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(The Irish Times)

Government raises €1bn on sale of two bonds by NTMA
(The Irish Times)

Fitch cuts IL&P rating on weak banking unit
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Ryanair blames fees for cuts
(Financial Times)

Bernanke outlines Fed's exit strategy
(Financial Times)

Bernanke offers crisis strategy
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	1.5%	6.5%
BP	0.4%	-4.8%
CRH	1.0%	2.9%
DCC	0.9%	41.8%
E.ON	1.1%	-12.9%
HPQ	0.3%	11.8%
IL&P	0.7%	84.1%
INM	-5.2%	-45.5%
J&J	0.7%	-0.6%
JPMorgan	-0.1%	17.2%
Microsoft	1.2%	27.7%
Vodafone	0.6%	-17.8%

Market View

Analyst : Stephen Taylor

European equity markets are slightly lower this morning following seven straight days of gains. Yesterday's rally was driven by **Caterpillar's** better than expected earnings announcement and raised guidance for 2009. Caterpillar is a key bell-weather and its comments that the global economy is starting to stabilise thanks to government stimulus packages can be taken as a positive for equity markets. After the US closed last night, **Apple** reported another blowout quarter with its earnings coming in well ahead of expectations with particular strength seen in its iPhone and Mac notebooks. While the company's guidance was below expectations for the third quarter, the market has come to realise that Apple tends to guide cautiously and its shares were up 4% after hours. In addition, **Starbucks** also posted better than expected second quarter earnings sending its shares up 8%. On the negative front, **Yahoo's** guidance for the third quarter was below expectations and similar to Google's report last week, it highlighted the continuing difficulties in the advertising market. Overall corporate earnings continue to surprise to the upside as costs cuts take effect and there are signs of revenue stabilisation. As for today, corporate earnings will again be the main focus with **Wells-Fargo** and **Morgan Stanley** due to report on the financial side, while on the real economy side **Boeing**, **Pepsi** and **Fiat** are all due to report mid-morning.

Irish Economy : Strong Government bond auction

Analyst : Oliver Gilvarry

The Irish Government had successful bond auction yesterday. The auction was for the 4% 2014 and 3.90% 2012. The total amount raised was €1bn, at the higher end of the target amount. Demand for the issues was good with the 2014 bond covered 3.1 times and the debt was issued at an average yield of 3.786%, 1.35% higher than equivalent German debt. The 2012 issue had a bid cover ratio of 4.3x and was issued at an average yield of 2.577%. The spread over equivalent 3-year German debt was 0.98%. While the success of the auction is a positive, the cost of financing the national debt is still elevated and the yields on Irish debt are now higher than for the Greek Government for similar maturities. The Greek credit ratings are five notches lower than the Irish credit rating, indicating the market believes further credit rating downgrades will occur. The NTMA have commented this morning that 90% of 2009 funding has been met, but "Ireland may sell bonds to plug 2010 budget if demand permits." With a budget deficit of €19.9bn planned by the government next year, assuming none of An Bord Snips recommendations are implemented, and the potential issuance of over €60bn in government debt to finance loan purchases by NAMA, the national debt to GDP will exceed 100% by the end of the year. Therefore it is likely further bond auctions will be run by the NTMA over the remainder of 2009 to try and pre-fund at least part of 2010's requirements.

Bol: Neutral **Current Price** (€1.59) **Price target** (€1.50) **Analyst : Oliver Gilvarry**

BOI also issued new debt yesterday within the government guarantee period. The bank added €500m to the 3.75% September 2010 bond. The issue was done at 1.57% over mid-swaps, which would equate to a yield of 2.62%. All of the domestic Irish banks now have significant re-financing risk in 2010 and in particular September of that year. Once the banks are able to issue debt with longer maturity dates, the higher re-financing cost will further impact on Net Interest Margins, eroding the pre-provision profits.

BHP: Buy **Current Price** (1504p) **Price target** (1800p) **Analyst : David Dunk**

BHP released its Q4 production report last night. Overall production was solid, in difficult economic conditions. Iron ore production for Q4 was 27.05m tons, down 10% on the same quarter last year. Production was affected by accidents and delays in expansion projects. Quarterly production increased for 12 major commodities, including oil, copper and coal. BHP achieved new annual production records for oil, copper and iron ore. The company notes that the global economy remains in a modest demand environment. It states that underlying demand trends are being masked by destocking and restocking activities and that the recent inventory re-stocking in china is "essentially complete". On the other hand restocking appears to be under way in more developed economies, Europe, North America and Japan. The news that Chinese restocking is nearing completion is negative, but not unexpected, and may lead to some near term weakness in the sector. However the pickup in demand due to developed economy restocking is a definite positive. We remain bullish on the medium to long term prospects for the industry.

Coca-Cola

Buy

Current Price : \$50.35

Price Target : \$58.00



DOLMEN STOCKBROKERS

Analyst: Stephen Taylor

Wed 22nd July 2009

- Results released :** Yesterday Coca-Cola reported a strong set of second quarter results for the period ending 03/07/2009. Excluding special items profit fell by 9% to \$0.92, however this beat analyst expectations of \$0.89. Revenue declined by 8.6% to \$8.27bn slightly below market expectations of \$8.46bn. Foreign-exchange fluctuations cut operating income by 14%, compared with the 14% -16% that Coca-Cola predicted in April. Coca-Cola expects a 12% - 14% effect during the third quarter. In light of the current downturn, Chairman and CEO Muhtar Kent, pointed out that he plans to save more than \$250m in annual expenses by the end of this year and almost double that by the end of 2011. Kent point out that the savings will allow the company increase marketing efforts in both India and China, key growth areas for the company. The reduction in its cost base allowed cash from operations to increase by 14% to \$3.7bn.

- Emerging market strength:** Emerging markets continue to be a key focus for Coca – Cola and all of the major blue chip US companies that we like. India saw the strongest growth in volumes with an increase of 33%. In China, volumes increased by 14% in the second quarter driven by double-digit growth in Trademark Sprite and Minute Maid as well as high-single digit growth in Trademark Coca-Cola. Latin America also delivered strong growth in unit case volume with an increase of 6% during the quarter, with unit growth cycling 7% over the prior year quarter. Other emerging market countries that put in solid performances include Thailand and Korea.

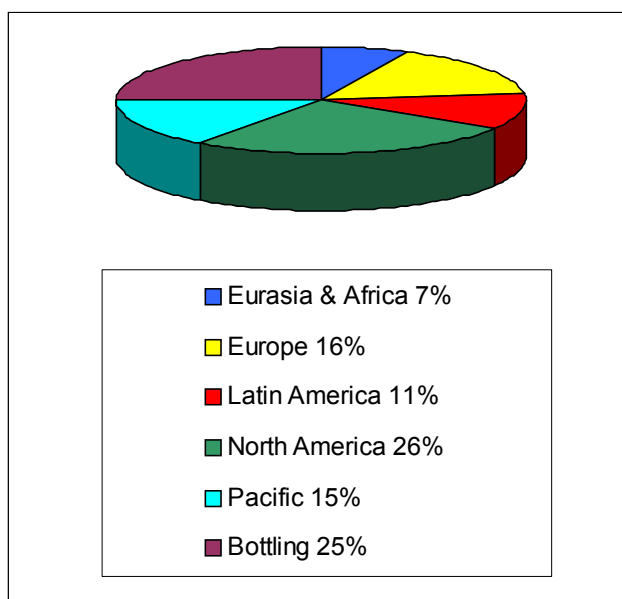
- US & Europe:** The macro-environment in both the US and Europe remains difficult. In the US overall unit case volume's declined by 1%. Retail case volume saw declines of 4%, however the group's hospitality unit case volume increased by 7% due to strong growth in beverages through tea, coffee and smoothies, as well as improving trends in sparkling beverages. The operating environment in Europe also remained difficult during the quarter, however unit case volumes did show a 1% increase. Spain and Eastern Europe were highlighted as been particularly weak. We expect the US economy to improve faster than Europe over the next 12-months as a results we expect a return to volume growth within the next two quarters.

- Balance Sheet / Buyback :** Coca-Cola benefits from having a strong balance sheet a pre-requisite for investing in the current environment. With net debt of just over \$3bn this leaves the company plenty of room for bolt-on earnings accretive acquisitions. Coca-Cola also announced that it plans to repurchase \$1bn worth of stock during 2009.

- Reiterate buy :** Following Coca-Cola's strong results yesterday we reiterate our buy rating and price target of \$58 which is based on the stock trading at 17.5x 2010 forecasted EPS of \$3.33. The stock also pays an attractive secure dividend yield of 3.3%.

Measure	BEst for 31/ 12/ 2008	BEst for 31/ 12/ 2009	BEst for 31/ 12/ 2010
EPS	3.123	3.036	3.335
EPS GAAP	3.030	3.023	3.334
Cash Flow Per Share	3.350	3.388	3.878
Dividends Per Share	1.504	1.630	1.778
Book Value Per Share	10.108	9.318	9.893
Sales	32421.667	31015.273	32661.8
EBITDA	10153.857	9877.375	10858.25
EBIT	8676.833	8819.429	9660.429
Operating Profit	8678.000	8486.889	9150.286
Pre-Tax Profit	8926.444	9089.100	9968.222
Net Income Adjusted	7305.375	6994.800	7627.778
Net Income GAAP	7030.250	6804.750	7491
Long Term Growth	-	8.138	-
Return on Equity	32.255	33.043	33.685
Return on Assets	16.170	17.267	17.75
Net Debt	4238.667	3720.000	3111.5
Valuation Measure			
Price/ EPS Adjusted	16.122	16.584	15.097
Price/ Sales	3.595	3.758	3.569
Price/ Book	4.981	5.404	5.089
Price/ Cash Flow	15.030	14.861	12.983
Dividend Yield	2.987	3.237	3.531
EV/ EBITDA	11.868	12.200	11.098

2008 Revenues by Geography





International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,749	0.3%	16.4%
FTSE	4,481	1.3%	0.7%
Dow Jones	8,916	0.8%	1.6%
S&P	955	0.4%	5.7%
Nikkei	9,723	0.7%	9.7%
Stoxx 50	2,520	0.8%	2.6%

Sector Performances

Sector	Index	1-Day	YTD
Construction	222	1.6%	8.0%
Technology	169	0.2%	10.2%
Oil & Gas	293	0.8%	9.1%
Financials	192	-0.5%	26.1%
Retail	223	1.4%	21.5%
Food & Drink	250	1.0%	7.6%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	65.6	0.5%	15.2%
Copper	245.1	-0.7%	70.3%
Gold	948.5	0.0%	7.3%
Silver	13.5	-1.1%	19.1%
Wheat	534.8	-1.4%	-19.0%
Cattle	91.1	-0.8%	2.0%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.423	0.0%	1.5%
€/£	0.864	0.5%	-10.0%
£/\$	1.646	-0.5%	10.5%
\$/JPY	93.75	-0.5%	3.1%
€/JPY	133.35	-0.5%	4.5%
€/SFR	1.516	-0.2%	1.6%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	115.9	-6.3%	-33.3%
High Yield	737.5	-7.3%	-27.1%
Financials	94.0	-7.7%	-19.8%
BoI	361.8	-3.9%	50.8%
AIB	368.3	-3.8%	83.4%
RBS	148.1	-3.4%	7.2%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.4%	0.2%
3-Month	0.9%	0.9%	0.5%
1-Year	1.3%	1.2%	0.7%
2-Year	1.7%	2.1%	1.4%
5-Year	2.8%	3.6%	2.8%
10-Year	3.6%	4.2%	3.7%

Date Company Region Event

Date	Company	Region	Event
22/07/2009	ICON Plc	CH	Q2
22/07/2009	Fiat SpA	GB	Q2
22/07/2009	Iberdrola SA	GB	Q2
22/07/2009	GlaxoSmithKline PLC	GB	Q2
22/07/2009	Bank of New York Mellon	GB	Q2
22/07/2009	Boston Scientific Corporation	GB	Q2
22/07/2009	eBay	GB	Q2
22/07/2009	Eli Lilly	GB	Q2
23/07/2009	American Express Co.	US	Q2
23/07/2009	AT&T	US	Q2
23/07/2009	Chubb Corporation	US	Q2
23/07/2009	CIT Group	US	Q2
23/07/2009	Kimberly Clark	US	Q2
23/07/2009	McDonald's Corporation	US	Q2
23/07/2009	Philip Morris Intl.	US	Q2
23/07/2009	The New York Times Co.	US	Q2
23/07/2009	UPS	US	Q2
23/07/2009	Wyeth	US	Q2
23/07/2009	Xerox Corporation	US	Q2
23/07/2009	Microsoft	US	Q4
23/07/2009	Imperial Tobacco Group	GB	TRADE
23/07/2009	Kingfisher PLC	GB	Q2 TRADE

Date Event Region Estimate

Date	Event	Region	Estimate
22/07/2009	Bank of England Minutes	UK	--
22/07/2009	Industrial New Orders SA (M)	EC	1.80%
22/07/2009	CBI Qtrly Industrial Trends T	UK	--
22/07/2009	MBA Mortgage Applications	US	--
22/07/2009	House Price Index MoM	US	-0.20%
23/07/2009	ECB Euro-Zone Current Acc	EC	--
23/07/2009	Retail Sales (MoM)	UK	0.40%
23/07/2009	Initial Jobless Claims	US	558K
23/07/2009	Existing Home Sales MoM	US	0.60%
24/07/2009	IFO - Business Climate	GE	86.5
24/07/2009	GDP (QoQ)	UK	-0.30%
24/07/2009	U. of Michigan Confidence	US	65
24/07/2009	PMI Manufacturing	GE	42
24/07/2009	PMI Services	GE	46
24/07/2009	PMI Manufacturing	EC	43.4
24/07/2009	PMI Services	EC	45.2
27/07/2009	GfK Consumer Confidence S	GE	--
27/07/2009	New Home Sales MoM	US	--
28/07/2009	S&P/CaseShiller Home Price	US	--
28/07/2009	Consumer Confidence	US	--
28/07/2009	Richmond Fed Manufact. Inc	US	--
28/07/2009	ABC Consumer Confidence	US	--

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