	1.8	Deutsche Bank	4.0%
Bloomberg	RYA ID	Bank of Ireland	3.0%

	FY2007	FY2008	FY2009
Revenue (€m)	2,714	2,951	3,086
Operating Profit	439	108	524
EPS	0.3	0.03	0.27
DPS	N/a	N/a	N/a
P/E	10.5	109.0	12.3
Div Yield	N/a	N/a	N/a

2008 Revenues by Geography



■ Europe ex. UK

■ United Kingdom



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,681	0.2%	15.2%
FTSE	4,362	0.4%	-1.1%
Dow Jones	8,712	1.1%	-0.7%
S&P	941	0.9%	4.2%
Nikkei	9,395	0.5%	6.0%
Stoxx 50	2,459	0.3%	1.2%

Sector Performances

Sector	Index	1-Day	YTD
Construction	212	0.4%	4.6%
Technology	168	-4.7%	9.9%
Oil & Gas	284	0.3%	7.2%
Financials	188	0.7%	25.2%
Retail	218	1.0%	18.5%
Food & Drink	246	0.2%	6.6%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	62.0	0.8%	11.4%
Copper	239.0	-0.1%	66.5%
Gold	937.3	-0.2%	6.2%
Silver	13.2	0.2%	16.9%
Wheat	533.3	-0.3%	-17.8%
Cattle	91.4	1.3%	2.5%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.415	0.3%	0.8%
€/£	0.861	0.2%	-10.5%
£/\$	1.644	0.1%	10.3%
\$/JPY	93.93	-0.3%	3.2%
€/JPY	132.88	-0.1%	4.0%
€/SFR	1.518	0.2%	1.6%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	129.6	-6.3%	-28.7%
High Yield	805.1	-0.4%	-23.4%
Financials	110.4	0.9%	-8.6%
BoI	376.9	-0.5%	58.9%
AIB	380.5	0.0%	89.5%
RBS	167.9	-0.5%	22.2%

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%	2.1%	1.4%
5-Year	2.8%	3.5%	2.9%
10-Year	3.6%	4.1%	3.8%

Date	Company	Region	Event
17/07/2009	DCC PLC	IE	AGM
17/07/2009	Pernod Ricard SA	FR	YRTRADE
17/07/2009	Invensys PLC	GB	Q1 TRADE
17/07/2009	Cable & Wireless Plc	GB	AGM
17/07/2009	Bank of America Corpor	US	Q2
17/07/2009	BB&T Corporation	US	Q2
17/07/2009	Citigroup Inc.	US	Q2
17/07/2009	General Electric	US	Q2
17/07/2009	Mattel	US	Q2
20/07/2009	Ovoca Gold Plc	IE	S/HOLDERS
20/07/2009	Peter Hambro Mining Pl	GB	TRADE
20/07/2009	Halliburton Co.	US	Q2
20/07/2009	Hasbro, Inc.	US	Q2
21/07/2009	Dragon Oil PLC	IE	TRADE
21/07/2009	AK Steel Hldng Corp	US	Q2
21/07/2009	DuPont	US	Q2
21/07/2009	Merck & Co., Inc.	US	Q2
21/07/2009	State Street Corporator	US	Q2
21/07/2009	The Coca-Cola Co.	US	Q2
21/07/2009	United Tech.	US	Q2
21/07/2009	Yahoo, Inc.	US	Q2
21/07/2009	Apple Inc.	US	Q3

Date	Event	Region	Estimate
17/07/2009	Euro-Zone Trade Balance	EC	--
17/07/2009	Construction Output SA MoM	EC	--
17/07/2009	Housing Starts	US	--
17/07/2009	Building Permits	US	--
20/07/2009	Rightmove House Prices (M	UK	--
20/07/2009	Producer Prices (MoM)	GE	--
20/07/2009	M4 Money Supply (MoM)	UK	--
20/07/2009	Leading Indicators	US	--
21/07/2009	Public Sector Net Borrowing	UK	--
21/07/2009	Chicago Fed Nat Activity Ind	US	--
21/07/2009	Bank of Canada Rate	CA	--
21/07/2009	ABC Consumer Confidence	US	--
22/07/2009	Bank of England Minutes	UK	--
22/07/2009	Industrial New Orders SA (M	EC	--
22/07/2009	CBI Qtrly Industrial Trends T	UK	--
22/07/2009	MBA Mortgage Applications	US	--
22/07/2009	House Price Index MoM	US	--
23/07/2009	ECB Euro-Zone Current Acco	EC	--
23/07/2009	Retail Sales (MoM)	UK	--
23/07/2009	Initial Jobless Claims	US	--
23/07/2009	Existing Home Sales MoM	US	--
24/07/2009	Ifo - Business Climate	GE	--

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