



The focus of attention for investors in the equity market was little changed last week as banking and inflation concerns dominated. The release of a hotter than expected US PPI number highlighted the risk to corporate earnings as increasing input prices continue to squeeze margins. In the UK, a higher than expected reading in the CPI coupled with extraordinarily strong retail sales put pressure on UK equities as these readings increased the chance of a rate increase by the Bank of England. The banking sector also added to the weak performance of markets with the CitiGroup CEO warning of 'further substantial write-downs' if current conditions persisted for much longer. Not much will change in the coming week as far as equity markets are concerned. Global economies are caught in the headlights of elevated inflation, with the central banks handcuffed by slower growth. The Fed this week will leave rates on hold but will continue their focus on the risks of inflation, but in reality they will say very little the market does not already know. The other areas of focus that might have more of an impact on the markets are the consumer confidence reading, Durable Goods and housing data, which collectively will give a snap-shot of the current economic conditions. The real test for equity markets we believe will be in two weeks time when the second quarter reporting season starts and investors will get clearer picture on the outlook for earnings.

TRADING IDEAS, EARNINGS & PREVIEWS

BP

Price: 567p
P/E: 8.1x
Div: 4.8%
Target: 700p

Fundamental View : The share price of **BP** has fallen by c.10% over the past month, despite the oil price rising by c.2% over the same period, largely as a result of concerns over the future ownership of its Russian business, TNK-BP. BP is trying to buyout the 50% of the business owned by AAR to improve TNK-BP's efficiency, but needs to achieve government approval for the deal, which would replace AAR with a Russian state company such as Rosneft or Gazprom, before proceeding. This uncertainty has helped generate an attractive entry level into a business which is a significant beneficiary of higher oil and gas prices.

Next Catalyst : Last month, we upgraded our current 12 month share price target for BP to £7, which is based on 10x 2008 eps of 70p. In addition to the impact of higher oil and gas prices, the upgrade was driven by lower than previously expected costs from operational improvements, combined with continuing production growth. Further evidence of continued production growth and cost savings in the Q2 2008 results' announcement next month, on 29th July, could be a catalyst for a further re-rating of the share price. BP also remains on course to pay a current year dividend yield of c.4.8%, paid quarterly, which pays investors for waiting for such a further upward re-rating this year. Amongst the European oil majors, we also recommend **Total** at current levels, as a result of its strong upstream pipeline, with a current 12 month share price target of €60, based on 10x consensus current year eps of €6.16

Chart View : BP is currently in the middle of its medium term trading range of 500-660p. Near term direction is uncertain.

BUY

IN&M

Price: €1.76
P/E: 9x
Div: 8.1%
Target: €2.30

Fundamental View : Over the past 2 weeks, the share price of **Independent News & Media** (INME) has also fallen by over 20%, largely as a result of the consensus current year eps forecast being reduced by c.5% after the group's AGM update indicated that Irish advertising revenues would decline by c.5% this year. However, with its South African business still generating strong circulation growth and its Australian business still generating strong outdoor advertising growth, a flat current year group eps of 19c would still appear achievable.

Next Catalyst : The above average probability of further major shareholder stake-building provides a continued potential positive catalyst for the share price. INME's consistently stronger than sector average earnings growth justifies at least a sector average rating of 12x 2008 earnings, and so our current 12 month share price target of €2.30 (29% upside) is based on 12x 2008 eps of 19c. When combined with a current year dividend yield of c.8.1%, this provides a very attractive 12 month total return from current levels. **WPP's** AGM trading statement tomorrow could also act a positive catalyst for the INME share price

Chart View : Stock has support in the €1.76-€1.80, a break of these levels could lead to a test of the March €1.56 low.

BUY

CRH

Price: €18.61
P/E: 6.8x
Div: 3.6%
Target: €33.00

Fundamental View : Over the past month, the share price of **CRH** has fallen by over 20%, largely as a result of results from peers showing continuing weakness in the construction markets of the US, UK and Spain. However, CRH's group profit exposures to the Irish, UK and Spanish construction markets are not major, at 6%, 2% and 1% respectively, and the c.18% of group profits exposed to US infrastructure remains stable. The combined 22% of group profits generated in Poland and the Netherlands should also grow this year. As a result, CRH remains on course to generate a 2008 eps of €2.60, representing a largely flat result on the €2.63 reported for 2007, and leaving the shares currently trading at 7.2x current year earnings, a discount of c.20% to the group's European peers

Next Catalyst : Evidence that CRH remains on course for such an earnings performance this year should be contained in the group's H1 2008 trading update, which will be issued on Wednesday week, 2nd July. The group's regular half yearly development strategy update will also be released on that day, which will include details of bolt-on acquisitions completed during H1 2008. As a result, there is the potential for this upcoming trading statement to act as a positive catalyst for the share price from current levels

Chart View : Stock has broken out of its €22-27 trading range to the downside. Caution required.

BUY

Vodafone

Price: 144p
P/E: 11x
Div: 5.5%
Target: 200p

Fundamental View : Shares in **Vodafone** fell last week in line with weakness across the broader equity market. We believe that the recent weakness in Vodafone's share price offers an attractive entry level on the stock. The company recently announced a strong set of full year results for 2008 that came in well ahead of expectations and also issued strong guidance for its 2009 financial year. Vodafone is benefitting from increased exposure in emerging markets in particular in India where its business is adding over 1 million users a month.

Next Catalyst : The next catalyst for Vodafone is on 22/07/08 when the group is due to issue a quarterly trading statement. We expect Vodafone to again display a confident tone and reassure on its outlook for the year ahead.

Chart View : Stock is sitting on key support at the 147p level, failure to hold this level could see a testing of the 133p level.

BUY

Intel

Price: \$22.52
P/E: 17x
Div: 2.3%
Target: \$27

Fundamental View : At **Intel's** recent shareholder meeting, the group commented that demand from emerging markets and from companies seeking to increase productivity are sustaining demand for PCs and notebooks. The company also pointed out that that it now has a more 'robust' view of the of the PC market than it had last year. Recent consensus beating results from the two largest PC makers Hewlett-Packard and Dell should also be taken as a significant positive for the group.

Next Catalyst : The next catalyst for Intel will be on 15/07/08 when the company is due to report its second quarter results. We expect the group to issue a positive outlook for the rest of the year given that the company generates c. 70% of its revenue from outside of the US with 50% from the fast growing Asia Pacific region.

Chart View : Stock is in a medium term uptrend, with \$24.30 as a key resistance level.

BUY

Thomson Reuters

Price: 1415p
P/E: 16x
Div: 3.9%
Short

Fundamental View : On 01/05/08, the newly merged **Thomson Reuters** reported a strong set of first quarter results and also reiterated its 6%-8% revenue growth target for its 2008 financial year. While the results were impressive we feel that Thomson Reuters is particularly susceptible to the slowdown in the financial services sector where it generates 60% of its revenue. With further jobs cuts at investment banks on the way, we believe the group's earnings outlook could deteriorate. At 16x forward earnings we feel that the shares look expensive in the current economic environment

Next Catalyst : The next catalyst for Thomson Reuters is on 12/08/08 when the group is due to report its second quarter results. We believe that the group will issue cautious guidance for the rest of the year given its exposure to financial services companies.

Chart View : Stock has broken down aggressively. Trend is negative, but may see some consolidation first.

Earnings Week Ahead

Economic Week Ahead

Mon: (Walgreen, Q3)

Mon: German IFO (09.00), Euro-Zone PMI (09.00)

Tues: (Providence Resources, AGM) (Air Berlin, AGM) (BHP Billiton, Briefing)

Tues: US Shiller House Price Index (14.00), Consumer Confidence (15.00)

Wed: (Nike, Q4) (Oracle, Q4) (General Mills, Q4) (Monsanto, Q3)

Wed: US Durable Goods (13.30), New Home Sales (15.00), Fed Rate Decision (19.15)

Thurs: (NTR, AGM) (Standard Chartered, TS) (ConAgra Foods, Q4)

Thurs: US GDP (13.30), Jobless Claims (13.30), Existing Homes Sales (15.00)

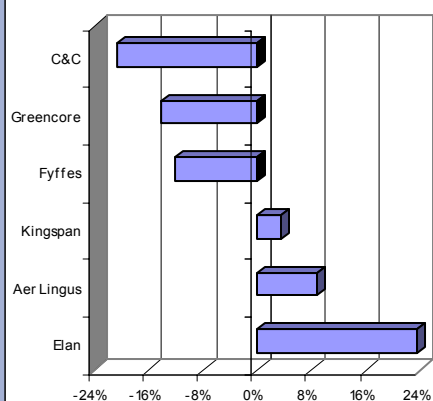
Fri: (Glencar Mining, AGM) (Tesco, AGM) (Thomas Cook, Q2)

Friday: UK GDP (09.30), US Core PCE (13.30), Michigan Confidence (14.55)

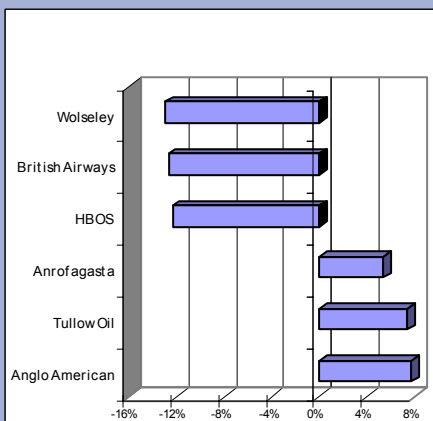
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
16/06/08-20/06/08

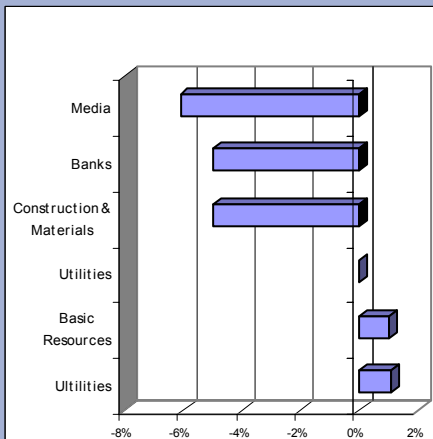
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE

Company	WTD	YTD	Relevant news
AIB	-10.3%	-35.87%	M&T Bank files a lawsuit against Deutsche Bank and HBK Investments over \$82m CDO exposure.
Aviva	-6.8%	-18.80%	Aviva shareholders could get a dividend lift if it can push ahead with the reallocation of surplus assets.
BP	-3.6%	-7.32%	BP still hopes to resolve TNK-BP conflict via talks.
IN&M	-7.4%	-24.02%	IN&M Chief Executive Anthony O'Reilly has increased his stake to 28%.
CRH	-6.0%	-21.22%	CRH will issue a trading statement on the 2nd of July.
Hewlett Packard	-3.8%	-9.59%	HP and Tandberg expand video collaboration alliance.
IAWS	-5.8%	-1.99%	Panera Bread, the US based café bakery group, has said its H1 2009 wheat costs will decline 33%.
IL&P	-7.4%	-25.53%	IL&P expects operating profit to fall this year, but says its capital position remains robust.
Microsoft	-2.9%	-20.70%	Microsoft walks away from Yahoo deal.
Paddy Power	-1.5%	-1.6%	Morgan Stanley raise Paddy Power's price target to €28 from €24.
Ryanair	-6.4%	-34.99%	Ryanair announces nine more routes from its new Birmingham base.
Vodafone	-6.5%	-23.27%	Vodafone cuts its bid for Italy's Internet service provider Tiscali, reports suggest.

DD Unrealised gain YTD	-11.57%	ISEQ YTD	-21.17%
DD Realised gain YTD	-12.00%	FTSE YTD	-19.08%
DD Total YTD	<u>-17.28%</u>	Average performance	<u>-20.13%</u>
Relative Performance		<u>2.85%</u>	

* DD Return (Includes dividends & FX changes since stocks inclusion)

What it says in the 'Sundays'

Company	Paper	Headline
IAWS	S. Business Post	Merger windfall for IAWS management
AIB	S. Tribune	IL&P banking on Isle of Man for capital
C&C	S. Times	C&C denies Magners is going flat
Nokia	S. Times	Saes of satnav phones lift Nokia
Banks	S. Independent	McInerney bid to quell fears over finances

Upcoming Corporate Visits

COMPANY

PRESENTATION DATE

Anglo Irish Bank

14th August 2008



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E08
ISEQ	5466	-2.8%	-21.2%	3.7%	8.2
FTSE 100	5621	-3.1%	-12.9%	4.6%	10.9
DAX	6578	-2.8%	-18.5%	3.7%	12.4
Dow Jones	11843	-3.8%	-10.7%	2.7%	14.9
S&P 500	1318	-3.1%	-10.2%	2.3%	21.8
Nasdaq	2406	-2.0%	-9.3%	0.9%	36.5
EuroStoxx 50	2923	-3.3%	-20.7%	4.7%	10.1
Nikkei 225	13942	-0.2%	-8.9%	1.6%	16.9

Technical Short-Term Trading Idea:

Strategy: Reiterating, buy Gold on weakness

Comments:

- Gold is being driven by external factors including: \$ weakness, rising inflationary expectations, geopolitical risks in the middle-east, negative developments in the financial sector, and increased risk aversion.
- Internals such as physical demand remain weak and pose a risk to long positions.
- Fed has stated its concern over the weak \$ and further developments on this front pose a risk to long positions.
- Chart is range-bound with a move towards 936 likely.

Trade:

- Buy Gold on a pullback towards the 870-880 area.
- Look for Gold to target the 905 area.
- Place a stop in the 845 area.
- Support: 895, 882, 865, Resistance: 918, 936, 952. All prices are for Spot Gold.

Commodities can be traded through CFD accounts. Each forward contract for gold represents a \$100 per point exposure to the gold price. Each point represents a \$1 move in the underlying gold price. The mini contract represents 10% the exposure. Buying a regular contract at \$870 would yield a profit of \$3,500 if sold at \$905 and a loss of \$2,500 if sold at \$845.

Commodities

	Current	Change YTD
Crude Oil	\$135.36	+41.3%
Gold spot	\$903.04	+8.3%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.563	+7.1%	1.45-1.55
EUR-GBP	0.791	+7.7%	0.74-0.78
EUR-JPY	167.8	+3.0%	165.0

GDP Growth

	Current	Year End (est)
Ireland	5.00%	2.50%
Euro Zone	2.50%	2.00%
UK	3.10%	2.00%

Central Bank Interest Rates

	Current	3 month	Year End (est)
Euro Zone	4.00%	4.96%	4.25%
UK	5.00%	5.96%	5.00%
US	2.00%	2.80%	2.00%

Credit Market Summary

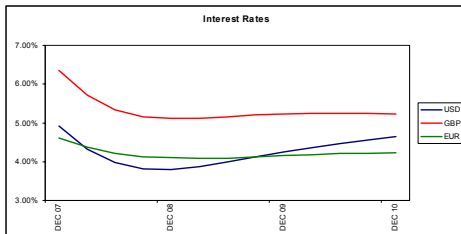
Volumes in Credit markets are low and credit markets remain sentiment driven, seemingly unimpressed by some credit news this week and rather focusing on broader macro data, in particular inflation. Spreads ended the week wider overall, movements enhanced by that low volume, with high yield names moving 3.5% wider and a 6.5% move in both investment grade corporates and financials. Friday brought rumours of a profit warning at a US investment house which sent spreads in the sector wider, while the outlook is for spreads to remain range bound rumours such as this are still capable of rattling the credit markets as investors clearly believe they may be true.

Credit Sector Movements

Automotive: Mixed in the sector – overall very little activity in the auto sector this week, spreads were unchanged to marginally wider in all European automakers. US automakers had tough week, spreads continue to widen - GM at 1440bps and Ford 1448bps. Analysts reported this week that given the falls in values for SUV's and pickups GMAC may have to write-off \$1.5b while Ford Motor Credit may face \$ 1.1b in write-offs. Friday afternoon also brought the worrying news that Ford believes it 'will be difficult' to breakeven in 2009 based on current market conditions.

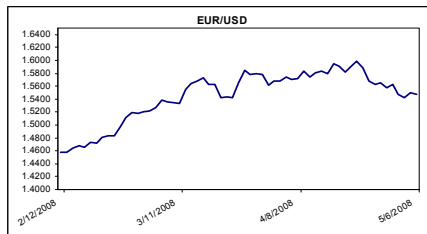
Food/Beverages: Tighter in the sector – Compass was the out-performer this week, tightening 5% after a bullish report in the FT quoted the CEO noting Compass is well positioned to meet the challenges of slowing economy and rising food prices. Elsewhere both Cadbury and Diageo were tighter, 1.4% and 2.4% respectively, as consolidation in the sector continues to buoy sentiment.

Interest Rate Outlook

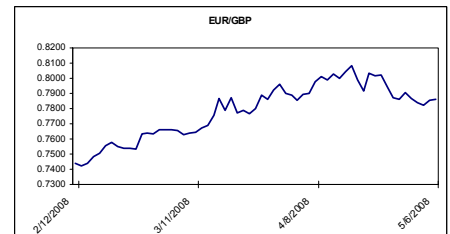


Pressures in the EURIBOR market were highlighted again with 1-week EURIBOR jumping 30bps due to half year-end. Main focus for the week will be the Fed meeting on Weds. No change in rates expected, but the market will concentrate on the statement afterwards for any change in focus from growth to inflation. On Monday, the IFO was weaker than expected and this is leading to speculation the ECB rate hike will be the last move up-wards.

Currency Comment



USD weakened from the 1-month high it hit against the EUR on June 13th. The market doesn't believe the Federal Reserve will move its focus from growth to inflation issues and with the yield differential between Europe and the US increasing, further USD weakness is expected. Excluding the Fed meeting on Wednesday, the most important data release is core PCE on Friday, the favoured inflation measure used by the Fed.



EUR/GBP traded in a range of 0.7862 to 0.7955 last week. Strong Retail sales for June helped GBP to rally in the middle of the week, but it gave up all of these gains as the market has taken the view this data is a one off due to good weather. Continued weakness for GBP is expected as the yield differential between EUR and GBP is due to increase once the ECB hike. Rightmove Index for June showed house prices in the UK fell month on month.



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