

CONTENTS

Market View : Concerns linger over Chinese monetary tightening and sovereign debt defaults

Tullow Oil: Announces the placing of 80m new ordinary shares

Johnson & Johnson : Solid set of Q4 results

Irish Financials : Standard & Poor rating downgrade

C&C : Greene King reports improving trends

Market Movers

IRISH PAPERS TODAY

Ireland's bank system downgraded by S&P
(The Irish Times)

Chinese oil firm seeks to link up with Tullow
(The Irish Times)

Banking crisis will cost over €50bn in worst-case scenario
(The Irish Independent)

INTERNATIONAL PAPERS TODAY

UK crawls out of recession *(The Financial Times)*

Hong Kong vies with LSE *(The Financial Times)*

Trichet backs U.S. plan to curb biggest banks *(The Wall Street Journal)*

Market View

Analyst : Stephen Taylor

European equity markets are lower this morning reversing yesterday's gains and following a late day sell off in the US overnight. Concerns surrounding sovereign debt, Chinese monetary policy tightening and Ben Bernanke's re-election to as FOMC Chairman are continuing to weigh on markets. On the positive side earnings are remaining robust. After the US close last night, Yahoo reported better than expected quarter results and issued positive guidance for the remainder of the year. This morning SAP followed up its earnings pre-release last week and said that it expects to return to growth this year. As for today, focus will be on corporate earnings out of the US with comments from Caterpillar to be closely watched and its outlook on the global economy. Also key will be US new home sales and the Federal Reserve's interest rate decision which we expect no change in interest rates and the outlook for interest rates. President Barack Obama's State of the Union address will also be important and will take place after equity markets close.

Tullow Oil: Buy Yesterday's Close: 1216p Price Target: 1450p Analyst: Brian Gallagher

Tullow Oil announced this morning that they plan to place 80.4m in new ordinary shares which equates to 10% of existing shares. No official placing price has been issued yet but we expect the new shares to raise between £900m and £1bn. In a statement that accompanied the company's quarterly operational update, management guided that the proceeds would be used to fund the ongoing pre-emption of one of its partners asset in Uganda. The pre-emption is still subject to Ugandan government approval but if successful the company will be required to pay its partner \$1.35billion dollars with a deferred consideration of \$150million due at a later date. Management originally stated on the 18th of January that they would fund the deal via a syndicate loan provided by the company's banks. Separately, Tullow Oil released a solid operational update which covered its fourth quarter. Capital expenditure came in below guidance, drilling success levels remains high and Jubilee production is still on track for Q4 2010. There was a small increase in net debt but this is unsurprising when considering the size of the company's exploration and appraisal portfolio.

J&J : Buy Yesterday's Close: \$62.79 Price Target: \$68.00 Analyst: Stephen Taylor

Yesterday, Johnson & Johnson reported a solid set of fourth quarter results highlighting the solid defensive nature of its business. Fourth quarter sales increased by 9% to \$16.6bn, beating expectations of \$15.8bn. All three of the group's divisions (medical devices, healthcare and consumer) all managed to beat expectations on the top line. The group reported EPS of \$1.02 that was \$0.05 ahead of expectations. The group forecast earnings for 2010 to be \$4.85 to \$4.95 per share broadly in line with expectations. We view Johnson & Johnson as an excellent defensive play. At 12.5x 2010 earnings and providing a dividend yield of c. 3%, we believe the stock offers excellent long-term value.

Irish Financials : S&P Downgrade

Analyst: Oliver Gilvarry

Yesterday the credit rating agency Standard & Poor's (S&P) lowered its short and long term counterparty credit ratings on both AIB and Bank of Ireland. It reduced the banks' ratings to A- from single A reflecting a revised forecasts on the state of economic and industry risk in Ireland. The move from the agency follows its revised credit loss assumptions for the Irish banking sector which will erode the banks capital positions over the coming years. In the case of Bank of Ireland, S&P have rated its outlook as stable, suggesting that its core banking franchise will remain materially intact and it will raise significant equity capital in 2010, from the market or the government or both. In the case of AIB, S&P have placed a negative outlook on the bank, reflecting the uncertainty regarding the banks ability to execute recapitalisation to an adequate level in a reasonable timeframe. In both banks' cases the agency notes the downside risks from a continued difficult economic environment that will weaken the banks' earnings prospects.

C&C : Neutral

Yesterday's Close: €2.83

Analyst: Edward Keeling

Greene King, the UK pub operator and brewer, released a trading update this morning. Trading across the group has remained relatively strong despite the negative impact from the poor weather in the UK over recent weeks. For the 38 weeks up to 24th January, like for like sales were up 4.3%, slightly ahead of previously reported trends. Second half margins are expected to be broadly in line with the corresponding period last year. Specifically for its pub business, the improving profit trend has continued up to week 36. Average EBITDA per pub was -4.9% with trading in the second half of the year since October at -0.8%. In terms of outlook, whilst the UK consumer environment is still uncertain, it is confident that it will meet the board's expectations for the financial year.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,017	0.0%	0.6%
FTSE	5,277	0.3%	-3.6%
Dow Jones	10,194	0.0%	-2.2%
S&P	1,092	-0.4%	-2.1%
Nikkei	10,325	-1.8%	-2.8%
Stoxx 50	2,828	0.7%	-6.0%

Sector Performances

Sector	Index	1-Day	YTD
Construction	270	0.4%	-4.3%
Technology	188	0.7%	1.5%
Oil & Gas	328	0.4%	-2.0%
Financials	212	-0.1%	-6.4%
Retail	246	1.1%	0.1%
Food & Drink	302	-0.1%	-1.4%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	74.7	-0.7%	-6.7%
Copper	334.0	-1.6%	-1.1%
Gold	1,097.6	-0.1%	-0.2%
Silver	16.9	-1.7%	-1.1%
Wheat	494.0	-0.9%	-8.9%
Cattle	89.3	-0.9%	-0.4%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.407	-0.6%	1.9%
€/£	0.872	0.1%	2.0%
£/\$	1.614	-0.6%	0.0%
\$/JPY	89.650	-0.7%	4.0%
€/JPY	126.170	-1.2%	6.0%
€/SFR	1.472	0.1%	0.9%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	75.4	-1.0%	7.3%
High Yield	440.6	-1.2%	5.2%
Financials	76.6	-4.1%	8.8%
BoI	203.1	3.4%	-17.3%
AIB	234.7	6.4%	-15.4%
RBS	129.2	-1.1%	-8.2%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.2%
1-Year	1.2%	0.9%	0.5%
2-Year	1.6%	1.7%	1.1%
5-Year	2.6%	3.1%	2.7%
10-Year	3.4%	3.9%	3.7%

Date	Company	Region	Event
27/01/2010	Britvic Plc	GB	TRADE
27/01/2010	Renishaw PLC	GB	INTERIM
27/01/2010	Tullow Oil PLC	GB	TRADE
27/01/2010	WH Smith Plc	GB	TRADE
27/01/2010	Caterpillar	US	Q4
27/01/2010	QUALCOMM	US	Q1
27/01/2010	Symantec	US	Q3
27/01/2010	Abbott	US	Q4
27/01/2010	Allegheny Tech.	US	Q4
27/01/2010	General Dynamics	US	Q4
27/01/2010	The Boeing Co.	US	Q4
27/01/2010	The Stanley Works	US	Q4
27/01/2010	United Tech.	US	Q4
27/01/2010	Valero Energy Corp.	US	Q4
27/01/2010	WellPoint	US	Q4
28/01/2010	Nokia Oyj	FI	Q4
28/01/2010	Areva SA	FR	Q4 SALES
28/01/2010	JCDecaux SA	FR	Q4 SALES
28/01/2010	Loewe AG	DE	PRELIM
28/01/2010	CPL Resources PLC	IE	TRADE
28/01/2010	Bulgari SpA	IT	NAL OUTPUT

Date	Event	Region	Estimate
27/01/2010	MBA Mortgage App	US	--
27/01/2010	Consumer Price Index	GE	--
27/01/2010	New Home Sales MoM	US	--
27/01/2010	FOMC Rate Decision	US	0.25%
28/01/2010	Unemployment Rate (s.a)	GE	--
28/01/2010	Business Climate Indicator	EC	--
28/01/2010	Euro-Zone Indust. Conf	EC	--
28/01/2010	Euro-Zone Consumer Conf	EC	--
28/01/2010	Chicago Fed Nat Activity	US	--
28/01/2010	Durable Goods Orders	US	1.60%
28/01/2010	Initial Jobless Claims	US	--
29/01/2010	GfK Consumer Confidence	UK	--
29/01/2010	Euro-Zone M3 s.a. (YoY)	EC	--
29/01/2010	Euro-Zone Unemployment	EC	--
29/01/2010	GDP QoQ (Annualized)	US	4.20%
29/01/2010	Personal Consumption	US	--
29/01/2010	Core PCE QoQ	US	--
29/01/2010	Chicago Purchasing Mgr	US	--
29/01/2010	U. of Michigan Confidence	US	--
01/02/2010	Hometrack Housing Survey	UK	--
01/02/2010	PMI Manufacturing	GE	--

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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
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie