

## CONTENTS

### Market View

**Barclays** : Receives approach for BGI

**Aer Lingus** : BA reports full year loss

**GSK** : IRS investigation of tax savings

### Market Movers

## IRISH PAPERS TODAY

Financial institutions given loan book deadline  
*(The Irish Times)*

Warning to UK over high debt level  
*(The Irish Times)*

Cowen predicts return to growth  
*(The Irish Times)*

## INTERNATIONAL PAPERS TODAY

Banks deputy warns over threat to recovery  
*(Financial Times)*

Glaxo in fight with US over taxes  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-1.7%	-1.8%
BP	-2.9%	-5.4%
CRH	-1.3%	10.2%
DCC	2.0%	38.8%
E.ON	-3.0%	-12.2%
HPQ	-1.3%	-5.7%
IL&P	-3.2%	91.1%
INM	-2.7%	-32.1%
J&J	-1.6%	-8.1%
JPMorgan	1.0%	10.7%
Microsoft	-2.7%	2.0%
Vodafone	-4.3%	-16.8%

## Market View

**Analyst : Stephen Taylor**

Equity markets are higher this morning despite declines in the US and Asia overnight. Mining stocks continue to push higher as commodity prices gain ground on recent reports that the Chinese economy is performing better than expected in addition to a weak dollar making commodities more attractive. On the currency front the US dollar remains under pressure on speculation that the US could potentially lose its AAA rating following the S&P's decision yesterday to place the UK's debt rating on watch for a potential downgrade. In addition, Federal Reserve Bank of Boston President Eric Rosengren commented that an economic recovery from the current recession may be muted as banks continue to reduce credit and consumers boost savings. Yesterday's increase in continuing jobless claims data out of the US which again moved to record highs increased concerns of the potential viability of a V-shaped recession that has been touted by some economic commentators recently. As for today trading is relatively quiet with little in the way of economic or corporate news-flow expected by the market. Note that the US and UK equity markets will be closed on Monday.

### **Barclays : Receives approach for BGI Current Price (289p) Analyst : Oliver Gilvarry**

Media reports this morning have suggested that Barclays has been approached by BlackRock about selling all of its BGI business. BlackRock, which manages £1,074bn of assets and operates in over 15 countries, is thought to be willing to pay over \$10bn for the division. Despite previously agreeing to sale its iShares division to CVC Capital Partners for \$4.2bn, Barclays has indicated it would be willing to sell all of its BGI division only if it receives a top price. Barclays can seek counter bids for its iShares business up until June 18th. The banks decision to sell iShares was a key reason why it could resist government funding in order to restore capital levels. Apart from Blackrock, other asset management groups believed to be examining an approach for BGI include Bank of New York Mellon and Vanguard.

### **Aer Lingus : Neutral Current Price (65c) Price Target (65c) Analyst : David Dunk**

British Airways has released its full year financials this morning. Revenue for the first quarter was £1.9bn. For the full year, BA has reported an operating loss of £220m, and a net loss of £375m, compared with consensus expectation losses of £193m and £312m respectively. Due to the weak performance the company, will not be paying a dividend. Load Factors declined from 79.1% to 77% over the year. BA has said that a recovery is likely to take longer than initially envisaged. The company will look at costs cutting measures, including further redundancies. BA sees difficulty in forecasting revenue for the remainder of the year given the difficult operating climate. CEO Willie Walsh commented that there is little if any reason to be optimistic. He also said that there are absolutely no signs of recovery in markets.

### **GlaxoSmithKline : Sell Current Price (£10.52) Price Target (£9.00) Analyst : David Dunk**

Reports in the Wall Street Journal have highlighted the fact that the IRS is investigating GlaxoSmithKline in relation to a tax savings technique used by the company known as "earnings stripping". The practice typically involves lowering taxable profits by claiming excessive interest deductions on intereconomy loans from units abroad. The amount under consideration is \$1.9bn and while Glaxo had already flagged the dispute in its annual report in march, the world's second largest drugmaker does not expect a court decision before 2011. Glaxo believes there is no merit to the IRS claim and that no tax adjustment is warranted.



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,715	-1.6%	17.1%
FTSE	4,345	-2.8%	-1.5%
Dow Jones	8,292	-1.5%	-5.5%
S&P	888	-1.7%	-1.7%
Nikkei	9,226	-0.4%	4.1%
Stoxx 50	2,424	-2.6%	-0.2%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	225	-2.7%	10.4%
Technology	172	-1.5%	10.7%
Oil & Gas	291	-2.1%	8.8%
Financials	180	-2.3%	19.8%
Retail	205	-1.4%	12.2%
Food & Drink	237	-0.8%	1.5%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	61.1	-1.6%	13.4%
Copper	205.1	-2.6%	46.6%
Gold	953.8	1.6%	8.0%
Silver	14.4	1.2%	27.8%
Wheat	593.5	-0.8%	-5.2%
Cattle	82.5	0.4%	-3.8%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.389	0.8%	-0.2%
€/£	0.877	0.2%	-8.5%
£/\$	1.584	0.6%	7.7%
\$/JPY	94.42	-0.5%	3.7%
€/JPY	131.15	0.3%	3.6%
€/SFR	1.519	0.2%	1.7%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	145.7	-6.3%	-21.1%
High Yield	894.2	4.2%	-15.9%
Financials	119.2	5.2%	-1.4%
BoI	306.7	2.3%	22.9%
AIB	303.3	2.7%	46.1%
RBS	171.6	4.7%	25.1%

## Money Market Rates

Rate	EUR	UK	US
Overnight	0.9%	0.4%	0.2%
3-Month	1.3%	1.3%	0.7%
1-Year	1.5%	1.2%	0.8%
2-Year	1.7%	1.9%	1.2%
5-Year	2.7%	3.2%	2.6%
10-Year	3.6%	3.9%	3.5%

Date	Company	Region	Event
22/05/2009	Campbell Soup	US	Q3
22/05/2009	Nordex AG	DE	Q1
22/05/2009	British Airways PLC	GB	Q4
22/05/2009	HSBC Holdings PLC	GB	AGM
26/05/2009	Greencore Group PLC	IE	INTERIM
26/05/2009	Aveva Group Plc	GB	PRELIM
26/05/2009	Deutsche Bank AG	DE	AGM
27/05/2009	Trintech Group PLC (IRI	IE	Q1
27/05/2009	Ubisoft Entertainment S.	FR	Q4
27/05/2009	Air Berlin PLC	DE	Q1
27/05/2009	BSS Group Plc	GB	PRELIM
27/05/2009	Northern Foods Plc	GB	PRELIM
27/05/2009	3i Group Plc	GB	MEETING
27/05/2009	Legal and General Grou	GB	AGM
27/05/2009	Taylor Wimpey Plc	GB	EGM
27/05/2009	Staples, Inc.	US	Q1
28/05/2009	Tullow Oil PLC	IE	HOLDERS
28/05/2009	Man Group Plc	GB	PRELIM
28/05/2009	United Utilities Group Pl	GB	PRELIM
28/05/2009	Antofagasta PLC	GB	Q1
28/05/2009	Wolseley plc	GB	TRADE
28/05/2009	Scisys Plc	GB	AGM
28/05/2009	Sears Hldngs Corp	US	Q1

Date	Event	Region	Estimate
22/05/2009	BOJ Target Rate	JN	0.10%
22/05/2009	GDP (QoQ)	UK	-1.90%
22/05/2009	Private Consumption	UK	-0.90%
22/05/2009	Government Spending	UK	0.20%
22/05/2009	Exports	UK	-9.30%
22/05/2009	Imports	UK	-6.30%
26/05/2009	GDP s.a. (QOQ)	GE	--
26/05/2009	Imports	GE	--
26/05/2009	Exports	GE	--
26/05/2009	GfK Consumer Confidence S	GE	--
26/05/2009	ECB Euro-Zone Current Acc	EC	--
26/05/2009	Industrial New Orders SA (M	EC	--
26/05/2009	S&P/CaseShiller Home Price	US	--
26/05/2009	Consumer Confidence	US	--
26/05/2009	Richmond Fed Manufact. Inc	US	--
26/05/2009	Dallas Fed Manf. Activity	US	--
26/05/2009	ABC Consumer Confidence	US	--
27/05/2009	CPI - EU Harmonised (MoM)	GE	--
27/05/2009	CPI - EU Harmonised (YoY)	GE	--
27/05/2009	IFO May Business Climate S	GE	--
27/05/2009	MBA Mortgage Applications	US	--
27/05/2009	Consumer Price Index (MoM)	GE	--
27/05/2009	House Price Index MoM	US	--

## Regulatory Information

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes in order to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgment as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. The income you get from your investment may go down as well as up. Figures quoted are estimates only, they are not a reliable guide to the future performance of this investment. Investors should be aware that forward-looking statements and forecasts may not be realised.

This report is the property of Dolmen and may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

## Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments / derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in the companies they publish research, views and recommendations on. Accordingly analysts involved in the production of this report may have positions in any securities herein. Dolmen ensures that all staff dealing is undertaken in strict compliance with Dolmen's internal staff dealing procedures. Therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

## Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Oliver Gilvarry, David Dunk, Stephen Taylor and Edward Keeling are responsible for the production of this report. Oliver Gilvarry is Head of Research and David Dunk, Stephen Taylor and Edward Keeling are equity analysts.

## For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.

Dolmen Stockbrokers, 75 St. Stephen's Green, Dublin 2, Ireland.



## 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)