Dolmen Daily

DOLMEN STOCKBROKERS

Tuesday 23rd June 2009

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IRISH PAPERS TODAY

World Bank and OCEDW make bleak predictions
The Irish Times)

IN&M considers €60m rights issue as part of deal to settle €200m debt
(The Irish Times)

No change to interest rates before next year, says ECB
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Xstrata merger is rejected by Anglo

(*Financial Times)*

Siemens expects lift from stimulus
(*The Wall Street Journal)*

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.9%	-0.4%
BP	-3.8%	-9.0%
CRH	-5.1%	2.8%
DCC	0.7%	34.9%
E.ON	-3.6%	-10.5%
HPQ	-1.6%	4.0%
IL&P	-4.3%	84.1%
INM	-18.8%	-44.2%
J&J	-1.1%	-7.3%
JPMorgan	-6.1%	4.3%
Microsoft	-3.3%	19.8%
Vodafone	-1.2%	-14.1%

Market View — Analyst : Edward Keeling

European markets have opened slightly higher this morning after yesterday's broad based sell off. Risk aversion returned to the market as the World Bank downgraded its expectations for global economic growth. It now expects the global economy to shrink by 2.9% this year, compared with the previous estimate of 1.7%. The report undermined signs of optimism from Germany's IFO index which rose to 85.9 this month, up from 84.3 in May. This was better than economists' forecasts and the highest reading since November. Overnight US stocks posted their worst one day loss in two months dropping the S&P 500 back into negative territory for the year. Concerns regarding the strength of any global recovery meant sectors such as financials, energy and materials led the decline. Is was no different in Asian trade as a flight to safety meant the yen was well bid, the yield on 10 year Japanese government bonds were at a one month low and equities finished in negative territory. We continue to believe equity markets are vulnerable to further weakness this week and recommend a more defensive position. The main economic release today will come from the US in the form of existing US home sales at 15:00. While on the corporate front, Oracle is due to report Q4 earnings after the US close at 21:00.

AIB : Neutral **Current Price** (€1.71) **Price target** (€1.55) **Analyst :** Oliver Gilvarry

Yesterday, AIB announced the results of the recent debt swap offer. In total, €2.4bn of face value Tier 1 and Tier 2 securities will be exchanged for new subordinated, lower Tier 2 debt. The securities will be exchanged at between 50%-67% of face value, as stated in the original offer document. AIB will now issue €1.3bn of new debt, split between, €868m and £368m. As a result of the debt swap, AIB will realise a once-off gain of about €1bn, which will bolster capital reserves. This is greater than the €600m-€800m expected by the market.

TRIL: Sell **Current Price**(£17.20) **Price Target** (Under Review) **Analyst :** Stephen Taylor

Thomson Reuters has announced that it plans to unify its dual listing (DLC) company structure. The company stated that its Board of Directors have unanimously determined that unifying its capital structure is in the best interests of all shareholders as it will improve the trading of its shares and simplify its capital structure. The Board has recommended that shareholders vote in favour of unification at shareholder meetings scheduled for August 7th 2009. If unification is approved, Thomson Reuters will no longer be listed on the London Stock Exchange and will remain listed on the New York and Toronto Stock Exchange. Holders of Thomson Reuters PLC (London line) will receive one share in Thomson Reuters Corporation for every PLC share held. The announcement has led to a 5% rise in the PLC shares this morning as the valuation gap between both lines narrows. It is now likely that the PLC line will be removed from the FTSE 100 as shareholder approval should be reached. The group also reiterated its earnings guidance last night indicating that its still expects revenue to grow. While Thomson Reuters is a well run company we believe that the company is over valued trading at 16x forward earnings with no earnings growth expected and retain our sell recommendation. We see the company as a late cyclical downturn as its markets division comes under pressure as the year progresses as the layoffs at financial institutions begin to hit its business.

BHP : Buy **Current Price** (£13.36) **Price target** (£18.00) **Analyst :** David Dunk

Anglo American responded to Xstrata's merger offer yesterday, after markets closed. Anglo American's management has rejected the merger proposal. They noted that they viewed the merger as unattractive, and not in the best interest of the firm. Xstrata's responded to the merger rejection, stating that it was disappointed by the move, and surprised that it occurred before even preliminary discussions took place between the two parties. Xstrata maintains that the merger offers substantial value to both parties. Following the rejection, Xstrata may choose to take its offer directly to shareholders, although this is unlikely to succeed. Anglo American management are under pressure to unlock shareholder value, and may now look more favourably on a takeover offer, with Vale expected to be the most likely suitor.

BMW : Sell Current Price (€25.65) **Price target** (€16.00) **Analyst :** Stephen Taylor

This morning Peugeot Citroen issued a profit warning and indicated that it may have a loss of as much as €2bn this year. The company pointed out that the extent of the loss will depend on the assistance the French government is able to offer the auto-industry and on the extent of support Peugeot provides to its own suppliers. Peugeot provided a loss range of €1bn - €2bn. The automaker has also announced that it will sell about €500m in convertible bonds and may increase that to €575m. Proceeds from the sale will be used for 'general financing needs' and future development projects. The company has recently restructured its management team with the company's new CEO, Philippe Varin ousting CFO Isabel Marey-Semper as CFO and putting Peugeot under the control of Citroen head, Jean-Marc Gales.

Elsewhere, Toyota's new CEO Akio Toyoda warned last night that there were no signs of improvement in US sales. Toyoda pointed out that the automaker can see some signs of recovery in some markets, but in the US it is still not 'transparent'. In addition, Nissan's CEO also commented that he does not see any signs of recovery in the US market. Overall, we remain negative on the auto sector, in particular on BMW and Daimler as the both operate at the higher end of the market with a significant exposure to the US market.

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Market Movers

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International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,703	-4.0%	14.4%
FTSE	4,234	-2.6%	-4.4%
Dow Jones	8,339	-2.4%	-5.0%
S&P	893	-3.1%	-1.1%
Nikkei	9,550	-2.8%	7.8%
Stoxx 50	2,359	-3.1%	-3.8%

Sector Performances

Sector	Index	1-Day	YTD
Construction	204	-4.8%	0.0%
Technology	166	-3.2%	8.2%
Oil & Gas	281	-4.5%	4.9%
Financials	174	-3.5%	14.1%
Retail	206	-1.3%	13.4%
Food & Drink	236	-1.0%	1.8%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	67.5	-3.6%	20.9%
Copper	214.4	-5.2%	51.3%
Gold	922.7	-1.2%	4.1%
Silver	13.7	-3.5%	20.9%
Wheat	575.0	-1.6%	-11.6%
Cattle	82.9	0.9%	-3.3%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/$	1.387	-0.5%	-0.6%
€/£	0.848	0.4%	-12.1%
£/$	1.635	-0.9%	10.3%
$/JPY	95.87	-0.4%	4.9%
€/JPY	132.94	-0.9%	4.3%
€/SFR	1.506	-0.1%	0.8%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	141.3	-6.3%	-17.7%
High Yield	852.4	3.2%	-15.4%
Financials	121.2	2.7%	4.3%
BoI	365.4	0.1%	55.5%
AIB	369.0	2.0%	78.1%
RBS	178.6	1.9%	31.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.8%	0.4%	0.3%
3-Month	1.2%	1.2%	0.6%
1-Year	1.5%	1.4%	0.9%
2-Year	1.9%	2.3%	1.6%
5-Year	2.9%	3.6%	3.1%
10-Year	3.7%	4.2%	3.9%

Date	Company	Region	Event
23/06/2009	Chemring Group PLC	GB	INTERIM
23/06/2009	OMG PLC	GB	INTERIM
23/06/2009	Alstom SA	FR	S/HOLDERS
23/06/2009	PGI Group PLC	GB	AGM
23/06/2009	The Kroger Co.	US	Q1
23/06/2009	Oracle	US	Q4
23/06/2009	Steelcase Inc.	US	Q1
24/06/2009	Irish Continental Group	IE	AGM
24/06/2009	Monsanto Co.	US	Q3
24/06/2009	Nike	US	Q4
24/06/2009	Celsis International Plc	GB	PRELIM
24/06/2009	Kesa Electricals plc	GB	PRELIM
24/06/2009	Titan Cement Company	GR	AGM
25/06/2009	DSG International Plc	GB	PRELIM
25/06/2009	Bauer AG	DE	AGM
25/06/2009	ConAgra Foods	US	Q4
25/06/2009	Paychex	US	Q4
26/06/2009	Berkeley Group Holding	GB	PRELIM
29/06/2009	Asos PLC	GB	PRELIM
29/06/2009	Apollo Group	US	Q3
29/06/2009	Premier Foods Plc	GB	TRADE

Date	Event	Region	Estimate
23/06/2009	GfK Consumer Confidence S	GE	2.5
23/06/2009	PMI Manufacturing	GE	41
23/06/2009	PMI Services	GE	46
23/06/2009	PMI Manufacturing	EC	42.3
23/06/2009	PMI Services	EC	45.8
23/06/2009	OECD May Economic Outloo	EC	
23/06/2009	Richmond Fed Manufact. Inc	US	- -
23/06/2009	House Price Index MoM	US	-0.30%
23/06/2009	Existing Home Sales MoM	US	2.60%
23/06/2009	ABC Consumer Confidence	US	- -
24/06/2009	Euro-Zone Current Account r	EC	- -
24/06/2009	MBA Mortgage Applications	US	- -
24/06/2009	Durable Goods Orders	US	-0.90%
24/06/2009	New Home Sales MoM	US	2.30%
24/06/2009	FOMC Rate Decision	US	0.25%
25/06/2009	Trade Balance: First Estimat	IE	--
25/06/2009	PPI (MoM)	IE	--
25/06/2009	Industrial New Orders SA (M	EC	0.00%
25/06/2009	GDP QoQ (Annualized)	US	-5.70%
25/06/2009	Personal Consumption	US	1.50%
25/06/2009	Core PCE QoQ	US	- -

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