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### Market Movers

## IRISH PAPERS TODAY

Property crash not over, says Greencore CEO  
*(The Irish Times)*

Economic outlook now less gloomy, says Ulster Bank  
*(The Irish Times)*

Friends First reports €25m loss due to bad debt write-offs  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Sterling plunges and gilts rise as revolt shakes traders  
*(Financial Times)*

Bank minutes reveal King was out-voted on quantitative easing  
*(Financial Times)*

US readies plan to wind down 'clunkers'  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	1.5%	4.0%
BP	1.3%	-1.8%
CRH	1.7%	11.4%
DCC	1.2%	49.8%
E.ON	2.1%	0.1%
HPQ	-0.3%	20.8%
IL&P	-1.3%	137.5%
INM	-3.6%	-37.0%
J&J	1.0%	0.9%
JPMorgan	-0.7%	31.3%
Microsoft	0.3%	21.7%
Vodafone	0.5%	-7.0%

## Market View

**Analyst : Edward Keeling**

European equities have opened higher this morning, tracking Wall Street and Asia's gains overnight. The Shanghai index gained 3.5% overnight as investors welcomed the Chinese state's decision to approve several mutual funds this week. This has been interpreted as support to the stock market which is down over 20% in the last two weeks. It is worth noting that Chinese equities performance has been a leading indicator of developed markets performance over the last six months. As a result concerns have risen that Western markets are set to follow suit with an aggressive move lower. This does not alter our strategy of using pullbacks to build long term positions in stocks we like. In our view the current environment is one of winners and losers. We don't believe the rising tide will raise all boats as such and we are placing a lot of emphasis on individual stock selection. In the US, markets reacted very favourably to data which showed a surprising drop in Crude stockpiles. Oil rose nearly 5% to \$72.42 a barrel as a weekly report showed the biggest drop in oil inventories since May. Looking ahead to today's session, the release of the US July leading economic indicators, weekly jobless claims and Philly Fed manufacturing data will be in focus with investors looking for clues on the outlook for the worlds largest economy.

**Lloyds** : Reverses C&G decision **Current Price** (102p) **Analyst** : Oliver Gilvarry

Lloyds Banking Group (LBG) has announced it is reversing its decision to close its Cheltenham & Gloucester branch network. It made the original decision in June to close the 164 branch network with the loss of 883 jobs by November. No comment has been made by LBG on the reversal of the decision, but the decision is believed to be related to the group's recent application to the European Commission for state aid approval. In the scenario where the group is obliged to carve out parts of its business on competition grounds, sale of the Cheltenham & Gloucester network could be part of this process. The purchase of the network by a new entrant party would help competition and would enable the purchaser to bolt on other acquisitions such as mortgage books. If the move is related to the European Commission application, it is a negative that the sale of the network could increase competition, but this will be out-weighed if the group is not forced to sell another more attractive part of its business.

**CRH** : Buy **Current Price** (€18.30) **Price target** (€19) **Analyst** : Stephen Taylor

Swiss peer of CRH, Holcim, has reported interim results this morning. The group posted a 35% decline in net profit to CHF453m beating expectations of CHF435m. Holcim pointed out that there had been no sign of an economic turnaround over the period and noted that markets such as the US, UK, Spain and Europe are expected to remain challenging, however Asia and India are likely to continue to show growth. Similar to CRH in light of the economic downturn the company has continued to focus on cost savings initiatives and announced that a 60% increase in this target to CHF600m. Financially Holcim is in a stronger position than some of its peers and in June purchased Cemex Australia for \$1.6bn. The company has been left in a strong position since its CHF2.1bn increase in capital to finance the Australian acquisition and also to further investments in China. Overall Holcim remained cautious about CRH's key markets in Europe and the US. CRH is due to report interim results next Tuesday.

**Kingspan** : Neutral **Current Price** (€5.18) **Price target** (€3.60) **Analyst** : Stephen Taylor

UK peer of Kingspan SIG has reported interim results this morning. The group reported a net loss of £7.2m compared to a profit of £39.4m last year. Revenue declined to £1.35bn from £1.44bn last year. The group has closed 141 branches and cut 2,557 jobs. The group did not propose an interim dividend and indicated that it sees demand 'potentially' eroding further. We take this comment as a negative read across for Kingspan ahead of its earnings next Monday.

**Rio Tinto** : Buy **Current Price** (2356p) **Price target** (2800p) **Analyst** : Stephen Taylor

Rio Tinto reported half yearly earnings this morning, following on from its production results last month. Underlying EBITDA was \$6.1bn, 47% below the EBITDA achieved in the first half of 2008. Underlying earnings of \$2.6bn were slightly behind market expectations of \$2.67bn. Rio Tinto significantly reduced its debt over the period, from \$39.1bn, to \$24.3bn. The group reported operating costs savings of \$0.8bn in the first half of the current year, and remains on-target to achieve \$2.5bn in 2010. Net capital expenditure over the quarter was \$2.8bn, down 22% on the first half of 2008, with the full year capital expenditure expected at \$5bn. The company has announced \$3.7bn of divestments so far in 2009, with a potential further \$2.025bn for the sale of the Rio Alcan packaging business. Rio Tinto will not pay an interim dividend, but may pay a final dividend for the current year, and intends to resume its progressive dividend policy in 2010. Management are cautious on the near term direction of metal prices. This is in-line with our view of a pullback in metal prices in the short term, as Chinese restocking comes to a close. We see any resulting weakness in Rio Tinto's share price as an opportunity to initiate new long positions as the long term fundamentals for the sector appear attractive.

# United Drug

## Buy

Current Price : €2.00

Price Target : €2.65



**DOLMEN STOCKBROKERS**

Analyst: **David Dunk**

- United Drug recently issued an interim management statement for the 3 months ending 31st July 2009. Trading in the quarter was in-line with expectations. The weakening in sterling in the current year will negatively impact the earnings originating from the UK. About 45% of profits for the first 9 months of the year were denominated in sterling, and Sterling declined 16% against the Euro over this period.

- The performance of individual divisions continues to vary. In the Healthcare Supply Chain Division, the wholesale, pharmaceutical pre-wholesale, and specials business performed robustly with revenues that were ahead of or in-line with the previous year, on a constant currency basis. The consumer products division continues to be negatively impacted by lower consumer spending, with revenues behind last year's levels. Similarly the Medical & Scientific business, is also performing behind previous year levels as a result of lower capital spending levels by hospitals.

- The Packaging & Specialty division has seen a pickup in activity levels in the US for the most recent quarter. European trading has remained steady although. In the UK, volumes have declined, as a result of a reduction in orders from a major client, as expected. The Contract Sales & Marketing Services division had a strong performance over the quarter. The business continued to gain new contracts, as the trend of outsourcing among its clients continued.

- On outlook, the company remains positive on the core fundamentals, although does expect negative headwinds in the near term as a result of economic weakness. The company continues to seek opportunities for international acquisitions. Management currently expect to deliver pre-tax profits for the full year, at least in-line with previous year, on a constant currency basis. Given the decline in Sterling against the Euro over the year, management expects to report earnings below those of the previous year.

- United Drug also recently announced, that it has entered into a joint venture with Medco Health Solutions. The new joint venture will operate in the UK, providing home based pharmacy care services in the United Kingdom, for patients covered by the NHS. The new service will provide patients with services ranging from prescription drug dispensing and home delivery, to on-site nursing, and case management capabilities.

- The group is scheduled to release a trading update for the year ending 30th September 2009, on October 7th, with full year results on the 18th November. The ongoing disruptions to pharmacy services in Ireland will not materially affect United Drug's operations in our view. We have updated our price target to reflect lower consumer, and hospital capital spending, as well as changes in currency exchange rates between the Euro and Sterling. We continue to rate United Drug a buy, but have amended our price target to €2.65. This would put United Drug trading on an equivalent current year EV/EBITDA level to its peers. Based on our expected EPS of €0.24, our price target represents a P/e of 11x, a discount to its peers current trading levels.

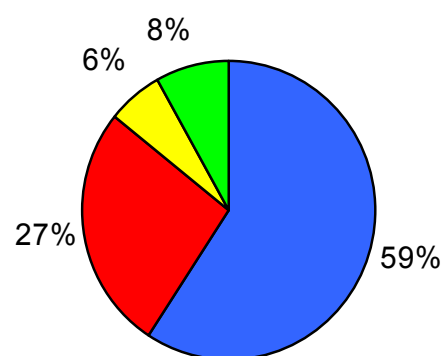
### Company Data

Descriptive Stats		Shareholders	
Year to date	-8% BOA		7.5%
52 Week High	€4.01	Fidelity	7.2%
52 Week Low	€1.26	M&G	4.4%
Bloomberg	UDG ID	Columbia W.	3.5%

	09/07	09/08	09/09
Revenue (€m)	1,584	1,684	1,704
Operating Profit	57	66	64
EPS (€)	0.210	0.26	0.24
DPS	0.07	0.08	0.08
Div Yield	3.5%	4.0%	4.0%

### Revenues by Division 2008



- Pharma Wholesale
- Supply Chain Services
- Medical & Scientific
- Contract Sales & Marketing



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,876	0.4%	23.8%
FTSE	4,690	0.1%	6.7%
Dow Jones	9,218	0.9%	5.7%
S&P	990	1.0%	10.3%
Nikkei	10,204	-0.8%	17.2%
Stoxx 50	2,623	-0.3%	8.5%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	239	-0.3%	2.1%
Technology	172	-1.4%	4.5%
Oil & Gas	292	0.1%	3.1%
Financials	217	-1.1%	2.7%
Retail	222	-0.7%	1.8%
Food & Drink	255	0.4%	4.4%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	72.4	4.7%	28.8%
Copper	151.2	-0.1%	93.6%
Gold	843.0	0.4%	7.0%
Silver	11.1	-0.6%	23.8%
Wheat	613.3	-1.0%	-26.9%
Cattle	85.8	-0.2%	-0.7%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.422	0.6%	-1.8%
€/£	0.861	0.8%	11.2%
£/\$	1.653	-0.2%	-11.7%
\$/JPY	94.090	-0.6%	-3.9%
€/JPY	133.789	0.0%	-5.6%
€/SFR	1.516	-0.3%	-1.6%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	113.6	2.1%	-35.4%
High Yield	151.2	1.5%	-32.8%
Financials	843.0	3.0%	-18.3%
BoI	11.1	-16.0%	17.8%
AIB	613.3	-4.7%	49.4%
RBS	85.8	2.2%	1.2%

## Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.2%
3-Month	0.9%	0.8%	0.4%
1-Year	1.3%	1.0%	0.7%
2-Year	1.8%	2.0%	1.4%
5-Year	2.8%	3.5%	2.8%
10-Year	3.5%	4.1%	3.7%

Date	Company	Region	Event
20/08/2009	Ormonde Mining	IE	∅/HOLDERS
20/08/2009	Holcim	CH	H1
20/08/2009	Swatch	CH	H1
20/08/2009	Rio Tinto	GB	INTERIM
20/08/2009	SIG	GB	INTERIM
20/08/2009	H.J. Heinz	US	Q1
20/08/2009	Aeropostale	US	Q2
20/08/2009	Foot Locker	US	Q2
20/08/2009	Gamestop	US	Q2
20/08/2009	Gap	US	Q2
20/08/2009	Sears	US	Q2
21/08/2009	Rightmove Group	GB	INTERIM
21/08/2009	T Clarke	GB	INTERIM
24/08/2009	Kingspan	IE	INTERIM
24/08/2009	Bovis Homes	GB	INTERIM
25/08/2009	CRH	IE	INTERIM
25/08/2009	Kerry Group	IE	INTERIM
25/08/2009	Burger King	US	Q2
25/08/2009	Persimmon	GB	INTERIM
26/08/2009	Aminex Plc	IE	EGM
26/08/2009	FBD	IE	INTERIM
26/08/2009	Glanbia	IE	INTERIM

Date	Event	Region	Estimate
19/08/2009	MBA Mortgage Applications	US	--
20/08/2009	Retail Sales (MoM)	UK	£0.5bn
20/08/2009	Public Sector Net Borrowing	UK	--
20/08/2009	M4 Money Supply (MoM)	UK	--
20/08/2009	Initial Jobless Claims	US	550,000
20/08/2009	Leading Indicators	US	0.60%
20/08/2009	Philadelphia Fed.	US	-2
21/08/2009	PMI Manufacturing	EC	47.5
21/08/2009	PMI Services	EC	46.5
21/08/2009	Existing Home Sales MoM	US	5.0m
24/08/2009	Industrial New Orders SA (M	EC	--
25/08/2009	GDP s.a. (QOQ)	GE	--
25/08/2009	Private Consumption	GE	--
25/08/2009	Capital Investment	GE	--
25/08/2009	BBA Loans for House Purchase	UK	--
25/08/2009	S&P/CS Composite-20 YoY	US	--
25/08/2009	Consumer Confidence	US	--
25/08/2009	Richmond Fed Manufact. Ind	US	--
26/08/2009	IFO - Business Climate	GE	--
26/08/2009	MBA Mortgage Applications	GE	--
26/08/2009	Durable Goods Orders	US	--
26/08/2009	Durables Ex Transportation	US	--

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