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IRISH PAPERS TODAY

Rothwell-Moonduster seek more time for ICG bid
(The Irish Times)

Government to raise additional funds with bond issue
(The Irish Times)

'Toxic debt firm' plan to take over bank loans
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Fed move to buy Treasuries stuns investors
(Financial Times)

Europe's bank crackdown
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-1.7%	-27.3%
BP	0.5%	-12.7%
CRH	2.5%	-2.1%
E.ON	1.8%	-31.9%
HPQ	-2.6%	-20.1%
IL&P	-1.6%	-49.0%
INM *	-5.0%	-53.9%
J&J	-0.1%	-15.3%
JPMorgan	7.8%	-14.0%
Microsoft	0.4%	-12.8%
Paddy Power	1.7%	-6.9%
Vodafone	-0.1%	-11.9%

* We are currently Neutral on IN&M

Market View

Analyst : Stephen Taylor

European equity markets are mixed this morning despite the strong finish in the US last night. The move in US trading was on the back of the Federal Reserve's (the Fed) announcement that it was going to engage in quantitative easing. While we expected that the Fed would implement such a policy by the end of the first half of this year, we were surprised that it came so early. The Fed plans to purchase up to \$300bn of longer-term Treasury securities over the next six months in order to bring longer term interest rates lower. The move is already having the desired effect with the yield on the 10-year falling by 0.42% to 2.53%. In addition to the purchase of Treasuries, the Fed is also planning to purchase a further \$750bn billion of agency mortgage backed securities, bringing its total purchases of these securities to \$1.25 trillion, while the Fed will also purchase an additional \$100 billion in agency debt bringing its total to \$200bn. We view such moves by the Fed as a positive as it should bring some liquidity back to the mortgage market and lower the 30-year mortgage rate which currently stands at 5.15%. Despite these positive steps we still remain cautious on markets following their strong run and now approach key resistance levels. While equity markets will discount a recovery in economic activity long before it happens, economic data in the short to medium term is likely to remain subdued given rising unemployment rates. The key focus today will again be in the US with weekly jobless figures due, while the Philly Fed manufacturing index will also be closely watched.

Prudential:

Current Price (275p)

Analyst : Oliver Gilvarry

Prudential released full year results this morning that were ahead of expectations. Operating profit based European Embedded Value (EEV) increased by 17% to £2.96bn beating consensus estimates of £2.65bn. The main driver of growth was new business in Asia, increasing by 15% compared to an expected increase of 6%. New business profit increased 3% in the US and fell by 1% in the UK in a difficult market. The capital position of the group remains strong with IGD capital surplus at £1.7bn at the end of the year compared to £1.9bn at the end of 2007. The capital position was improved by an innovative transaction releasing £300m of capital from the UK With-Profits Fund and a further £1.4bn of capital can be released from this source. IGD surplus will be further strengthened during 2009 by the release of £800m of capital due to the transfer of an agency back book in Taiwan.

Prudential's Embedded Value (EV) is now £5.99 and NAV is £2.03, both higher than consensus at £5.10 and £1.36 respectively. The group has increased the dividend by 5% to 18.9p per share and this is covered 2.24x by post-tax operating profit from continuing operations.

Released with the results this morning was the announcement that the CEO of Prudential, Mark Tucker, is stepping down from the 30th of September and will be replaced by the current CFO, Tidjane Thiam. Thiam joined the group in May 2008 from Aviva, where he worked in different roles for 6-years prior to joining Prudential. Tucker stated he was leaving as he has delivered on what he intended and the time was right to hand over to a successor.

The results are better than expected and many of the issues that faced Aviva don't apply to Prudential. The strong capital position, the potential to increase it further and diversity of markets puts Prudential in a strong position going forward. The handover of chief executive seems to be planned and an internal candidate is the replacement reducing the uncertainty over the appointment.

Microsoft : Buy **Current Price (\$16.80)** **Price target (\$24.00)** **Analyst : Stephen Taylor**

Last night, Oracle reported third quarter profits that beat expectations and announced it is to pay its first quarterly dividend. The group reported EPS that increased by 16% to \$0.35 versus consensus of \$0.32. Oracle said it will pay a quarterly dividend of \$0.05 which on a yearly basis equates to \$0.20, representing a yield of c. 1.3%. The dividend announcement indicates the confidence that the company has despite the current economic downturn. The group said it expects to report fourth quarter EPS in the range of \$0.42 - \$0.46 versus analyst estimates of \$0.45. Revenue is expected to fall by 10% -14%. Shares in Oracle were up 7% after hours. Oracle's results should be taken as a positive read across for the software sector as a whole. Microsoft remains our top pick. While the stock has underperformed we believe that it offers compelling long-term value at 10x forward earnings and providing a dividend yield of c. 3%. A major catalyst for Microsoft will be the introduction of its new Windows 7 product at the beginning of next year.

Ryanair : Buy **Current Price (€2.89)** **Price target (€3.65)** **Analyst : David Dunk**

Ahead of its AGM at 13:30 today, Thomas Cook has released a trading update. Despite the distorting impact of a later Easter, bookings have improved significantly over the last four weeks, particularly in its Continental and Northern European markets. Average selling prices are up year on year and load factors on departed flights remain at least at last year's levels. With respect to Summer 2009, cumulative bookings remain behind the previous year, but they have begun to strengthen over recent weeks. Overall, the group's business performance has strengthened since its IMS on February 12th and it is confident of meeting the boards expectations for the year.



Rights issues : CRH & British Land

Analyst : Stephen Taylor

CRH has announced that it received acceptances totalling 94.4% for its recent rights issue. Buy rating maintained.

British Land has announced that it received acceptances totalling 96.6% of its recent rights issue. Neutral rating maintained.

German Bonds

Buy



DOLMEN STOCKBROKERS

Date: **19/03/09**

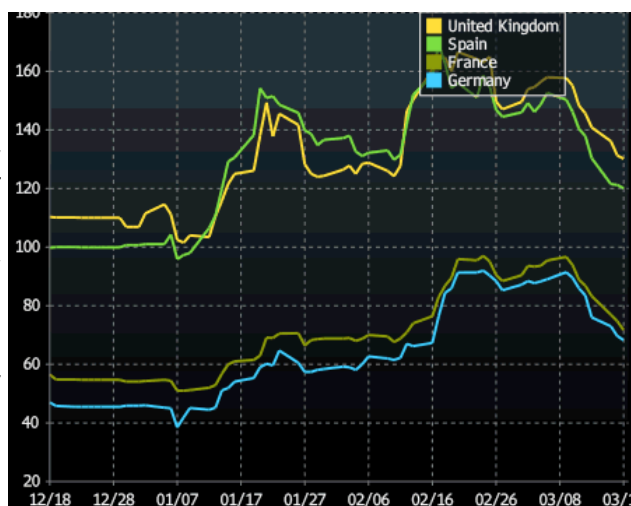
Analyst: **Oliver Gilvarry**

- Debt issued by the German Government is arguably the most secure in the world at the present time, and is likely to remain so throughout the current crisis. While Germany's banks have not been immune to the troubles of the broader financial sector, they have fared relatively well. In addition, the German consumer has been saving in recent years, and as such is better placed than their European counterparts.
- The German economy is facing significant headwinds over the next two years. German economic growth is dependent on exports and 50% of GDP comes from the export sector. The lack of demand in the world economy for the type of capital goods Germany specialises in is affecting the growth outlook for the German economy. In the latest GDP figures from Germany at the end of February exports fell by 7.3% q/q helping to push Q4 GDP down by 2.1%. The outlook for the year for GDP to fall by 3% as global economic conditions will not improve until 2010. With the German consumer continuing to save a high proportion of its disposable income, growth in German GDP will not come from this sector and recovery will only occur once global economic conditions improve.
- Due to the slowdown in the economy a fiscal stimulus package was announced by the government of 3.1% of GDP. The package includes infrastructure spending, tax cuts and business bail outs. The government deficit will increase close to the 3% Euro-Zone ceiling in 2009 and over 4% in 2010 according to the German finance minister. With the Euro-Zone average of current account deficits hitting 6.5% in 2009 when countries such as Ireland, Greece, Portugal and Spain are excluded, Germany is in a strong fiscal position compared to others.
- While the fiscal position of Germany is better than many of its Euro-Zone members, concerns have been raised over the single currency project and if Germany will be forced to bailout weaker members. Highlighting this, the Credit Default Swaps (CDS) for German debt has risen significantly since January to 67bps. In the event of stresses in the Euro-Zone requiring a bailout of a member, we believe co-ordinated action would be undertaken led by the ECB. Germany would not be required to shoulder the burden of a bailout on its own.
- With investors demanding safe havens for their funds and fewer and fewer countries providing such a haven, German debt will remain in demand. The yields on German debt will fall further from current levels over the course of the year as the ECB cut rates further and the potential they could follow the UK and US and begin purchasing government bonds or other assets in a form of Quantitative Easing.

German Bonds			
Maturity	Price	Coupon	YTM*
24/02/2010	99.4	0.00%	0.64%
10/12/2010	101.7	2.25%	1.25%
04/01/2012	109.2	5.00%	1.59%
04/01/2013	108.9	4.50%	2.04%
04/01/2014	109.1	4.25%	2.23%
04/01/2015	106.8	3.75%	2.47%
04/01/2017	106.2	3.75%	2.85%
04/01/2019	106.0	3.75%	3.03%
04/01/2024	127.2	6.25%	3.81%
04/01/2030	128.0	6.25%	4.20%
04/07/2040	114.9	4.75%	3.92%

*YTM is the yield to maturity. This is the yield YTM takes into account the current coupon income, plus the capital gain or loss from holding the bond to maturity.

EU Sovereign 5 Year CDS spreads





International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,110	-0.5%	-9.4%
FTSE	3,805	-1.5%	-13.7%
Dow Jones	7,487	1.2%	-14.7%
S&P	794	2.1%	-12.1%
Nikkei	7,946	0.0%	-10.3%
Stoxx 50	2,019	-0.7%	-16.3%

Sector Performances

Sector	Index	1-Day	YTD
Construction	172	-0.6%	-14.5%
Technology	148	-1.1%	-2.9%
Oil & Gas	249	-0.6%	-6.4%
Financials	117	0.6%	-19.6%
Retail	181	0.2%	-0.5%
Food & Drink	202	-1.1%	-13.5%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	48.1	3.8%	-3.1%
Copper	171.7	-1.3%	24.7%
Gold	942.0	-0.8%	5.6%
Silver	11.9	-1.7%	12.5%
Wheat	530.0	1.5%	-12.8%
Cattle	81.4	-0.2%	-4.8%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.347	0.4%	3.7%
€/£	0.945	0.5%	1.1%
£/\$	1.427	-0.2%	2.5%
\$/JPY	96.23	0.4%	-5.2%
€/JPY	129.68	0.8%	-1.7%
€/SFR	1.538	0.1%	-2.7%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	188.5	-6.3%	7.7%
High Yield	1,132.5	3.1%	9.7%
Financials	185.9	1.5%	50.6%
BoI	629.6	-1.7%	163.8%
AIB	621.3	-1.5%	197.9%
RBS	210.2	-3.2%	52.8%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.9%	0.4%	0.3%
3-Month	1.6%	1.8%	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
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
25/03/2009	Imperial Tobacco Group	TRADE	GB
25/03/2009	Smiths Group PLC	INTERIM	GB
25/03/2009	J Sainsbury PLC	Q4 TRAD	GB
25/03/2009	Legal and General Group	PRELIM	GB

Date	Event	Region	Estimate
19/03/2009	PPI (YOY)	IE	--
19/03/2009	Public Sector Net Borrowing	UK	8.3B
19/03/2009	M4 Money Supply (MoM)	UK	1.40%
19/03/2009	U.K. CBI March Industrial Tre	UK	--
19/03/2009	Initial Jobless Claims	US	650K
19/03/2009	Leading Indicators	US	-0.60%
19/03/2009	Philadelphia Fed.	US	-39
20/03/2009	Retail Sales(Volume) (MoM)	IE	--
20/03/2009	Producer Prices (MoM)	GE	-0.20%
20/03/2009	Euro-Zone Trade Balance	EC	-9.0B
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. Ind	US	--
24/03/2009	ABC Consumer Confidence	US	--

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