Dolmen Daily

DOLMEN STOCKBROKERS

Tuesday 28th, July 2009

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(The Irish Times)

Investors pile into Irish bonds, sparking best returns in Europe
(The Irish Times)

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(Irish Independent)

INTERNATIONAL PAPERS TODAY

Darling threatens banks over loans
(Financial Times)

Fares dogfight set to hold back Ryanair growth this year
(Financial Times)

FTSE matches its record for a rally
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.8%	6.5%
BP	1.6%	-1.4%
CRH	-2.1%	4.5%
DCC	-0.1%	46.4%
E.ON	1.8%	-7.9%
HPQ	0.3%	15.3%
IL&P	-1.4%	105.7%
INM	0.0%	-49.1%
J&J	-0.4%	2.4%
JPMorgan	0.6%	20.9%
Microsoft	-1.4%	18.9%
Vodafone	-0.2%	-14.0%

Market View — Analyst : Stephen Taylor

European equity markets are stronger this morning making it the eleventh rise in twelve trading sessions. Yesterday's 11% rise in June new home sales in the US, its largest rise in eight years, provides further evidence that the US housing market is beginning to stabilise. Cautious comments from Honeywell and Verizon had initially weighed on the market, however the fact that credit spreads and interbank borrowing costs are continuing to tighten is providing a support for equity markets. Overall the earnings season has surprised to the upside in the US and the focus this week will turn to Europe with the majority of earnings due on Wednesday and Thursday. As for today the main focus will be on economic data out of the US. The CaseShiller house price index will be closely watched and is expected to show a year on year decline from May of 17.90%, a slight improvement on the 18.12% decline seen in April. Consumer confidence will also be in focus and is expected to remain flat for July, while the Richmond Fed index is expected to show its fifth monthly increase. On the corporate front, United States Steel's results will be important and the market will be closely watching its earnings outlook for its major markets in the US and Europe.

Irish Financials : NAMA — Analyst : Oliver Gilvarry

Reports in the Irish newspapers this morning indicate the cabinet were provided a detailed presentation on NAMA by the Minister for Finance in the last number of days. The cabinet seem set to sign off on the bill today and it will then be published later in the week, potentially Thursday or Friday. The Government is aiming to pass the bill into law by the end of September with reports indicating some of the largest loans will be moved into NAMA by the end of the year. This is sooner than what we had expected as we thought the largest loans would not be moved until the first quarter of next year. It seems unlikely that the bill will include details of how the loans will be valued at this stage. The creation of NAMA and passing of the bill into law by the end of September will be positive for the Irish banks as it will reduce uncertainty in the sector.

European Financials: Deutsche Bank & BBVA — Analyst : Oliver Gilvarry

Deutsche Bank (DB) reported this morning with Q2 profits rising 68% and net income was €1.09bn compared to consensus estimates of €944m. The CEO of DB commented that the banking and financial markets stabilised in the second quarter and this helped drive a fourfold gain in income from debt sales and increases in equity trading. The gains in trading offset lower net interest margins, lower fees and commissions. The bank's tier 1 ratio increased to 11% in the quarter, above the 10% internal target. On the bank's leverage, based on US accounting principals, it declined from 38x to 24x year on year. While this is better than many of its European peers, it is still higher than the US investment banks. On outlook, the CEO stated "The outlook for the remainder of 2009 is strongly influenced by progress in the global economy" and DB is well prepared and can take full advantage of opportunities when conditions improve. The results were better than expected, but were driven by trading, the most volatile part of the group's earnings stream, and this was helped by favourable capital markets.
The second largest bank in Spain, BBVA, also reported second quarter results this morning. Net profits were €1.56bn, a beat of 20% compared to consensus estimates. Net profit in the group increased yoy by 35%. Operating profits increased in Spain and Portugal, but in Mexico it declined by 6.4%. On loan quality, Non-Performing Loans (NPL) increased by €1.2bn to €11.8bn. This pushed the NPL ratio to 3.2% in the quarter from 2.8% at the end of 2008. On capital, core tier 1 increased to 6.9% and tier 1 was 8.2%. The positive from the results was the strength in interest income in the group as net interest margins remained stable even in a low interest rate environment. The increase in core tier 1 capital was also a positive as it moved closer to 7%, but it still remains at the lower end of the range compared to peers.

Sage: Interim Management Statement Current Price (190p) Analyst : Stephen Taylor

UK software group Sage has issued an interim management statement for the 9-month period ending 30th June 2009. The group pointed out that its results for the period are in line with management expectations. Sage noted that subscription revenues continue to show solid growth and that its cost base has been successfully reduced to take account of the slowdown in the market for software and software-related services. Sage's financial position is solid and cash generation remains strong. Net debt over the period declined to £491m from £558m at the end of March (current market cap £2.5bn). Sage's results this morning highlight the resilience of the company's reoccurring revenue model. We will be publishing a detailed note on Sage Group over the coming weeks.

BP: Buy **Current Price** (521p) **Price target** (600p) **Analyst :** David Dunk

BP announced its second quarter results this morning. Net profits for the quarter were $4.4bn, down from $9.4bn for the same period last year. The key adjusted earnings figure for the quarter of $2.94bn, was better than the $2.8bn expected. Production was also strong, with 4 million barrels of oil equivalent per day, at the top end of our 3.9-4 million barrels expected. Total revenue for the period declined from $110.98bn to $56.56bn as a result of lower energy prices compared to last year. The quarterly dividend is $0.14 per share, in-line with expectations. BP again reiterated its commitment to paying the current level of dividend payments. BP was able to reduce cash costs from its business by $2bn in the first half of this year, compared with the same period in 2008. BP expects an additional $1bn of cost savings by year end. BP's management stated that the global economy could stabilise in the current year, but that any recovery would be sluggish. We remain bullish on the oil sector, and BP remains our preferred pick among the integrated oil majors

GSK: Neutral **Current Price** (1180p) **Price target** (900p) **Analyst :** David Dunk

Amgen released its second quarter results last night. Profit for the quarter was up 40%, on lower research spending, and higher sales of arthritis drug Enbrel. Net income was $1.27bn, up from $906m for the previous year. Sales of Enbrel were $899m, up 7% on the quarter. Amgen has raised its earnings forecasts for the full year to a range of $4.80 to $4.95. Separately, Amgen announced that it would cooperate with GlaxoSmithKline in marketing efforts for denosumab, an osteoporosis treatment, pending approval by the FDA.

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Market Movers

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International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,771	-1.2%	18.0%
FTSE	4,586	0.2%	3.9%
Dow Jones	9,109	0.2%	3.8%
S&P	982	0.3%	8.7%
Nikkei	10,087	0.0%	13.9%
Stoxx 50	2,601	0.7%	7.1%

Sector Performances

Sector	Index	1-Day	YTD
Construction	229	0.2%	12.9%
Technology	169	-0.6%	10.7%
Oil & Gas	301	1.5%	13.6%
Financials	200	0.7%	33.2%
Retail	224	-0.6%	22.7%
Food & Drink	252	0.3%	8.5%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	68.4	0.5%	22.3%
Copper	254.5	0.9%	79.1%
Gold	953.8	0.3%	8.4%
Silver	14.0	0.8%	24.5%
Wheat	520.5	0.8%	-19.6%
Cattle	90.2	0.5%	1.3%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/$	1.423	0.2%	2.3%
€/£	0.863	-0.1%	-10.5%
£/$	1.649	0.4%	11.6%
$/JPY	95.19	0.4%	4.6%
€/JPY	135.48	0.6%	6.8%
€/SFR	1.524	0.1%	2.0%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	111.5	-6.3%	-39.5%
High Yield	714.6	-1.4%	-31.3%
Financials	81.6	-5.5%	-30.6%
BoI	349.9	-1.0%	47.5%
AIB	353.0	-1.0%	77.8%
RBS	130.7	-4.4%	-3.6%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.2%
3-Month	0.9%	0.9%	0.5%
1-Year	1.3%	1.2%	0.8%
2-Year	1.8%	2.3%	1.5%
5-Year	2.9%	3.7%	3.0%
10-Year	3.7%	4.3%	4.0%

Date	Company	Region	Event
28/07/2009	Addex Pharmaceuticals	CH	INTERIM
28/07/2009	Informa PLC	GB	INTERIM
28/07/2009	Provident Financial Plc	GB	INTERIM
28/07/2009	Vedanta Resources PL(	GB	Q1 OUTPUT
28/07/2009	BP Plc	GB	Q2
28/07/2009	Randgold Resources Lt	GB	Q2
28/07/2009	Sage Group PLC	GB	TRADE
28/07/2009	Vodafone Group Plc	GB	AGM
28/07/2009	Unisys	US	Q2
28/07/2009	The McGraw Hill Co.	US	Q2
28/07/2009	TSYS	US	Q2
28/07/2009	United States Steel Cor	US	Q2
28/07/2009	Valero Energy Corp.	US	Q2
28/07/2009	Viacom	US	Q2
29/07/2009	Peugeot SA	FR	INTERIM
29/07/2009	SAP AG	DE	PRELIM Q2
29/07/2009	Bayer AG	DE	Q2
29/07/2009	Daimler AG	DE	Q2
29/07/2009	Deutsche Bank AG	DE	Q2
29/07/2009	ArcelorMittal SA	LU	INTERIM
29/07/2009	Banco Santander SA	ES	Q2
29/07/2009	EasyJet PLC	GB	Q3 TRADE

Date	Event	Region	Estimate
28/07/2009	S&P/CaseShiller Home Price	US	- -
28/07/2009	Consumer Confidence	US	48.7
28/07/2009	Richmond Fed Manufact. Inc	US	8
28/07/2009	ABC Consumer Confidence	US	- -
29/07/2009	Euro-Zone M3 s.a. (YoY)	EC	- -
29/07/2009	Net Consumer Credit	UK	0.3B
29/07/2009	M4 Money Supply (MoM)	UK	- -
29/07/2009	MBA Mortgage Applications	US	- -
29/07/2009	Durable Goods Orders	US	-0.50%
29/07/2009	Consumer Price Index (MoM	GE	0.20%
29/07/2009	Fed's Beige Book	US	- -
30/07/2009	Retail Sales (MoM)	GE	- -
30/07/2009	Unemployment Rate (s.a)	GE	8.40%
30/07/2009	Business Climate Indicator	EC	-2.86
30/07/2009	Euro-Zone Consumer Confid	EC	-24
30/07/2009	Initial Jobless Claims	US	588K
31/07/2009	GfK Consumer Confidence S	UK	-23
31/07/2009	Euro-Zone CPI Estimate (Yo	EC	-0.40%
31/07/2009	Euro-Zone Unemployment R	EC	9.70%
31/07/2009	GDP QoQ (Annualized)	US	-1.50%
31/07/2009	Personal Consumption	US	-0.50%
31/07/2009	Core PCE QoQ	US	2.40%

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