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Market Movers

IRISH PAPERS TODAY

Irish recovery plan provokes harsh criticism from Brussels (The Irish Times)

United Drug warns on profit (The Irish Times)

Ireland's AAA rating may be downgraded (Irish Independent)

INTERNATIONAL PAPERS TODAY

L&G doubles defaults cover (Financial Times)

Eastern Europe shakes banks (The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-4.3%	-21.7%
BP	-0.5%	-7.7%
CRH	-4.5%	-4.9%
E.ON	-1.5%	-22.6%
HPQ	-4.3%	-5.4%
IL&P	-12.5%	-14.9%
INM *	-10.0%	-56.4%
J&J	-2.0%	-6.4%
JPMorgan	-12.3%	-31.3%
Microsoft	-5.2%	-6.9%
Paddy Power	-2.1%	-22.8%
Vodafone	-1.9%	-5.9%

* We are currently Neutral on IN&M

Market View

Analyst : Stephen Taylor

European equity markets are mixed this morning following yesterday's sharp sell off. The market is concerned that President Barack Obama's \$787bn stimulus package that was signed into law yesterday will not be enough to revive the economy. While we had seen an improvement in some economic indicators over the last number of weeks and the idea of a 'Green Shoots' recovery been touted by market commentators over the weekend, we would view this as an overly optimistic opinion at the moment. Yesterday's dismal Empire State manufacturing figures brought a dose of reality back to the market with the index falling to -34.7 its lowest level since records began in 2001. The continued dislocation in credit markets is forcing companies to cut back on production and downsize employment. Until we see some stabilisation in global unemployment levels and housing activity equity markets are unlikely to anticipate a recovery and risks clearly lie to the downside. Concerns also linger around the US automakers with GM and Chrysler seeking an additional \$22bn in funding. We would not rule out one of the three US automakers filing for bankruptcy protection over the next number of months. The key focus for today will again be economic figures out of the US with housing and industrial production data due. Closer to home, minutes from the Bank of England's February meeting where the central bank lowered rates by 0.50% to 1.00% are also expected. On the corporate side, Dolmen Dozen constituent Hewlett-Packard is due to report earnings after the US market closes tonight.

Investment Banks : Societe Generale & Commerzbank

Analyst : Oliver Gilvarry

This morning SocGen and Commerzbank reported Q4 and full year earnings. For SocGen, net income totalled €87m, lower than analysts estimates of €109m. The investment banking divisions performed better than expected in Q4 posting a profit of €56m compared to a breakeven consensus estimate. In the results a goodwill impairment charge of €300m was taken on its Russian operations. This was due to the economic crisis in the country and will force SocGen to delay its expansion plans in Russia. The bank has also increased its dividend by 33% to €1.20, one of the few banks still paying a dividend. On asset growth, RWA will only grow moderately in 2009 as the reduction in the availability of credit continues around the world. Management see economic activity still contracting at the start of 2009 and expect 2009 to be "challenging".

While SocGen's results overall were positive and the increase in the dividend a good signal towards the outlook for the bank, its German peer Commerzbank results were more mixed. The net loss for Q4 was better than expected at €809m compared to a consensus loss of €851m. Investment income beat market estimates with a loss of €324m, much better than expected. While these were positive, loan loss provisions in Q4 were higher than expected at €638m, trading losses were €701m and commission income was also lower than expected at €677m. Management have guided 2009 will be a very difficult year as it integrates Dresdner Bank and manages losses on its loan portfolio in a weakening economic environment.

Financials : RBS

Current Price (20p)

Analyst : Oliver Gilvarry

Turning to the UK, comments in the press today state the UK Government will announce details of its loan insurance scheme prior to RBS announcing full year results on the 26th of January. The scheme would result in the UK Government insuring assets banks hold and would limit their loss to the first 10% of the asset with the government covering the remaining losses. In the case of RBS, there are estimates it could request £200bn of assets to be covered under such a scheme and assuming a premium charge of 4% (based on what the US charged on a similar scheme), the cost would be £8bn. RBS are reportedly working on how best to pay this premium in a way that avoids handing further equity over to the UK Government. Options being considered are the issuance of preference shares or warrants to the government. Whatever the method used to pay for the insurance scheme, RBS ordinary shareholders are facing further dilution, either in the form of earnings or ownership dilution.

Daimler: Sell Current Price (€21.50) Price target (€20.00) Analyst : Stephen Taylor

Yesterday, Daimler reported a weak set of full year 2008 results highlighting the current pressures that automakers are facing. Net profit declined to €1.4bn from €4bn last year, well below analyst expectations of €2.71bn. The group took €3.23bn in charges from its stake in Chrysler. Daimler sold an 80.1% stake in Chrysler to Cerberus Capital in 2007 and said that it is making progress in talks with Chrysler over the sale of its remaining 19.9% stake. In the fourth quarter Daimler's closely watched EBIT figure fell to a loss of €1.95bn compared to a profit of €1.39bn last year. The group said that it expects unit sales to fall significantly through 2009 and expects global demand for automobiles to decline by 10%. We view this as overly optimistic. The company pointed out that the drop in sales will translate into 'substantial' burdens on EBIT for the year. Following Daimler's results we reiterate our sell ratings on both Daimler and BMW.



C&C: Buy **Current Price (€0.91)** **Price target (€2.10)** **Analyst : David Dunk**

Heineken, the largest Dutch Brewer has released its trading results for 2008. Profit declined significantly, mainly due to impairment charges. Net Income was €209m over the period, compared to €807m from the previous year. Heineken wrote down goodwill relating to its Russian, Indian and UK assets of €757m. After taking into account the impairment to goodwill, net income figures were below analyst expectations. The UK was one of the weaker regions for Heineken, with British beer sales declines of 5.5%. Carlsberg also posted its results this morning. Q4 net income rose to 124m Kroner versus 37m Kroner, for the same quarter of the previous year, mainly driven by acquisitions. The company notes that it is "resilient but not immune to economic recession". The company does not expect to increase sales over the course of the current year. Carlsberg is guiding for net income of 3.5bn Kroner for 2009. Heineken's UK results has a negative read through for C&C, as Heineken is its main competitor in the UK cider market through its Scottish & Newcastle business. However, this is largely priced in at current levels. Our recommendation remains unchanged.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,190	-2.7%	-5.2%
FTSE	4,034	-2.4%	-8.6%
Dow Jones	7,553	-3.8%	-13.9%
S&P	789	-4.6%	-12.6%
Nikkei	7,534	-1.5%	-15.0%
Stoxx 50	2,120	-3.4%	-13.0%

Sector Performances

Sector	Index	1-Day	YTD
Construction	182	-4.7%	-10.6%
Technology	150	-3.2%	-2.0%
Oil & Gas	277	-1.5%	3.3%
Financials	116	-6.1%	-22.7%
Retail	189	-1.6%	2.7%
Food & Drink	216	-1.2%	-6.6%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	34.9	-6.9%	-28.3%
Copper	144.3	-7.2%	0.6%
Gold	970.3	3.0%	9.9%
Silver	14.0	2.8%	25.7%
Wheat	528.0	-3.7%	-15.5%
Cattle	84.2	-3.2%	-5.7%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.258	-1.7%	9.7%
€/£	0.884	-1.3%	6.8%
£/\$	1.424	-0.4%	3.1%
\$/JPY	92.40	0.7%	-1.9%
€/JPY	116.26	-1.0%	8.0%
€/SFR	1.472	-0.9%	1.2%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	173.4	-6.3%	-3.2%
High Yield	1,110.5	1.5%	7.0%
Financials	141.3	8.8%	17.8%
BoI	440.2	15.2%	78.6%
AIB	394.9	38.4%	94.8%
RBS	182.4	13.2%	25.1%

Money Market Rates

Rate	EUR	UK	US
Overnight	1.2%	0.9%	0.3%
3-Month	1.9%	2.6%	1.2%
1-Year	1.9%	1.8%	1.3%
2-Year	2.0%	2.1%	1.6%
5-Year	2.7%	2.9%	2.4%
10-Year	3.4%	3.6%	2.9%

Date	Company	Region	Event
18/02/2009	Thorntons	GB	INTERIM
18/02/2009	Acergy	GB	Q4
18/02/2009	Sports Direct Int.	GB	TRADE
18/02/2009	Carlsberg	DK	Q4
18/02/2009	Euler Hermes	FR	Q4
18/02/2009	Societe Generale	FR	Q4
18/02/2009	COMMERZBANK	DE	Q4
18/02/2009	Heineken	NL	FINAL
18/02/2009	ING Groep	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	US	Q4
18/02/2009	Goodyear	US	Q4
19/02/2009	Kingfisher	GB	Q4 TRADE
19/02/2009	BAE Systems	GB	PRELIM
19/02/2009	Ladbrokes	GB	PRELIM
19/02/2009	Travis Perkins	GB	PRELIM
19/02/2009	Shire	GB	FINAL
19/02/2009	Axa	FR	FINAL
19/02/2009	BNP Paribas	FR	FINAL

Date	Event	Region	Estimate
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 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	--
21/02/2009	Retail Sales(Volume)	IR	--
21/02/2009	PPI (MoM)	IR	--
24/02/2009	IFO - Business Climate	GE	--
24/02/2009	Euro-Zone Current Account	EC	--
24/02/2009	Total Business Investment	UK	--

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