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### Market Movers

## IRISH PAPERS TODAY

Ryanair pilots vote in favour of pay freeze and increase productivity  
*(The Irish Times)*

Upbeat Obama tells Cowen: Yes we can  
*(Irish Independent)*

Recovery hopes as German investor confidence rises  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

RBS sees first signs of optimism  
*(Financial Times)*

Sarkozy is pressed to tax rich more  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.0%	-27.5%
BP	0.0%	-11.5%
CRH	1.0%	-4.5%
E.ON	-2.6%	-31.2%
HPQ	2.5%	-18.0%
IL&P	-0.3%	-49.2%
INM *	1.3%	-49.1%
J&J	0.0%	-15.2%
JPMorgan	8.9%	-20.3%
Microsoft	4.0%	-13.1%
Paddy Power	-1.6%	-9.9%
Vodafone	3.0%	-9.6%

\* We are currently Neutral on IN&M

## Market View

**Analyst : Stephen Taylor**

European equity markets are higher this morning taking their lead from the strong finish in the US last night. The rebound in US housing starts was one of the main catalysts in pushing the market higher yesterday. The index showed a 22% month on month increase in February to 583,000 reversing its largest streak of declines in 18 years. The increase was attributed to starts in condominiums, apartments and townhouses. While the increase in starts can certainly be taken as a positive as the US housing market is at the centre of credit market troubles we believe it is still too early to call a bottom in the US housing market. Another area of optimism in equity markets at the moment is on the banking side. Comments from Royal Bank of Scotland and Standard Chartered over the last number of days that both had made a good start to the year echo those from their US peers Citigroup, JPMorgan and Bank of America who all made similar comments last week. With all European indices approaching their 50-day moving averages we remain sceptical that the recent strong run in equity markets will continue and view the recent run as a bear market rally which we would recommend selling into. Focus today will be in the UK with Bank of England minutes and unemployment data due while the Fed interest rate decision due at 6.15pm will also be closely watched for any comments on quantitative easing.

## Irish Economy :

**Analyst : Oliver Gilvarry**

The Minister for Finance, Brain Lenihan, had a busy St.Patrick's Day with interviews in the Financial Times and Bloomberg promoting the Irish economy. His comments ranged from the general economy, the Euro-Zone, Irish financial system and regulation in Ireland. On the economy Lenihan stated all measures required will be implemented to fix the budgetary position. His comments imply the forecasted government deficit for 2009 will not be exceeded and while the country is in a difficult position it does not require help from the IMF. The minister also stated the corporate tax rate of 12.5% will not be changed in the budget and this will provide comfort to the large multinationals operating in the Republic.

On the Euro-Zone, Lenihan confirmed membership of the Euro is essential for Ireland and the ECB stands behind the entire Irish financial system. He commented that steps would be taken to support stressed Euro-Zone nations, but no plans are currently in place for Euro-Zone bond issuance in place of specific country issuance.

Comments on the Irish financial system included that "Nationalisation for us is the last resort" and the government is looking at moving property assets into a separate company "Bad Bank" or insuring these exposures similar to what the UK government has done with Lloyds and RBS. Lenihan wants a third force in the Irish banking sector and this implies Irish Life and Permanent will not be forced into a merger with AIB or BOI. This third force could also be a form of mutual banking arrangement and may not be even listed.

The minister yesterday also gave details of changes in Irish financial regulation and corporate governance. Rules will be brought in to limit excessive lending and this could mean Irish banks could be forced to grow their loans books based on customer deposit growth, reducing reliance on wholesale funding in the future. On corporate governance, CEO's will be banned from becoming chairmen of the companies they ran such as what happened when Sean Fitzpatrick resigned as CEO of Anglo Irish Bank and then became chairman. Cross directorships of companies will also be banned which will lead to significant changes in Irish corporate boards if implemented. Regulation of the financial system will also change with a new regulator to be appointed and the new central banking commission to have the power to restrict lending by banks. Overall, the comments by the minister yesterday have given guidance to the international market about Ireland and highlight the changes that will be made to prevent situations such as Anglo and the aggressive loan growth occurring again. It shows the government is putting a plan in place and hopefully is becoming pro-active rather than reactive to situations as they occur. The next big step is the budget on the 7<sup>th</sup> of April, and if implemented properly will help the government achieve its government deficit aim for 2009 and result in the downturn bottoming out in 2010.

**Ryanair : Buy Current Price (€2.83) Price target (€3.65) Analyst : David Dunk**

Yesterday, Ryanair announced that the airline had secured a wage agreement with its pilots. Pilots have agreed to a twelve month pay freeze, as well as efficiency gains. Ryanair did not release details of the efficiency targets included as part of the wage agreements. Operations Director, David O'Brien noted that "Our pilots have recognized the difficulties we face and are making their contribution". On Monday Ryanair announced that it would lose a plane from its fleet at Dublin and cut 50 jobs. Ryanair remains our preferred pick in the sector, due to its low cost profile.



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**Coca-Cola: Buy Current Price (\$41.45) Price target (\$58.00) Analyst : Stephen Taylor**

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Reports suggest this morning that China has rejected Coca-Cola's \$2.4bn bid for top juice maker Huiyuan Juice. China's Ministry is reported as saying that the deal, which was set to be the largest takeover of a Chinese company by a foreign rival, would have been bad for competition and that Coca-Cola's changes to the deal were not capable of putting to rest these concerns. We are not surprised by this outcome. Notwithstanding the increase in protectionism around the world, shares in Huiyuan had been trading at a significant discount to the offer price. We will not be making any adjustments to our Coca - Cola estimates following this news and reiterate our Buy recommendation.

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**Kingspan : Neutral Current Price (€2.75) Price target (€3.60) Analyst : Stephen Taylor**

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SIG group, a European supplier of insulation and specialist construction products, has reported a full year 2008 pre-tax profit of £33.1m, a 73% decline from the previous year. Underlying profit margin for the UK and Ireland fell from 8.0% to 6.7%, reflecting a very weak 22% decline in like for like sales at its Irish division. In addition to the results, SIG revealed a £341m capital raising through a placing and open offer. A total of 455 million new shares will be issued at 75p each, a 29% discount to Tuesday's closing price. The company has a net debt of £697m, up from £423m the previous year, but said that it continues to operate well within its banking covenants. This latest move comes after SIG announced in January it will close 80 of its branches and cut 1,000 jobs. Not surprisingly Chairman, Les Tench said that against a backdrop of sharply declining levels of building activity in the residential sector in both Ireland and the UK, trading for the second half of 2008 and into 2009 has remained extremely challenging. Tench added that activity was also negatively impacted by this year's severe weather conditions which effected deliveries and construction site activity. On a more positive note, sales in mainland Europe in local currency were more robust in the second half of 2008, coming in ahead of 2007 on a like for like basis in all mainland European countries. Going forward, the group will be implementing a range of operational measures to reduce working capital, improve cash generation and reduce net debt.

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## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,085	-0.5%	-10.5%
FTSE	3,857	-0.2%	-12.5%
Dow Jones	7,396	2.5%	-15.7%
S&P	778	3.2%	-13.9%
Nikkei	7,972	0.3%	-10.0%
Stoxx 50	2,012	-1.1%	-16.6%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	173	-0.6%	-14.0%
Technology	147	-1.1%	-3.7%
Oil & Gas	254	-0.6%	-4.7%
Financials	116	0.6%	-21.8%
Retail	183	0.2%	0.8%
Food & Drink	206	-1.1%	-11.3%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	49.2	3.8%	-3.4%
Copper	172.4	-1.3%	22.2%
Gold	915.4	-0.8%	3.2%
Silver	12.7	-1.7%	11.3%
Wheat	552.5	1.5%	-12.0%
Cattle	81.9	-0.2%	-4.7%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.302	0.4%	7.4%
€/£	0.927	0.5%	2.3%
£/\$	1.404	-0.2%	5.0%
\$/JPY	98.59	0.4%	-8.1%
€/JPY	128.34	0.8%	-1.3%
€/SFR	1.539	0.1%	-2.8%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	188.5	-6.3%	6.7%
High Yield	1,102.1	3.1%	8.9%
Financials	181.8	1.5%	54.8%
BoI	639.7	-0.2%	163.8%
AIB	621.3	0.1%	209.3%
RBS	209.3	-3.2%	54.0%

## Money Market Rates

Rate	EUR	UK	US
Overnight	0.9%	0.5%	0.3%
3-Month	1.6%	2.6%	1.3%
1-Year	1.8%	1.8%	1.4%
2-Year	2.0%	2.3%	1.7%
5-Year	2.8%	3.0%	2.6%
10-Year	3.5%	3.6%	3.2%

Date	Company	Region	Event
18/03/2009	EiRx Therapeutics Plc	INTERIM	IE
18/03/2009	Alliance Pharma Plc	PRELIM	GB
18/03/2009	French Connection Group	PRELIM	GB
18/03/2009	Nike	Q3	US
19/03/2009	Prudential Plc	FINAL	GB
19/03/2009	Investec Plc	TRADE	GB
19/03/2009	T Clarke PLC	PRELIM	GB
19/03/2009	Premier Farnell plc	FINAL	GB
19/03/2009	FedEx	Q3	US
19/03/2009	Hermes International SC	Q4	FR
19/03/2009	HeidelbergCement AG	Q4	DE
20/03/2009	Iberdrola SA	/HOLDER	ES
23/03/2009	McInerney Holdings PLC	PRELIM	IE
23/03/2009	Walgreen	Q2	US
23/03/2009	Tiffany & Co.	Q4	US
23/03/2009	Dyckerhoff AG	Q4	DE
23/03/2009	Daily Mail and General T	TRADE	UK
24/03/2009	Deutsche Bank AG	Q4	DE
24/03/2009	Severn Trent Plc	TRADE	GB
24/03/2009	Sportech PLC	PRELIM	GB
24/03/2009	McCormick & Co., Inc.	Q1	US
24/03/2009	Volvo AB	TRAFFIC	SE

Date	Event	Region	Estimate
18/03/2009	BOJ Target Rate	JN	--
18/03/2009	Bank of England Minutes	UK	--
18/03/2009	Jobless Claims Change	UK	--
18/03/2009	ILO Unemployment Rate (3m	UK	--
18/03/2009	Construction Output SA MoM	EC	--
23/03/2009	Existing Home Sales MoM	US	--
24/03/2009	PMI Manufacturing	GE	--
24/03/2009	PMI Services	GE	--
24/03/2009	ECB Euro-Zone Current Accc	EC	--
24/03/2009	PMI Manufacturing	EC	--
24/03/2009	PMI Services	EC	--
24/03/2009	CPI (MoM)	UK	--
24/03/2009	RPI (MoM)	UK	--
24/03/2009	Industrial New Orders SA Mo	EC	--
24/03/2009	House Price Index MoM	US	--
24/03/2009	Richmond Fed Manufact. Indi	US	--
24/03/2009	ABC Consumer Confidence	US	--
25/03/2009	Import Price Index (MoM)	GE	--
25/03/2009	IFO - Business Climate	GE	--
25/03/2009	MBA Mortgage Applications	US	--
25/03/2009	Durable Goods Orders	US	--
25/03/2009	New Home Sales MoM	US	--

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