



We expect the volatility in equity markets to continue this week as concerns around sovereign debt risk in particular Greece persist. **For investors looking to hedge their portfolios we recommend an index short rather than individual equities.** We do however **believe we are within 2-3% of the end of the market correction** and therefore continue to advocate buying the large cap international companies that we like on weakness. While the market is clearly focussed on the negative news-flow at moment, there are a number of positives. Earnings have been relatively strong with clear strength in the consumer, points that were made by Microsoft, Nokia and Procter & Gamble. Friday's fourth quarter GDP data also clearly showed that the US economy is on the road to recovery. On the currency front we continue to believe that we will see further € weakness as concerns around Greece are unlikely to go away in the short-term. We see the potential for a **further pull back in oil close to the \$72 a barrel mark and would recommend using the weakness to revisit long positions.** The main focus next week will be on unemployment data out of the US on Friday and the market will need to see a positive figure to see some support for equities. In Europe, both the ECB and Bank of England are due to meet on Thursday and we expect both central banks to leave interest rates on hold and maintain a favourable monetary policy stance.

## TRADING IDEAS, EARNINGS & PREVIEWS

### Mining Sector Update

Miners have retraced back to levels where we would be comfortable initiating new longs. The recent weakness has been created by concerns over Chinese monetary tightening and instability in the global economy. We remain positive on the sector citing the continued strength of the economic data coming out of China as well as last Friday's US GDP data which was well ahead of consensus. This week sees the Australian Central Bank set its benchmark with policy makers expected to raise rates by 25 basis points. The result will be a stronger AUD which has positive connotations for resource based stocks. We continue to **prefer diversified miners** with strong balance sheets like **Rio Tinto** and **BHP Billiton**.

### Tullow Oil

Price : 1255p  
P/E : N/A  
Div : 0.5%  
Target : 1450p  
Buy

Last week's private placing has provided investors with an excellent opportunity to buy Tullow Oil. In what was deemed a successful placing, the UK listed issued 80.4mln new shares raising a total of £925mln. The new funds are intended to finance the purchase of one its partner's licences in Uganda while also leaving the company free to pursue its aggressive 2010 exploration schedule. Management also reiterated their focus on this area of business allaying some concerns we had with regards the future strategy of the company. The Ugandan Government is due to announce its decision on whether Tullow Oil will be allowed to pursue the purchase this week This will act as a suitable catalyst for the stock this week.

### Ryanair

Price : €3.35  
P/E : 15x  
Div : 0.0%  
Target : €4.00  
Buy

Ryanair reported Q3 results this morning and it posted a Q3 net loss of €11m. This is compared with a net loss of €102m for the same period last year and is considerably better than market expectations of €40m. This can be primarily attributed to stronger than expected average fares. The airline's average fare fell by 12.5% year on year to €29.5, less than market estimates for an 18%-20% decline. Ryanair continues to benefit from capacity exiting the market as competitors retrench or consolidate, in addition to route rationalisation. This is a process where the airline replaces non-performing routes with more profitable alternatives. Ancillary revenues also proved more resilient than forecasts, falling just 7.5% on a per passenger basis, which is compared with market estimates for a decline of c.10%. In terms of outlook, Ryanair has indicated that although forward bookings are running ahead of last year's levels, it anticipates its average fare will decline by up to 10% over Q4. This compares with previous forecasts for a fall of up to 20%. As a result the company has increased its full year profit guidance to a net profit of €275m. This is up from the low €200mlns it had previously guided and compares with current market consensus forecasts of c.€250m. **We reiterate our Buy recommendation on the stock.**

### Microsoft

Price : \$28.18  
P/E : 15x  
Div : 1.9%  
Target : \$35.00  
Buy

Last week Microsoft posted a strong set of fiscal second quarter results that were well ahead of analyst expectations on both the top and bottom line. The group's recently released Windows 7 was the main driver of the positive results. Consumer demand for Windows 7 was extremely strong and the outlook for the group looks positive. While corporate spending has lagged, we expect it pick up in the second half of 2010. The next major catalyst for Microsoft will be the corporate PC upgrade cycle in the second half of the year. Microsoft is also due to release Office 2010 before the end of the first half of the year. Microsoft benefits from one of the strongest balance sheets in the world with c. \$30bn of net cash on its balance sheet. The group has also stepped up its share buyback program that should be further supportive of the stock. **Catalyst** for the stock this week is **up-grades** following the strong results last week.

### Aviva

Price : 389p  
P/E : 6.5x  
Div : 6.4%  
Target : 520p  
Buy

**Aviva** is releasing full year sales figures on Thursday morning. Market **consensus for sales is circa £31.1bn**, a decline of almost 13% yoy. We expect no surprises in this number and there are a number of positive catalysts coming forward for the stock. A recent AA report highlights that car insurance in the UK has increased at the fastest rate on record. Also one of Aviva's peers Zurich Financial Services has announced it will increase car premiums this year. The ability to increase premiums is a positive for the non-life insurance sectors in 2010. With the new business sale figures a catalyst for this week, we are **Buyers** of the stock ahead of Thursday.

### BP

Price : 587p  
P/E : 9x  
Div : 6.0%  
Target : 680p  
Buy

Along with Chevron, BP continues to remain one of our two preferred integrated oil companies. 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 under 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. **Optimum entry level : 585p**

**Vodafone** is due to issue its third quarter trading statement this Thursday. We expect the company to alleviate any fears surrounding mounting Capex expenditure and also point out further stabilisation in main markets in Europe. We are comfortable to remain long heading into results.

**GlaxoSmithKline** will report its Q4 earnings on Thursday. We expect the company to report **EPS of 31.5p** up from 26.7p a year ago as the company benefits from the increased demand for the Swine Flu vaccine over the period. The shares fell this week following a surprise miss in earnings by peer group AstraZeneca, however GSK's drug portfolio is less exposed to generic competition. Unlike AstraZeneca it has a better defined long-term strategy which includes expansion into emerging markets and joint ventures with generic competitors. We would use the recent weakness as a buying opportunity, particularly for portfolio clients.

**DCC** will release an Interim Management Statement (IMS) covering the first 4 months of the first half of its financial year. The statement will include the company's Christmas sales and an update on Sercom, its gaming distribution division. Recent weakness in the Euro against GBP is a positive for the stock, helping earnings this year. We expect a positive tone to the IMS on Tuesday and we are **Buyers** of the stock.

## Earnings Week Ahead

**Mon:** Ryanair(Q3), Gannett (Q4), Humana (Q4).  
**Tues:** Vinci(Q4),Munich Re(Prelim),DowChemical(Q4),UPS(Q4),BP(Q4),DRHorton(Q1), Emerson Electric(Q1),News Corp(Q2),Cummins(Q4),Marathon Oil(Q4).  
**Wed:** Scania(Q4),Roche(Final),Autonomy(Q4),S.Life(Q4),Cisco(Q2),Pfizer (Q4),ITT(Q4) Polo Ralph Lauren(Q3), National Oilwell Varco(Q4), Time Warner(Q4).  
**Thurs:**Danske Bank(Final),Deutsche Bank(Prelim),RD Shell(Q4),Santander(Q4),Aviva, Easyjet(Trade), Yell Group(Q3), Unilever(Final),GSK(Q4),Vodafone(Trade), Moody's(Q4),Kellogg(Q4),Allergan(Q4),Mastercard(Q4).  
**Fri:** BA(Traffic),BG Grp(Final),Tyson Foods(Q1),Bellway(Trade),Volvo(Q4).

## Economic Week Ahead

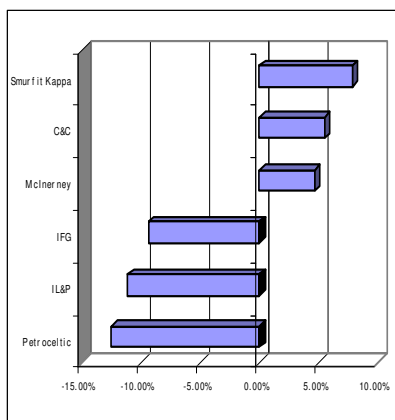
**Mon:** Ger&EU PMI Manuf(09:00),UK PMI, Consumer Credit&M4(09:30), US ISM(15:00), US Personal Income(13:30).  
**Tues:** UK PMI Const.(09:30), EU PPI(10:00), US Pending Home Sales(15:00).  
**Wed:** N'wide ConsConfid(00:01),Ger, EU & UK PMIs (09:00&09:30), EU Retail Sales(10:00), MBA M'gage Apps(12:00), US ADP Employ(13:15).  
**Thurs:**Ger Factory Orders(11:00), BoE & ECB Announces Rates(12:00 & 12:45), Initial Jobless Claims(13:30), US Factory Orders(15:00).  
**Fri:** UK PPI Input/Output (09:30),Ger Ind.Prod(11:00),US Cons.Credit(20:00), US Non Farm Payrolls(13:30).

## This Week's Earnings

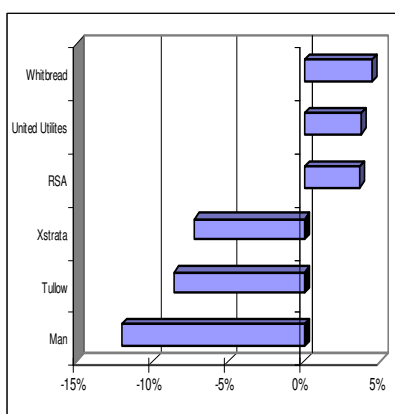
# DOLMEN STOCKBROKERS Traders Update

## Last Weeks Best/ Worst Performers

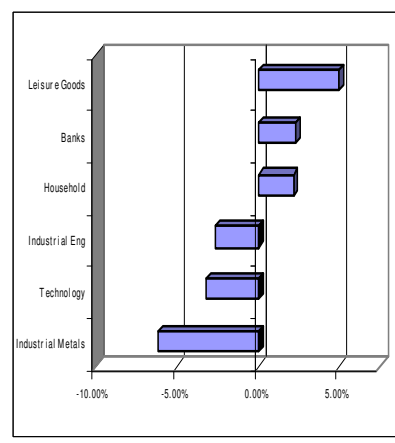
### ISEQ



### FTSE



### Sector changes WTD



## Dolmen Dozen

### WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	8.95%	Q1 performance in line with expectations
BP	0.53%	BP-TNK to boost 2010 investment to \$4bn
CRH	-6.75%	Q4 EBITDA expected to be weaker than Q3
DCC	0.92%	Announces acquisition of Brogan Holdings for €47.2m
E.ON	-6.60%	E.ON keeps German retail energy prices stable
Hewlett-Packard	-4.31%	CFO indicates seeing uptick in demand for printers
IL&P	4.64%	Ahead of EGM this Thursday
IN&M	-15.4%	Completes disposal of INM outdoor
J&J	-1.88%	Q3 results inline with expectations
JPMorgan	-6.02%	US financials gain on continued TARP repayment
Microsoft	-4.99%	Report blockbuster Q4 results
Vodafone	-5.85%	Q3 results show solid revenues

## What it says in the 'Sundays'

Company	Paper	Headline
UK Financials	Weekend FT	Bankers in favour of paying global tax
Aer Lingus	S. Business Post	Mueller says government is "strangling" Aer Lingus
Nama	S. Times	New delay in moving toxic loans
Irish Financials	S. Tribune	AIB's Sheehy comes clean on banking crisis
Irish Financials	S. Independent	Irish banks owed €6bn by shaky Greek economy

## Corporate Visits

### COMPANY

### PRESENTATION DATE

ICG 1st of December



## Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield
ISEQ	2976	-2.0%	-3.9%	1.8
FTSE	5189	-2.2%	-5.7%	3.6
DAX	5609	-1.5%	-7.3%	3.7
DOW	10067	-1.0%	-4.9%	2.7
S&P 500	1074	-1.7%	-2.9%	2.2
NASDAQ	2147	-2.6%	-7.0%	0.9
EUROTOXX 50	2479	-1.8%	-5.5%	3.7
NIKKEI	10198	-3.7%	-4.3%	1.5

Sector	Weekly move%	YTD move %
Technology	-0.90	4.53
Travel & Leisure	-0.14	2.46
Personal & Household Goods	-0.76	1.93
Retail	-0.26	1.67
Healthcare	-0.24	0.64
Food&Bev	-0.76	-0.38
Industrials	-0.58	-1.33
Media	-1.28	-3.16
Oil & Gas	-0.77	-3.56
Insurance	-0.46	-4.03
Utilities	0.63	-4.37
Construction & Materials	-0.64	-5.05
Telecom	-0.23	-5.47
Financial Services	-0.36	-5.81
Autos	-0.09	-6.13
Chemicals	-0.78	-6.90
Banks	-0.99	-7.30
Basic Resources	-0.97	-7.58

## Commodities

	Current	Change YTD
Crude	72.89	-8.2%
Gold	1080	-1.5%

## Exchange Rates

	Current	YTD Change	Year End (est)
eur usd	1.386	-3.3%	1.40
eur gbp	0.867	-2.2%	0.88
eurjpy	125.14	-6.1%	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%	0.67%	1.00%
UK	0.50%	0.62%	0.50%
US	0.00% - 0.25%	0.25%	0.0% - 0.25%



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