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IRISH PAPERS TODAY

AIB plans to raise further €1bn in bonds
(The Irish Times)

INME to publish 2008 results on Thursday
(The Irish Times)

Irish economy to shrink 9pc by year's end, predicts PwC
(Irish Independent)

INTERNATIONAL PAPERS TODAY

US to take majority GM stake in revamp
(Financial Times)

EU activates pandemic plans for swine flu
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	3.9%	-6.5%
BP	0.9%	-7.7%
CRH	2.7%	4.5%
E.ON	3.1%	-15.1%
HPQ	-1.0%	-2.3%
IL&P	-5.5%	1.6%
INM *	-2.8%	-37.0%
J&J	-0.1%	-15.0%
JPMorgan	-1.8%	4.0%
Microsoft	-2.4%	4.9%
Vodafone	2.4%	-11.4%

Market View

Analyst : Stephen Taylor

European equity markets are lower this morning adding to the declines seen in the US and Asia overnight. Uncertainty about the economic impact of the swine flu is likely to continue to pressure markets as the World Health Organisation has raised its global alert level that could lead to more travel restrictions. Banking stocks in the US also look set to weigh on the market today. A report from the Wall Street Journal has indicated that Citigroup and Bank of America have been told by regulators that they may need to raise more capital as a result of US stress tests on lenders. The newspaper also points out that regional banks with large commercial real estate portfolios may also need to raise capital to protect against future losses including; Wells Fargo, Fifth Third Bancorp and Regions Financial. While banking shares have been one of the main drivers of the market rally since the beginning of March, any concerns over capital positions could continue to weigh on markets. As for today on the corporate side both Pfizer and Daimler are due to report earnings before the US market opens. Particular focus will be placed on Daimler's results and the market will be looking for any signs that there has been some form of bottom in auto sales figures. We retain our negative stance towards the sector as a whole with BMW as our top short pick. On the economic front, focus will be in the US with the Case-Shiller house price index expected to show an easing in price declines while consumer confidence is also expected to show its second improvement in two months.

Deutsche Bank : Q1 Results **Current Price (€40.38)** **Analyst : Oliver Gilvarry**

Deutsche Bank (DB) released Q1 results this morning beating analyst's estimates. Q1 net profit was €1.19bn compared to analyst estimates of €773m. As with other large banks, debt trading outperformed with Q1 debt trading recording revenues of €3.8bn, almost double market estimates. Loan products also outperformed analyst estimates with revenues of €613m double what was expected. On the negative, equity trading and advisory were weaker than expected. On credit quality, loan loss provisions were higher at €526m, compared to consensus of €460m. Cost cutting in the group was successful with non-interest costs reported at €2.5bn, significantly lower than expected. The CEO of the group sees continuing challenges this year and stated the near term outlook for the economy is difficult. He also believes the credit environment will deteriorate further, but DB is well positioned to manage the downturn. The beat on analyst expectations was due to debt trading as with most of the investment banks that have reported in Q1. The comments today from the CEO highlight that the issues on credit quality in loan portfolios have not gone away.

Friends Provident : IMS **Current Price (56.7p)** **Analyst : Oliver Gilvarry**

Friends Provident (FP), the UK listed life and pensions company, released an Interim Management Statement (IMS) this morning. The current focus in the insurance sector is on capital and the group reported an IGD surplus of £800m at the end of March compared to £850m at the end of December. The capital surplus has no material sensitivity to a fall of 30% in equity markets from end of March levels and corporate spreads widening by 100bps would lower the surplus by £100m. On sales, Q1 sales were £147.9m compared to estimates of £204.9m. In the UK, individual protection sales were weak as the lack of housing transactions means the lows hit in Q4 have yet to be reversed. The group has signed an agreement in principal with Tesco Personal Finance to provide protection products to their customers, supplying the group with another distribution network. On costs, the group is performing well with cost savings of £31m at the end of March compared to a year end target of £40m. The need for the group to manage costs and reduce new business strain is a key factor in enabling the group to offset the fall in sales and in turn to continue paying the current level of dividends in 2009.

Aer Lingus : Neutral **Current Price (€0.52)** **Price target (€0.65)** **Analyst : David Dunk**

Aer Lingus has released an interim management statement covering the first three months of the year. Revenue fell by 16% over the period. Passenger numbers were down 6.5% to 2.09m, with short-haul numbers down 5.7%, and long-haul numbers down 12.5%. Revenue per passenger was down 9.6% in Q1, compared with the same period last year. In total, yields declined 14.5% over the period, more than expected. Aer Lingus have hedged forward 74% of fuel requirements for the remainder of the year, at \$104 per ton. Aer Lingus are reviewing the sustainable size of its long haul and short haul, possibly resulting in further capacity decreases. Niall Walsh has been named as COO, with Sean Coyle named head of short haul operations, and Stephen Kavanagh as head of long haul operations. Overall the interim statement for Aer Lingus is quite negative, with a disappointing operational performance, taking into account the difficult operating environment. Although Aer Lingus currently trades below book value, given the rate of cash burn for the company, we would caution against buying Aer Lingus shares, and maintain our neutral rating.



BP: Buy **Current Price (487p)** **Price target (600p)** **Analyst : David Dunk**

BP released its Q1 trading statement today. The company has reported a Q1 replacement profit of \$2.39bn for the period. Net Income was \$2.56bn, significantly lower than \$7.09bn from last year, but ahead of consensus expectations of \$2.4bn. Production was better than expected, with 4.016 million barrels of oil equivalent per day, following the ramp up of the Thunder horse production platform. EPS for the quarter was \$0.1369, ahead of expectations. BP is increasing its dividend to \$0.14 for the quarter. This is significant, as the market has expressed concern over the sustainability of BP's dividend policy at current energy prices. For this quarter, BP will payout more in dividends than it created in earnings, effectively increasing the leverage of the business. The move represents a strong vote of confidence in the company from the management. We expect energy prices to increase towards the end of the year, which should eliminate the need for BP to decrease its dividend payouts. However, if BP were forced to cut its dividend later in the year, it would be taken very negatively by the market. We remain overweight the sector, and BP is our preferred pick of the integrated oil majors. Although the stock has performed well in recent days, we see room for further short term upside, following today's results.

WPP: Sell **Current Price (418p)** **Price target (300p)** **Analyst : Stephen Taylor**

WPP, the British advertising group, released its first quarter trading update this morning and the company posted a 36% increase in revenues to £2.117bn. However on a like for like basis, excluding the impact of acquisitions and currency effects, revenues were down 5.8%. The economic pressures have been most severely felt in the US and the UK, while some parts of the world have showed some resilience, with Latin America, Africa and Eastern Continental Europe still showing like for like growth. The group has indicated that it is in the process of reviewing its full year forecasts and that early indications are that like for like revenues will be below budget, with industry forecasts of mid-single declines perhaps more accurate. It warned that given the first quarter overall performance, it will be difficult to maintain operating margins at the level achieved in 2008. It predicts the first half of 2009 will be difficult and that any recovery will not be seen until 2010. The groups currently has net debt of £3.75bn, an increase of £1.16bn from the end of 2008, which is compared with a market capitalisation of £5.5bn.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,429	0.3%	1.5%
FTSE	4,167	0.3%	-7.7%
Dow Jones	8,025	-0.6%	-8.6%
S&P	858	-1.0%	-5.1%
Nikkei	8,494	-2.7%	-4.1%
Stoxx 50	2,317	-0.1%	-7.3%

Sector Performances

Sector	Index	1-Day	YTD
Construction	217	1.2%	3.2%
Technology	170	-0.8%	8.5%
Oil & Gas	272	-0.1%	1.0%
Financials	160	-0.1%	2.8%
Retail	206	0.5%	11.6%
Food & Drink	215	1.0%	-8.4%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	50.1	-2.7%	-7.9%
Copper	198.6	-3.1%	36.7%
Gold	906.5	-0.7%	1.8%
Silver	13.0	0.3%	12.2%
Wheat	519.5	-4.4%	-17.6%
Cattle	81.8	-1.0%	-4.9%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.304	-1.6%	-7.3%
€/£	0.890	-1.4%	-6.8%
£/\$	1.465	-0.2%	-0.5%
\$/JPY	96.76	-0.4%	5.5%
€/JPY	126.10	-2.0%	-1.4%
€/SFR	1.507	-0.1%	0.8%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	173.1	-6.3%	-1.3%
High Yield	999.5	-1.9%	-2.7%
Financials	156.2	1.3%	31.7%
BoI	384.9	-3.0%	55.4%
AIB	383.9	-4.4%	89.9%
RBS	193.0	1.7%	40.4%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.7%	0.4%	0.2%
3-Month	1.4%	1.5%	1.1%
1-Year	1.6%	1.5%	1.1%
2-Year	1.9%	2.2%	1.5%
5-Year	2.7%	3.1%	2.4%
10-Year	3.4%	3.7%	3.1%

Date	Company	Region	Event
28/04/2009	ICON Plc	IE	Q1
28/04/2009	Valero Energy Corp.	US	Q1
28/04/2009	Pfizer	US	Q1
28/04/2009	The McGraw Hill Co.	US	Q1
28/04/2009	Rockwell Collins, Inc.	US	Q2
28/04/2009	Sun Microsystems	US	Q3
28/04/2009	Daimler AG	DE	Q1
28/04/2009	Deutsche Bank AG	DE	Q1
28/04/2009	Friends Provident PLC	GB	NEW BIZ
28/04/2009	Whitbread PLC	GB	PRELIM
28/04/2009	BP Plc	GB	Q1
28/04/2009	Reckitt Benckiser Group	GB	Q1
29/04/2009	FBD Holdings PLC	IE	TRADE
29/04/2009	Grafton Group PLC	IE	AGM
29/04/2009	Cabot Oil & Gas Corpor	US	Q1
29/04/2009	Moody's Corporation	US	Q1
29/04/2009	Time Warner Inc.	US	Q1
29/04/2009	Wyeth	US	Q1
29/04/2009	Starbucks	US	Q2
29/04/2009	France Telecom SA	FR	Q1
29/04/2009	Renault SA	FR	Q1 SALES

Date	Event	Region	Estimate
28/04/2009	U.K. CBI April Distributive Tr	UK	--
28/04/2009	S&P/CaseShiller Home Price	US	--
28/04/2009	Consumer Price Index (MoM)	GE	0.00%
28/04/2009	Consumer Confidence	US	29
28/04/2009	Richmond Fed Manufact. Inc	US	--
28/04/2009	ABC Consumer Confidence	US	--
29/04/2009	Live Register	IE	--
29/04/2009	Unemployment Rate	IE	--
29/04/2009	Trade Balance	IE	--
29/04/2009	Euro-Zone M3 s.a. (YoY)	EC	5.80%
29/04/2009	Euro-Zone Consumer Confid	EC	-34
29/04/2009	GDP QoQ (Annualized)	US	-4.70%
29/04/2009	Personal Consumption	US	0.80%
29/04/2009	Core PCE QoQ	US	1.20%
29/04/2009	FOMC Rate Decision	US	0.13%
30/04/2009	ILO Unemployment Rate	GE	--
30/04/2009	Producer Prices (MoM)	FR	-0.40%
30/04/2009	Unemployment Rate (s.a)	GE	8.20%
30/04/2009	Euro-Zone CPI Estimate (Yo	EC	0.70%
30/04/2009	Euro-Zone Unemployment R	EC	8.70%
30/04/2009	Personal Income	US	-0.20%

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