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### Market Movers

## IRISH PAPERS TODAY

Ireland may be offered euro-zone 'solidarity' bonds  
(The Irish Times)

Trichet urges more oversight  
(The Irish Times)

ECB now expected to cut base rate by further 0.5pc  
(Irish Independent)

## INTERNATIONAL PAPERS TODAY

Lloyds in lending promise to Darling  
(Financial Times)

US backs banks amid Citigroup talks  
(The Wall Street Journal)

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-0.6%	-23.5%
BP	-1.9%	-13.9%
CRH	-0.4%	-18.8%
E.ON	-0.7%	-24.2%
HPQ	-6.3%	-19.3%
IL&P	-7.8%	-49.2%
INM *	-6.1%	-63.6%
J&J	-1.8%	-10.3%
JPMorgan	-2.0%	-38.1%
Microsoft	-4.4%	-11.5%
Paddy Power	2.0%	-20.8%
Vodafone	0.6%	-10.1%

\* We are currently Neutral on IN&M

## Market View

**Analyst : Edward Keeling**

Equity markets are weaker this morning adding to yesterday's losses as worries about the US financial sector continue to weigh heavily. Wall Street slumped to a 12 year low overnight with investors grow increasingly concerned that the government's plan to convert its stake in Citigroup into large common stock holdings will fall short of what is necessary to fix the ailing financial sector. If this wasn't enough, reports have indicated that American International Group rescued twice last year by the US government, is asking for more aid and is bracing itself for a fourth quarter loss in the region of \$60bn, representing the biggest quarterly loss in corporate history. Meanwhile in Japan, the Japanese Finance Minister Kaoru Yosano has said the Japanese government is looking at stock buying and other methods to support the share market. Yosano has suggested that falling shares were damaging the economy by cutting the capital base of banks, which are big holders of stocks, as well as hurting other investors. The Nikkei stock average fell 2.6% on Tuesday, finishing at levels not seen since 1982. Looking forward today, the big economic release will come from the US, where the US Case Schiller index at 15:00 Irish time will provide the latest assessment regarding the health of the US housing market. We reiterate our defensive bias.

**Kerry Group: Buy Current Price (€14.60) Price target (€20.50) Analyst : Oliver Gilvarry**

Kerry Group released full year results this morning that were better than expected. Sales revenue grew by 6.3% and trading profit increased 8% on a like for like basis (LFL). EPS for the period was 153.9c, in line with estimates. Group operating margin increased by 10bps to 8.5%, helped by the group's focus on efficiencies and cost recoveries. Ingredients & Flavours sales increased by 7% (LFL) and operating margin increased by 10bps to 9.5%. Americas, Asia and Australia experience strong growth again this year followed by Europe. In Europe, energy and raw material costs increased but margins were retained despite these increases. The re-alignment of the group's ingredients, favours and bio-science businesses as started in the Americas, will be implemented in all other regions by the end of 2009. Consumer foods also increased margins by 10bps to 6.7%. This was achieved in a weakening economic environment with significant depreciation of GBP against the Euro. As with its peers, Kerry has experienced changing consumer trends as consumers become more price and value conscious. Kerry's product mix of branded and private label products allowed it react quickly to these changing consumer trends. On Breeo Foods, the rejection of the purchase by the Competition Authority has been appealed and is currently being heard by the courts, no other details were given.

The balance sheet of the group remains strong with net debt falling to €1.164bn from €1.279bn at the end of 2007. Free cash flow for 2008 was €227m for the period and EBITDA increased marginally to €503m. The group did state it has extended the maturity dates of its near term debt facilities and the CFO commented more acquisitions are planned in 2009. The Board of Kerry is recommending a final dividend of 15.6c, an increase of 12.2%.

Management have provided guidance for 2009 and stated EPS will be in a range of 160 to 165c. Overall the results are good with operating margins increasing in both divisions despite difficult economic conditions. The balance sheet is strong and the group generates significant free cash flow. Kerry will be one of the few ISEQ companies that will increase profits and pay dividends in 2009. We reiterate our buy recommendation on Kerry.

**Petroceltic : Buy Current Price (3.4p) Price target (13p) Analyst : David Dunk**

Petroceltic International has announced that Brian O'Cathain is to replace John Craven as Chief Executive of the company. Mr O Cathain had been Executive Chairman of the company since April 2007. Andrew Bostock has been appointed as the Non-Executive Chairman of the company. Mr Bostock previously served as the Senior Non-Executive Director. No reason has been given for the departure of John Craven. Petroceltic is expected to release its full year results in early March, ahead of its drilling programme commencing mid March.

**Vodafone: Buy Current Price (125p) Price target (155p) Analyst : Stephen Taylor**

Vodafone is expected to announce hundreds of job cuts in the UK later today, to further reduce costs. Vodafone is planning on reducing costs by £1bn by March 2011 to enhance earnings. The company is also expected to hire additional staff to increase the company's online presence. The additional new staff are likely to represent a fraction of the jobs being lost. Our rating and price target remain unchanged following these reports.



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**Grafton: Neutral** Current Price (€1.26) Price target (€2.45) Analyst : Stephen Taylor

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Redrow, the UK builder, has reported first half results, with revenue of £149.5m over the period. The company has reported a pre-tax loss of £46.2m for the period, in comparison with a profit of £35.8m for the same period last year. Completions for the period were 1,042 vs 2,111 last year. Forward sales were down 41% for the period. Redrow also took a write down related to land value of £23.7m. Although poor, the results were largely in line with market expectations. Grafton reports full year earnings on Friday, with expected EPS of €0.32 for the period.

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## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,050	-1.3%	-14.8%
FTSE	3,851	-1.0%	-13.7%
Dow Jones	7,115	-3.4%	-18.9%
S&P	743	-3.5%	-17.7%
Nikkei	7,269	-1.5%	-18.0%
Stoxx 50	1,992	-1.0%	-19.7%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	38.4	-4.0%	-24.8%
Copper	145.1	1.3%	1.3%
Gold	991.8	-0.1%	12.2%
Silver	14.5	-0.3%	27.8%
Wheat	521.5	-1.7%	-16.4%
Cattle	83.9	0.6%	-5.9%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	179.3	-6.3%	2.1%
High Yield	1,083.8	-0.3%	6.1%
Financials	165.6	8.0%	39.6%
BoI	604.7	2.2%	147.5%
AIB	575.8	1.6%	178.7%
RBS	203.6	9.3%	31.5%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	167	-1.9%	-20.6%
Technology	139	-1.8%	-11.4%
Oil & Gas	263	-0.4%	-3.1%
Financials	108	-1.4%	-29.9%
Retail	185	-1.1%	0.3%
Food & Drink	218	-0.7%	-6.3%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.269	-1.0%	9.7%
€/£	0.876	-1.4%	8.7%
£/\$	1.449	0.4%	0.9%
\$/JPY	94.61	1.4%	-5.0%
€/JPY	120.09	0.3%	4.2%
€/SFR	1.483	0.0%	1.0%

## Money Market Rates

Rate	EUR	UK	US
Overnight	1.3%	0.8%	0.3%
3-Month	1.9%	2.6%	1.2%
1-Year	1.9%	1.9%	1.3%
2-Year	2.1%	2.3%	1.6%
5-Year	2.8%	3.0%	2.4%
10-Year	3.5%	3.7%	3.0%

Date	Company	Region	Event
24/02/2009	Forest Oil Corporation	US	Q4
24/02/2009	Heinz Co.	US	Q3
24/02/2009	Home Depot Inc	US	Q4
24/02/2009	Macy's, Inc.	US	Q4
24/02/2009	Deutsche Boerse AG	GE	PRELIM
24/02/2009	Kerry Group PLC	IE	PRELIM
24/02/2009	Volvo AB	SE	TRAFFIC
24/02/2009	Thomson Reuters PLC	GB	Q4
24/02/2009	Novartis AG	CH	AGM
25/02/2009	CMS Energy Corp.	US	Q4
25/02/2009	Limited Brands	US	Q4
25/02/2009	The Washington Post Co	US	Q4
26/02/2009	Dell, Inc.	US	Q4
26/02/2009	Gap Inc.	US	Q4
26/02/2009	King Pharma.s	US	Q4
26/02/2009	Kohls Corporation	US	Q4
26/02/2009	The NASDAQ OMX Grou	US	Q4
26/02/2009	Dexia SA	BE	Q4
26/02/2009	Allianz SE	GE	Q4
26/02/2009	BASF SE	GE	Q4
26/02/2009	Deutsche Post AG	GE	Q4
26/02/2009	Telefonica SA	ES	FINAL

Date	Event	Region	Estimate
24/02/2009	IFO - Business Climate	GE	--
24/02/2009	Euro-Zone Current A/c	EC	--
24/02/2009	Total Business Investment	UK	--
24/02/2009	Industrial New Orders SA	EC	--
24/02/2009	S&P/CaseShiller Home	US	--
24/02/2009	Consumer Confidence	US	--
24/02/2009	House Price Index MoM	US	--
24/02/2009	Richmond Fed Manufact. Ind	US	--
24/02/2009	Bernanke Report	US	--
25/02/2009	GDP s.a. (QOQ)	GE	--
25/02/2009	Imports	GE	--
25/02/2009	Exports	GE	--
25/02/2009	GDP (QoQ)	UK	--
25/02/2009	Government Spending	UK	--
25/02/2009	Exports	UK	-4.90%
25/02/2009	Imports	UK	-3.70%
25/02/2009	MBA Mortgage Applications	US	--
25/02/2009	Existing Home Sales MoM	US	1.30%
26/02/2009	ECB's Trichet Speaks	EU	--
26/02/2009	BoE's King Speaks	UK	--
26/02/2009	ILO Unemployment Rate	GE	--
26/02/2009	GfK Consumer Confidence S	GE	2.0

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