

## CONTENTS

### Market View

**Irish Treasury Bill:** Auction completed

**Irish 4Q GDP:** Declined by 7.5%

**Barclays:** May not need extra capital

**Siemens:** Reiterates guidance

**Ryanair :** Air France issues profit warning

**Elan :** Takeover speculation

### Market Movers

## IRISH PAPERS TODAY

Profits at KBC fall 25% to €115m  
*(The Irish Times)*

€1.5bn raised in debt securities  
*(The Irish Times)*

Bol governor braced for backlash as he rallies around new chief Boucher  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Chancellor worry over anti-banks backlash  
*(Financial Times)*

Geithner calls for huge shift in oversight  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-0.1%	-26.7%
BP	0.4%	-8.6%
CRH	-0.7%	-0.2%
E.ON	-1.0%	-24.3%
HPQ	7.1%	-8.5%
IL&P	-5.4%	-23.8%
INM *	-3.1%	-60.6%
J&J	0.1%	-11.6%
JPMorgan	1.9%	-7.7%
Microsoft	5.3%	-3.1%
Paddy Power	-0.8%	-8.7%
Vodafone	-0.9%	-14.9%

\* We are currently Neutral on IN&M

## Market View

**Analyst : Stephen Taylor**

European equity markets are stronger this morning taking their lead from the strong finish in the US last night which pushed the Nasdaq into positive territory for the year. The main driver for the move was better than expected earnings reports from electronics retailer Best Buy and Dr. Pepper Snapple which saw both stocks rise by 13% and 15%, respectively. The better than expected earnings reports follow some positive economic data out of the US over the last number of weeks. While all of this news is obviously a positive for equity markets we still remain cautious. A look at the iTraxx investment grade index, shows that it is underperforming equities a sign that credit markets have not been assured by the recent rally in markets. After US hours last night, Accenture lowered its full year earnings forecasts on the back of slowing corporate demand sending its shares down 10%. Given the global nature of Accenture's business, its downgrading of guidance should be seen as warning for the upcoming first quarter earnings season in the US and Europe. As for today the main focus will be on the final reading of UK fourth quarter GDP and personal income and spending figures in the US.

### Irish Treasury Bill:

**Analyst: Oliver Gilvarry**

The first Irish Treasury Bill auction was completed with a total of €1.56bn of funding raised including the competitive and non-competitive auctions. The bills were issued with maturities of 1, 3 and 6-months and all three issues had bid to cover ratios (Measure of the level of demand for the bills, the higher the better) over two times. The issue was not cheap with the average yields on the bills close to EURIBOR especially the 1-month bill and the average yields are circa three times what equivalent German government bills are issued at. The next auction will be on the 8<sup>th</sup> of April and the plan is to grow the programme quickly to create a deep and liquid market.

The Minister of Finance announced in Dáil Éireann yesterday that their estimates on tax revenues for the year have been lowered further dropping €3bn to €34bn. He also stated the government would seek to be "as close as possible" to its target for a government deficit of €17.2bn. Recent comments from the government indicate that this target will overshoot, but they must realise setting such targets and then discarding them will not go unpunished by the international bond markets. Any overshoot or indication the government is not serious about the target, and the cost of issuing Irish government debt will increase further.

### Irish 4Q GDP :

**Analyst: Oliver Gilvarry**

The need for new sources of funding for the government was further highlighted yesterday with the release of Q4 GDP. Year on year GDP fell 7.5% in the final quarter of 2008 and GDP for the year as a whole fell 2.3%, worse than what we had expected. The weak Q4 figure was driven by a significant fall in consumer spending, declining by 4% in the quarter as the consumer held back on spending due to concerns over jobs and the increase in VAT in the October budget would not have helped. Capital investment was down 30.6% on the previous period in 2007 and the volume of output of industry fell 12.5%. Included in this figure is construction sector output and that fell 24% due to the slowdown in the property market. One positive in the data release was the €1.633bn increase in net exports, highlighting how recovery in our export markets will be a major factor in an Irish recovery. With the US and Europe to remain weak for the remainder of the year, no significant recovery will occur in the Irish economy in 2009. Estimates for Q1 are for a larger decline in GDP compared to Q4 due to the further slowdown in economic activity and reluctance of consumers to spend due to the uncertainty over tax rates and employment prospects.

### Barclays & RBS :

**Analyst: Oliver Gilvarry**

Comments this morning indicate the Financial Services Authority (FSA) in the UK believe Barclays will not need further capital. The FSA is in the final stages of testing Barclay's portfolio and Barclays will have to make a decision prior to the 31<sup>st</sup> of March if it will join the UK insurance scheme for some of its assets. An announcement is expected in the next week or so on its iShares exchange traded funds unit that may be sold for up to £4bn. The sale will increase its capital ratios which are lower than its UK peers, but the bank is providing vendor financing for the deal by lending 80% of the purchase price to the successful bidder.

RBS have also announced they intend to purchase some of their junior debt and will offer 35-45% of par. The transactions will help increase the Tier 1 capital ratios of the bank and follows similar transactions by UBS and Lloyds recently.

### Siemens : Sell Current Price (€44.97)

**Target Price (€37.41)**

**Analyst: Stephen Taylor**

Siemens has this morning reiterated its profit forecast for 2009 of €8bn-€8.5bn. The group commented that earnings will be boosted by its energy business, which has doubled its profit margin during the second quarter. Siemens did point out however that it expects full year orders at its industrial unit to drop 'significantly' and that the US healthcare market has not reached a bottom yet. The company said that while it had not seen cancellations of orders it had seen orders delayed by many corporates. Like many corporates, Siemens is also cutting its purchasing and personnel costs and will 'significantly' increase the number of employees working shortened hours from about 7,000 now. Siemens comments this morning come on the back of the group's CEO comments during the week that the market which it operates in have become 'materially worse' and that the group is no longer 'immune' from the current slowdown. While Siemens is a well diversified company we retain our negative stance towards the stock as we expect the group to lower its 2009 earnings guidance at its second quarter results on April 29<sup>th</sup>.



---

**Ryanair: Buy**   **Current Price (€2.83)**   **Price Target (€3.65)**   **Analyst : David Dunk**

---

Air France issued a profit warning in a statement last night. The airline expects to make an operating loss of about €200m in the current year. As recently as last month, the company was expecting to make a profit. Air France has experienced a sustained decline in traffic since the start of the year, including March, traditionally a strong month for travel. Air France's cargo and passenger businesses are being hit by the weak economic environment. We are currently reviewing Ryanair, and will release a detailed note next week.

---

**Elan: Sell**   **Current Price (\$7.20)**   **Price Target (\$4.00)**   **Analyst : David Dunk**

---

Elan has seen a strong bounce in recent days on rumours of a potential takeover bid by Danish pharmaceutical business Lundbeck. The rumoured bid was expected to come last night, and to be in the region of €8 per share. Elan hired Citigroup to advise it on strategic options available in January. The company is currently loss making, and faces rapidly declining cash balances. Given that risk appetite from credit markets is still quite low, further debt raisings are unlikely to succeed. The recent surge M&A activity in the Pharmaceutical sector is likely to continue as larger companies compensate for their weak pipelines. We retain our sell rating on Elan, despite the risk of a takeover approach.

---



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,182	1.1%	-6.2%
FTSE	3,925	0.6%	-11.2%
Dow Jones	7,925	2.3%	-9.7%
S&P	833	2.3%	-7.8%
Nikkei	8,627	-0.1%	-2.6%
Stoxx 50	2,157	0.4%	-12.1%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	180	-0.4%	-11.2%
Technology	149	0.0%	-3.9%
Oil & Gas	263	-0.2%	-1.3%
Financials	130	2.2%	-13.7%
Retail	183	-0.7%	-0.2%
Food & Drink	209	0.2%	-10.2%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	54.3	3.0%	3.4%
Copper	185.5	2.9%	29.8%
Gold	934.1	0.0%	5.3%
Silver	13.6	1.4%	19.4%
Wheat	514.5	1.3%	-17.6%
Cattle	81.9	-0.8%	-4.6%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.353	-0.4%	3.6%
€/£	0.936	0.3%	1.5%
£/\$	1.445	-0.7%	2.0%
\$/JPY	98.72	1.2%	-7.7%
€/JPY	133.51	0.8%	-4.4%
€/SFR	1.525	0.1%	-2.2%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	180.9	-6.3%	4.3%
High Yield	1,127.5	0.0%	10.6%
Financials	161.3	-0.5%	37.1%
BoI	575.0	-0.6%	153.0%
AIB	562.3	-1.2%	182.7%
RBS	189.3	-0.8%	38.8%

## Money Market Rates

Rate	EUR	UK	US
Overnight	1.0%	0.5%	0.3%
3-Month	1.5%	1.7%	1.2%
1-Year	1.7%	1.7%	1.3%
2-Year	2.0%	2.2%	1.5%
5-Year	2.8%	3.1%	2.3%
10-Year	3.5%	3.7%	2.9%

Date	Company	Region	Event
24/03/2009	Deutsche Bank AG	Q4	DE
24/03/2009	Severn Trent Plc	TRADE	GB
24/03/2009	Sportech PLC	PRELIM	GB
24/03/2009	McCormick & Co., Inc.	Q1	US
24/03/2009	Volvo AB	TRAFFIC	SE
25/03/2009	Imperial Tobacco Group	TRADE	GB
25/03/2009	Smiths Group PLC	INTERIM	GB
25/03/2009	J Sainsbury PLC	Q4 TRADE	GB
25/03/2009	Legal and General Group	PRELIM	GB
26/03/2009	Hypo Real Estate Holding	FINAL	DE
26/03/2009	Northern Foods Plc	TRADE	GB
26/03/2009	Kingfisher PLC	PRELIM	GB
26/03/2009	Next Plc	PRELIM	GB
26/03/2009	Premier Oil PLC	PRELIM	GB
26/03/2009	Scisys Plc	PRELIM	GB
26/03/2009	United Utilities Group Plc	TRADE	GB
26/03/2009	Best Buy Co., Inc.	Q4	US
26/03/2009	Dr Pepper Snapple Group	Q4	US
26/03/2009	Gamestop Corp	Q4	US
27/03/2009	BNP Paribas	EGM	FR
27/03/2009	Wendell	Q4	FR
30/03/2009	Air Berlin PLC	Q4	DE

Date	Event	Region	Estimate
24/03/2009	PMI Manufacturing	GE	35
24/03/2009	PMI Services	GE	40.2
24/03/2009	ECB Euro-Zone Current Acc	EC	--
24/03/2009	PMI Manufacturing	EC	33.5
24/03/2009	PMI Services	EC	39.2
24/03/2009	CPI (MoM)	UK	0.30%
24/03/2009	RPI (MoM)	UK	-0.20%
24/03/2009	Industrial New Orders SA Mo	EC	-6.00%
24/03/2009	House Price Index MoM	US	--
24/03/2009	Richmond Fed Manufact. Indi	US	--
24/03/2009	ABC Consumer Confidence	US	--
25/03/2009	Import Price Index (MoM)	GE	--
25/03/2009	IFO - Business Climate	GE	82.2
25/03/2009	MBA Mortgage Applications	US	--
25/03/2009	Durable Goods Orders	US	-2.20%
25/03/2009	New Home Sales MoM	US	--
26/03/2009	GfK Consumer Confidence S	GE	2.5
26/03/2009	Euro-Zone M3 s.a. (YoY)	EC	5.50%
26/03/2009	Retail Sales (MoM)	UK	-0.40%
26/03/2009	GDP QoQ (Annualized)	US	-6.50%
26/03/2009	Personal Consumption	US	--
26/03/2009	Core PCE QoQ	US	--

## Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only 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 issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. 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. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report 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.

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.

## 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 issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and 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 & 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 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