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### Market Movers

## IRISH PAPERS TODAY

AIB needs to raise extra €1.5bn after Government stress test  
*(The Irish Times)*

Trichet says ECB rates could reduce further to 1%  
*(The Irish Times)*

ECB row over rates fuels uncertainty as output falls  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

M&A springs back to life  
*(Financial Times)*

Allied Irish to raise capital  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-1.2%	-11.7%
BP	-0.6%	-15.4%
CRH	-7.0%	0.9%
E.ON	-5.7%	-21.3%
HPQ	-4.5%	-4.4%
IL&P	-8.7%	31.3%
INM *	27.4%	-44.2%
J&J	-1.1%	-12.3%
JPMorgan	-10.7%	-5.8%
Microsoft	-3.1%	-4.3%
Vodafone	-1.7%	-7.5%

\* We are currently Neutral on IN&M

## Market View

**Analyst : Stephen Taylor**

European equity markets are slightly higher this morning following yesterday's sharp sell off across the board. While Bank of America's results at first appeared better than expected, a deeper look into the numbers showed a significant deterioration in credit quality with the bank having to set aside a further \$13.4bn in credit losses, up from the fourth quarter's figure of \$8.5bn. Last week, Citigroup reported a \$10bn increase in credit losses, up 76% on the same period last year. Investment bank earnings have to date all appeared better than expected on the headline figures. However the quality of the earnings have not been good. The majority of gains have been due to higher proprietary trading revenue's while the underlying businesses continue to struggle. Unemployment data is often viewed as a lagging indicator, as unemployment rates increase globally in the coming quarters so will credit losses of financials. Overall we continue to remain cautious on markets and recommend selling on strength and locking in profits made over the last month. As for today's trading, US corporate earnings will again be the key focus with results from Caterpillar, Coca-Cola and Du Pont all due. Caterpillar's results will be particularly important given its global presence in the construction and manufacturing sectors, two of the most affected sectors in the global downturn.

### UK Budget: Kick starting the securitisation market

**Analyst : Oliver Gilvarry**

The UK budget is due tomorrow afternoon with the market expecting announcements on the level of borrowing for the next fiscal year and details of a new plan to kick-start the UK securitisation market. The Chancellor of the Exchequer is expected to announce the UK will have a government deficit of £150bn for this fiscal year and will need to issue £180bn (12% of GDP) of government bonds. This level of issuance is required due to the slowdown in economic activity and the money needed to bail-out UK banks.

Another measure is expected to be announced to kick-start the UK securitisation market. The government will introduce guarantees for mortgaged backed bonds allowing buyers of the bonds to off-load securities at no loss. The guarantee will be for £50bn of securities with the Treasury underwriting put options on new mortgage backed securities. This will protect investors in case house prices fall further, attracting investors who normally only invest in UK government bonds. The aim of the program is to open up securitisation markets again for UK banks that have been closed since 2007 and prior to that funded a third of the mortgage market in the UK. It is expected banks will be slow to use the scheme as the Credit Guarantee Scheme is still in place providing £250bn in guarantees for banks in return for mortgage lending, but it will be another tool for the UK government to try and wean UK banks away from government funding.

### Tesco : Buy      Current Price (348p)      Price target (400p)      Analyst : Stephen Taylor

This morning Tesco reported a strong set of full year results for the period ending 28/02/09. Total group profit increased by 8.8% to £3.13bn beating analyst expectations of £3.07bn. Revenue rose by 13% to £54.3bn also beating analyst expectations of £53bn. The group also raised its final year dividend to 8.39p from 7.70p, bringing its total dividend for the year to 11.96p, up 9.7% from a year ago. The strong increase in the group's dividend indicates the confidence that the company has in its business going forward. In the first 6-weeks of its new financial year, UK same-store-sales ex. fuel increased by 3.4% from a year earlier. Total group sales were up 9.2%, and up 12% ex. fuel. International growth continues to be a key focus for Tesco with International sales growing by 13.6% on a constant currency basis. Tesco's results provide us with confidence that it can continue to outperform. We reiterate our buy rating on Tesco and will be publishing a detailed note on the company tomorrow.

### Kerry : Buy      Current Price (€15.09)      Price target (€19.90)      Analyst : Oliver Gilvarry

Associated British Foods (ABF) has released its interim results for the 6 months ending the 28<sup>th</sup> February. Revenue for the group rose 18% over the period, to £4,374m. Adjusted profit before tax declined 2% to £275m. ABF recorded an EPS of 25.2p per share after adjusting for exceptional items. However, after taking into account once off losses relating to the closure of two US businesses, EPS declined 31% to 17.6p over the period. Operating profit declined 7% to £260m, with profit before tax declining 33% to £178m. On a divisional basis, Sugar performed well, as did the Ingredients and Agriculture business, which absorbed major cost increases. The Grocery division performed poorly, in particular consumer oils were impacted by market hedges of oil, at significantly greater prices. Primark performed well despite the difficult trading environment, increasing both sales and profit. ABF's business of supplying the foodservice sector, found trading difficult, due to a large number of its customers struggling in the current economic environment. The strong performance from the Ingredients and Agriculture business has a positive read through for Kerry's ingredients division. Kerry remains our preferred pick in the sector.



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**Vodafone : Buy**    **Current Price** (129p)    **Price target** (150p)    **Analyst** : Stephen Taylor

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LG Electronics, the world's third largest mobile phone maker has posted a first quarter net loss of 198bn won, down from a profit of 422bn won a year earlier. It had a 25% fall in quarterly operating profit which was slightly better than expected thanks to resilient handset margins and some improvements in its flat screen TV business. First quarter profit at the mobile-phone division fell 41% to 262bn won and accounted for 75% of LG's total operating profit. Going forward the group expects to increase total sales by more than 10% in the second quarter as an improving reputation and price competitiveness from the weaker won are helping the South Korean company expand market share in mobile phones and LCD TVs.

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**IN&M : Buy**    **Current Price** (22c)    **Price target** (45c)    **Analyst** : Stephen Taylor

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Independent News & Media (INM) has delayed the release of its full year results until April 30<sup>th</sup>, 6 days later than previously scheduled. This is the second time that the group has delayed the release of its results. We rate INM as a high risk speculative buy ahead of results and as we await an update in relation to the group's €200m bond refinancing that is due in May.

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### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,378	-2.9%	1.1%
FTSE	3,991	-2.5%	-9.8%
Dow Jones	7,842	-3.6%	-10.7%
S&P	832	-4.3%	-7.8%
Nikkei	8,711	-2.4%	-1.7%
Stoxx 50	2,249	-3.9%	-7.8%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	200	-5.3%	-1.5%
Technology	169	-2.9%	10.7%
Oil & Gas	255	-2.9%	-3.9%
Financials	154	-5.5%	1.1%
Retail	193	-2.4%	7.2%
Food & Drink	213	-1.0%	-7.0%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	45.9	-8.8%	-12.5%
Copper	210.5	-4.2%	42.4%
Gold	884.5	1.8%	1.0%
Silver	12.1	2.7%	7.4%
Wheat	516.3	-3.5%	-17.5%
Cattle	82.6	-2.2%	-3.5%

### Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.292	-0.9%	7.9%
€/£	0.889	0.8%	7.4%
£/\$	1.454	-1.7%	0.5%
\$/JPY	97.89	-1.3%	-7.4%
€/JPY	126.51	-2.2%	-0.1%
€/SFR	1.511	-0.6%	-1.2%

### 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	176.5	-6.3%	0.3%
High Yield	1,027.5	2.8%	2.2%
Financials	154.2	3.7%	32.3%
BoI	423.3	-1.1%	77.2%
AIB	446.8	4.3%	133.0%
RBS	191.2	3.8%	40.4%

### Money Market Rates

Rate	EUR	UK	US
Overnight	1.0%	0.4%	0.2%
3-Month	1.4%	1.5%	1.1%
1-Year	1.7%	1.6%	1.2%
2-Year	1.9%	2.2%	1.5%
5-Year	2.8%	3.2%	2.4%
10-Year	3.4%	3.7%	3.0%

Date	Company	Region	Event
21/04/2009	Morgan Stanlet	US	Q1
21/04/2009	Associated British Food	GB	INTERIM
21/04/2009	Tesco PLC	GB	PRELIM
21/04/2009	Deutsche Post AG	DE	AGM
21/04/2009	AK Steel Hldng Corp	US	Q1
21/04/2009	Bank of New York Mello	US	Q1
21/04/2009	M&T Bank Corporation	US	Q1
21/04/2009	Merck & Co., Inc.	US	Q1
21/04/2009	Northern Trust	US	Q1
21/04/2009	State Street Corporator	US	Q1
21/04/2009	Caterpillar	US	Q1
21/04/2009	Advanced Micro Device:	US	Q1
21/04/2009	The Coca-Cola Co.	US	Q1
21/04/2009	The New York Times Co	US	Q1
21/04/2009	U.S. Bancorp	US	Q1
21/04/2009	United Tech.	US	Q1
21/04/2009	UnitedHealth Group Inc.	US	Q1
21/04/2009	Yahoo, Inc.	US	Q1
21/04/2009	Forest Laboratories, Inc	US	Q4
22/04/2009	Elan	IE	Q1
30/04/2009	Independent News & M	IE	FY

Date	Event	Region	Estimate
21/04/2009	Producer Prices (MoM)	GE	-0.20%
21/04/2009	CPI (MoM)	UK	0.20%
21/04/2009	RPI (MoM)	UK	-0.40%
21/04/2009	ZEW Survey (Econ. Sentime	GE	--
22/04/2009	Bank of England Minutes	UK	--
22/04/2009	Jobless Claims Change	UK	100.0K
22/04/2009	ILO Unemployment Rate (3m	UK	6.70%
22/04/2009	Public Sector Net Borrowing	UK	15.2B
22/04/2009	M4 Money Supply (MoM)	UK	1.20%
22/04/2009	MBA Mortgage Applications	US	--
22/04/2009	UK Exchequer Budget Stater	UK	--
22/04/2009	House Price Index MoM	US	--
23/04/2009	ECB Euro-Zone Current Acc	EC	--
23/04/2009	Industrial New Orders SA Mc	EC	-2.50%
23/04/2009	Initial Jobless Claims	US	610K
23/04/2009	Existing Home Sales MoM	US	-1.00%
24/04/2009	IFO - Business Climate	GE	82.3
24/04/2009	GDP (QoQ)	UK	-1.50%
24/04/2009	Retail Sales (MoM)	UK	-0.50%
24/04/2009	Durable Goods Orders	US	-1.50%
24/04/2009	New Home Sales MoM	US	0.90%

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## 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](mailto:info@dsl.ie)  
E-mail: [cork@dsl.ie](mailto:cork@dsl.ie)  
E-mail: [Limerick@dsl.ie](mailto:Limerick@dsl.ie)