



We continue to maintain our positive stance towards equity markets and recommend using Friday's pullback as a buying opportunity. Central bank rhetoric continues to lean on the side of lower interest rates for longer as was echoed by ECB President Jean-Claude Trichet last week when the ECB left interest rates on hold. This in addition to an improved economic outlook that should continue to support equities. Earnings remain the main focus and while mixed so far we expect the reporting season to be positive for markets. Reports from tech bellwethers Intel and SAP last week indicate that consumer and corporate spending is beginning to return. We anticipate that the US markets will continue their outperformance as we believe that the US economy is recovering more quickly. On the currency front we anticipate that the Euro will remain weak as some disappointing economic data and issues surrounding Greece's fiscal position continue to weigh on the currency. In relation to commodities, Gold remains our preferred play and we recommend buying it on weakness. We continue to like oil, however last weeks large increases in inventories suggest that we may see some short-term weakness. As for next week, US earnings will continue to drive equity markets with a number of tech companies including IBM and Google due to report, while on the financial side Bank of America and Morgan Stanley are also due to release results. On the economic front the Market will be looking for any indications from the Bank of England minutes on Wednesday to see if any further Quantitative Easing has been discussed.

## TRADING IDEAS, EARNINGS & PREVIEWS

### Microsoft

Price: \$30.86

P/E: 16x

Div: 1.7%

Target: \$35.00

Buy

Last week Intel reported better than expected fourth quarter results and also provided earnings guidance for the first quarter of 2010 that was ahead of consensus. The strong results and outlook indicate that PC demand is beginning to return and is a significant positive read across for Microsoft. With sales of Windows 7 continuing to perform well and the resulting earnings upgrades in the second half of the year, we recommend using any weakness in Microsoft to buy shares. In addition both Microsoft's Entertainment & Device Division and Online Services Division are also performing well. The company also benefits from having one of the strongest balance sheets in the world with c. net cash of \$30bn. Microsoft is also in the middle of its stock buyback program whereby at the end of the last quarter it had \$33bn worth of stock left to be repurchased.

### CRH

Price: €18.04

P/E: 16x

Div: 3.4%

Target: €20.50

Buy

We continue to recommend investors accumulate shares in CRH at the c. €18.00 level. While in the short term the outlook in the group's main markets will likely remain difficult as highlighted at its recent trading statement, we believe that the stock represents an excellent long-term recovery play on both Europe and the US. CRH will also be a beneficiary from the US investment and recovery act, with billions of dollars due to be used on highway spend over the coming years. CRH has resumed its acquisition strategy and recent purchases made by its American Material Division were done at attractive multiples. We believe that CRH will continue to make small earnings accretive acquisitions over the next 12-18 months. The stock also pays an attractive dividend yield of 3.7%.

### BP

Price: 629p

P/E: 10x

Div: 5.6%

Target: 650p

Buy

BP continues to remain our preferred integrated oil company. BP is one of the highest yielding stocks in the FTSE 100 and higher oil prices will mean that the company can comfortably make dividend payments without the need to borrow. Its dividend yield currently stands at just under 6% and with BP trading at 5x 2010 EV/EBITDA we are happy to recommend the initiation of new longs. BP's Q3 results on the 2nd of February will act as the next major catalyst for the stock and we are positive heading into this release. We expect management to deliver further cost cuts and we also foresee better production figures as a consequence of early restoration of operations at the company's US refineries and the ramping up of production in the Gulf of Mexico.

### Kerry Group

Price: €22.00

P/E: 12x

Div: 1.2%

Target: €24.00

Buy

Kerry Group reported a stellar set of results with operating margins increasing more than expected due to tight cost controls and the roll-out of "go-to-Market" across the Ingredients and Flavours division. Margins increased in the Consumer Foods divisions even with the move in consumers to cheaper alternatives. The mix of Kerry's product offerings in the UK between private and branded helped its performance there. With the stabilisation in the UK economy they are now even seeing customers move back towards branded product in recent months. The Irish market is slower to show this move, but the rapid fall in demand for branded products has stabilised. Based on EPS for 2010 of €1.76, we believe the stock can trade up to €24 in the next 6-months with a P/E of 13.5x. The positive reaction to a the group's presentation to institutional investors in the US last week will provide support to the stock and we are buyers of the stock. **Next catalyst** : Full year results on the 23rd February

### Aviva

Price: 420p

P/E: 8x

Div: 5.7%

Target: 520p

Buy

The trend of underperformance of the insurance sector over the last number of weeks compared to the banks reversed last week. The bad weather in the UK will have an impact on the group, with claims increasing, higher premiums will be charged as a result for renewals. With Non-Life insurance, this is very difficult to avoid unlike Life Insurance. Therefore higher premiums into 2010 and beyond are positive for the group. The well covered dividends are also a positive for the group and make it attractive to investors with dividends likely to be covered at the higher end of 1.5-2.0x operating profit. We recommend staying long the stock and to **buy on dips at the £4.10 level**. The **next major catalyst** for the stock is its release of Full year 2009 New Business Figures on the 4th of February.

### Financial Sector

JPM released Q4 earnings on Friday with EPS at 74c versus consensus of 60.4c. The stock fell back after the results due to the quality of the earnings with the majority of the beat due to a lower tax rate than expected. Fixed income was weak down 45% qoq, but after the strong start to 2010, we would expect this to reverse in Q1. Credit quality was in line with expectations. There was a higher reserve build in Consumer Lending, leaving loan loss cover at 5.5% of total loans. Non-performing loans slowed in mortgages for the first time in a number of months which is a positive read through for credit quality. Management remain cautious on the outlook and stated a stabilisation is not a recovery, but the outlook for credit quality is good. Core Tier 1 rose to 8.8% in the quarter, with book value increasing by over \$3 to almost \$40. We are still positive on JPM and would buy on dips below \$43 despite the slightly weaker Q4 earnings than expected. The group is well positioned for a recovery in the US and we remain buyers. In Ireland, Irish bank CDS levels tightened further during last week. With investors looking at the attractive returns on Irish bank debt we believe this tightening will continue this week and we remain buyers of certain debt issuance by Irish banks.

### Tullow Oil

Price: 1339p

P/E: N/A

Div: 0.5%

Target: 1450p

Buy

Overnight Tullow Oil announced that it had exercised its right to pre-empt Eni's purchase of Heritage Oil's Ugandan assets. The announcement marked the conclusion of a bidding process that began at the end of 2009 and now means that Tullow Oil holds 100% of three licences in Lake Albert's rift basin. At a conference call at 8.30am this morning management confirmed the pre-emption and provided the initial details of the deal. Bridging finance will be provided via a syndicate loan arranged by a consortium of the company's banks. Tullow Oil also announced that it has pre approved a short list of the partners it intends to work with in the development of the licences with the Ugandan Government. We view the developments as a positive for the company as it enhances Tullow Oil's bargaining position in relation to the resale of the licences. Furthermore, news that the Ugandan government is set to come onboard is an added bonus. It is important to note that the UK explorer's choice of partner is still crucial as Tullow Oil does not have the in-house knowledge or financial capability to develop the assets on its own. The finalisation of the pre-emption is expected to be completed by the first week of February.

## Earnings Week Ahead

**Mon:** Taylor Wimpey (Trade).  
**Tues:** Land Securities(Q3), Citigroup(Q4), CSX Corp(Q4), IBM(Q4), Parker Hannifin(Q4)  
**Wed:** Covidien(Q1), JD Wetherspoon(Trade), Xilinx(Q3), BofA(Q4), BNY Mellon(Q4), eBay(Q4), Northern Trust(Q4), TSYS(Q4), US Bancorp(Q4).  
**Thurs:** Easyjet(Q1), Morrisons(Trade), Key Corp(Q4), Morgan Stanley(Q4), Xerox(Q4) United Health(Q4), Union Pacific(Q4), KeyCorp(Q4), Capital One Financial(Q4).  
**Fri:** Invensys(Q3), Johnson Controls(Q1), BB&T Corp(Q4), GE (Q4), Harley Davidson(Q4), Kimberly Clark(Q4), McDonalds (Q4).

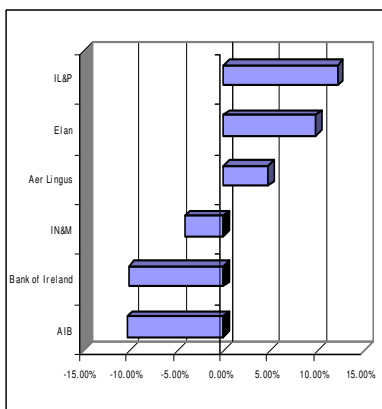
## Economic Week Ahead

**Mon:** UK R'move Hse Prices (00:01).  
**Tues:** UK CPI&RPI(09:30), Ger&EU ZEW Survey(10:00), US ABC ConsConfid(22:00)  
**Wed:** Ger Producer Prices(07:00), BoE Mins & Jobless Claims Change(09:30), US MBA M:gage Apps(12:00), US Producer Prices & Housing Starts(13:30)  
**Thurs:** ECB Mthly Report(09:00), UK M4 Money(09:30), US Jobless Claims(13:30), US Phil Fed & Leading Indicators (15:00), Ger & EU PMIs (08:30 & 09:00).  
**Fri:** UK Retail Sales (09:30), EU Industrial New Orders(10:00).

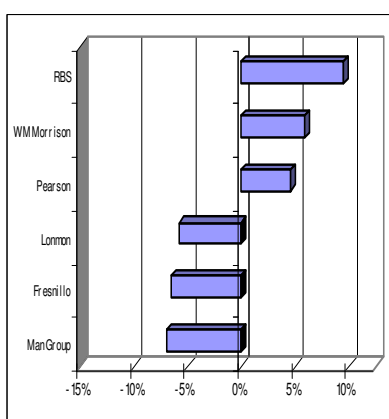
# DOLMEN STOCKBROKERS Traders Update

## Last Weeks Best/ Worst Performers

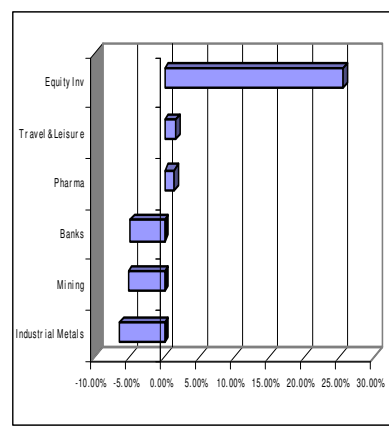
### ISEQ



### FTSE



### Sector changes WTD



## Dolmen Dozen

### WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	5.64%	Q1 performance in line with expectations
BP	5.02%	BP-TNK to boost 2010 investment to \$4bn
CRH	-4.66%	Q4 EBITDA expected to be weaker than Q3
DCC	7.2%	Announces acquisition of Brogan Holdings for €47.2m
E.ON	-4.04%	E.ON keeps German retail energy prices stable
Hewlett-Packard	1.9%	CFO indicates seeing uptick in demand for printers
IL&P	21.2%	Ahead of EGM this Thursday
IN&M	-15.4%	Completes disposal of INM outdoor
J&J	0.23%	Q3 results inline with expectations
JPMorgan	4.8%	US financials gain on continued TARP repayment
Microsoft	1.3%	Report blockbuster Q3 results
Vodafone	-6.26%	Q3 results show solid revenues

### What it says in the 'Sundays'

Company	Paper	Headline
Financials	Weekend FT	Osborne to push for global bank levy
Irish Financials	S. Business Post	Bank probe will be held in private
Irish Financials	S. Independent	Greens calls for public bank probe
Tullow Oil	S. Telegraph	Tullow moves on Uganda fields
Irish Financials	S. Business Post	Permanent TSB to hike mortgage rates

### Corporate Visits

#### COMPANY PRESENTATION DATE

ICG	1st of December
-----	-----------------



## Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield
ISEQ	3098	0.6%	0.0%	1.7
FTSE	5455	-1.4%	-0.8%	3.3
DAX	5876	-2.7%	-2.8%	3.4
OW	10618	-0.1%	0.2%	2.6
S&P 500	1136	-0.8%	2.7%	2.0
NASDAQ	2288	-1.3%	-0.9%	0.8
EUROTOXX 50	2590	-1.5%	-1.3%	3.5
NIKKEI	10982	1.7%	3.1%	1.5

Sector	Weekly move%	YTD move %
Basic Resources	1.08	4.57
Technology	-0.01	3.98
Oil & Gas	0.70	3.25
Travel & Leisure	0.55	3.06
Industrials	0.39	3.06
Personal & Household Goods	0.92	2.90
Autos	0.33	2.90
Construction & Materials	0.46	2.49
Banks	0.27	2.23
Insurance	0.52	1.81
Retail	0.74	1.32
Healthcare	0.14	1.27
Media	0.11	1.13
Financial Services	0.50	0.30
Food&Bev	0.73	-0.19
Utilities	0.83	-0.91
Chemicals	0.61	-1.96
Telecom	0.33	-3.19

## Commodities

	Current	Change YTD
Crude	78.00	-1.7%
Gold	1130.93	3.1%

## Exchange Rates

	Current	YTD Change	Year End (est)
eur usd	1.439	0.3%	1.40
eur gbp	0.885	-0.2%	0.88
eurjpy	130.60	-2.0%	132.00

## GDP Growth

	2008	2009 (est)
Ireland	-1.70%	-8.50%
Euro Zone	1.20%	-2.00%
UK	1.00%	-4.25%

## Central Bank Interest Rates

	Current	3 month	Year End (est)
Euro Zone	1.00%	0.68%	1.00%
UK	0.50%	0.61%	0.50%
US	0.00% - 0.25%	0.25%	0.0% - 0.25%



## Regulatory Information

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes in order to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgment as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. The income you get from your investment may go down as well as up. Figures quoted are estimates only, they are not a reliable guide to the future performance of this investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report is the property of Dolmen and may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

## Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments / derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in the companies they publish research, views and recommendations on. Accordingly analysts involved in the production of this report may have positions in any securities herein. Dolmen ensures that all staff dealing is undertaken in strict compliance with Dolmen's internal staff dealing procedures. Therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

## Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Oliver Gilvarry, Stephen Taylor, Edward Keeling & Brian Gallagher are responsible for the production of this report. Oliver Gilvarry is Head of Research and Stephen Taylor, Edward Keeling & Brian Gallagher are equity analysts.

## For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.

Dolmen Stockbrokers, 75 St. Stephen's Green, Dublin 2, Ireland.



## 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  
E-mail: cork@dsl.ie  
E-mail: Limerick@dsl.ie