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Market Movers

IRISH PAPERS TODAY

YoY lending falls for the first time in the Eurozone
(The Irish Times)

INM shareholders advised to vote against O'Brien at egm
(The Irish Times)

EU sanction fear spooks investors in banks
(Irish Independent)

INTERNATIONAL PAPERS TODAY

BP offers proof of turnaround
(Financial Times)

JCB faces first annual loss after global demand falls
(Financial Times)

US mood sours on economy
(The Wall Street Journal)

Market View

Analyst : Stephen Taylor

European equity markets are lower this morning following a weaker close in the US and Asia overnight. The continued strength in the US \$ has led to weaker commodity and equity prices as some risk aversion has begun to enter the market again. Yesterday's weaker than expected US consumer confidence figure for October highlights the pressures that the consumer is under and the uncertainty that it has in relation to job security. The employment component of the reading fell to a 26-year low and has a negative read across for upcoming employment reports. On the positive note the S&P Case Schiller house price index continues to show that house prices in the US are showing signs of stabilisation. One point of caution must be noted on this however and that is in relation to the potential phase out of the \$8,000 new home buyer tax credit that is due to be withdrawn at the end of November. The market clearly does not like the idea of any stimulus being withdrawn from the economy. On the corporate front earnings are beginning to disappoint slightly with German software maker SAP lowering earnings guidance this morning while overnight CRH peer Cemex disappointed the market with disappointing third quarter earnings. With such caution coming back into the market we are recommending clients take a more defensive approach to equities with a focus on Vodafone, Glaxo, and some of the large US technology companies such as Microsoft and Intel. As for today, the main focus today will be on the economic data out of the US with both Durable Goods data and New home sales figures for the month of September expected to show monthly increases.

CRH: Buy **Current Price:**(€17.30) **Target Price:**(€20.30) **Analyst : Stephen Taylor**

Shares in CRH are under pressure this morning following a disappointing set of results from US peer Cemex. The group reported a 40% drop in third quarter net profit to \$121m missing expectations of \$170m. Sales fell by 27% to \$4.22bn slightly below expectations. The miss in earnings by Cemex is a negative read across for CRH that generates c. 50% of its revenue in the US. However, we feel that given the strength of CRH's balance sheet (strongest in sector) the company is well placed to make earnings accretive acquisitions over the next 12-months. We would use the weakness as a long-term buying opportunity in CRH. CRH is due to issue an interim management statement on November 10th.

Aviva: Buy **Current Price :** (406p) **Target Price:**(440p) **Analyst : Oliver Gilvarry**

Prudential has released its interim management statement, with the group has posting Q3 sales of £700m. This was 7% ahead of analysts' forecasts of £653m, reflecting strong performances from its US and Asian divisions. Sales in Asia, excluding the impact of the Taiwan business sold earlier in the year, rose 4% in the quarter, while the US jumped 66%. UK sales were down 22% year on year reflecting the absence of a large bulk annuity transaction which boosted the numbers a year ago. Going forward the group believes that the economic environment will remain uncertain for some time but it has reiterated it is strongly positioned to benefit from the next stage of the economic cycle. The group's capital position remains strong with a capital surplus at the end of September of £2.8bn, up £1.2bn a year ago. We remain comfortable with Aviva and Prudential as our top picks in the insurance sector. After a recent strong run since their March lows, both Aviva and Prudential have fallen back to levels that we see as excellent buying opportunities. Sentiment towards the sector has improved due to stronger capital positions and improving markets. Aviva's dividend yield is 5.8% in the case of Prudential the yield is 3.3%

Arcelor Mittal: Q3 results **Current Price:** (€23.50) **Analyst : David Dunk**

The AEX listed steelmaker returned to profit this quarter following a loss of \$1.2bn in Q2. Sales rose to \$16.2bn but fell short of the consensus of \$17.8bn. EBITDA came in at \$1.6bn which was slightly lower than consensus of \$1.67bn. In terms of guidance, the management indicated that Q4 EBITDA would be between \$2.0bn - \$2.4bn but this was below analysts consensus of \$2.8bn. CEO Lakshmi Mittal added a cautious tone to the results stating that " We continue to see further gradual improvement through 2010, although the operating environment remains challenging". Management also noted that growth would come "mostly from emerging economies". On the whole the results were weaker than expected and the forward looking comments suggest that the recovery in developed economies will be slow.

C&C: Neutral **Current Price :** (€2.68) **Analyst : Edward Keeling**

Heineken has issued a Q3 trading update this morning and the Dutch brewer reported that sale volumes declined by 4.7% compared to the same period last year. This was ahead of consensus estimates for a 5.4% decline and reflects the effects of consumers trading down to private label brands. Revenue for the period was down just 0.4% to €4.07bn, reflecting resilient pricing, but behind market expectations of €4.12bn. As part of its cost cutting programme, Heineken said it closed breweries in France and Spain which combined with further closures planned will result in savings of up to €150m. The group raised its outlook for the full year, indicating it now expects to post net profit growth in the "low double digits", up from its previous guidance of high single digit growth.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,059	-1.1%	27.4%
FTSE	5,201	0.2%	16.5%
Dow Jones	9,868	-1.0%	12.6%
S&P	1,067	-1.2%	17.7%
Nikkei	10,212	-1.4%	13.7%
Stoxx 50	2,835	0.0%	15.0%

Sector Performances

Sector	Index	1-Day	YTD
Construction	258	-0.5%	1.7%
Technology	183	-0.1%	3.7%
Oil & Gas	323	2.4%	2.8%
Financials	226	-1.2%	2.3%
Retail	227	1.4%	1.5%
Food & Drink	281	1.1%	4.2%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	79.6	1.1%	34.7%
Copper	299.9	-0.4%	108.4%
Gold	1,040.1	0.1%	17.7%
Silver	16.5	-3.2%	47.1%
Wheat	503.3	-4.5%	-25.3%
Cattle	87.1	-0.1%	-3.5%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.480	-0.5%	-5.7%
€/£	0.904	-0.7%	5.4%
£/\$	1.637	0.2%	-10.6%
\$/JPY	91.805	-0.4%	-0.5%
€/JPY	135.887	-0.9%	-6.2%
€/SFR	1.513	-0.1%	-1.3%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	89.8	2.2%	-48.4%
High Yield	482.1	2.6%	-52.2%
Financials	68.8	2.0%	-41.1%
BoI	153.2	-2.1%	-36.0%
AIB	161.6	-0.5%	-20.5%
RBS	110.1	2.1%	-18.5%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.2%	0.9%	0.6%
2-Year	1.8%	1.9%	1.3%
5-Year	2.8%	3.2%	2.7%
10-Year	3.5%	3.9%	3.6%

Date	Company	Region	Event
28/10/2009	SAP AG	DE	PRELIM Q3
28/10/2009	ENI SpA	IT	Q3
28/10/2009	ArcelorMittal SA	LU	Q3
28/10/2009	Heineken NV	NL	Q3 TRADE
28/10/2009	France Telecom SA	FR	Q3
28/10/2009	Banco Santander SA	ES	Q3
28/10/2009	British American Tobacc	GB	TRADE
28/10/2009	Prudential Plc	GB	TRADE
28/10/2009	BG Group plc	GB	Q3
28/10/2009	GlaxoSmithKline PLC	GB	Q3
28/10/2009	ConocoPhillips	US	Q3
29/10/2009	Axa SA	FR	Q3 SALES
29/10/2009	Renault SA	FR	Q3 SALES
29/10/2009	BASF SE	DE	Q3
29/10/2009	Deutsche Bank AG	DE	Q3
29/10/2009	Volkswagen AG	DE	Q3
29/10/2009	Royal Dutch Shell Plc	NL	Q3
29/10/2009	AstraZeneca PLC	GB	Q3
29/10/2009	Standard Life Plc	GB	Q3 TRADE
29/10/2009	Procter & Gamble Co.	US	Q1
29/10/2009	Exxon Mobil Corp.	US	Q3

Date	Event	Region	Estimate
28/10/2009	Consumer Price Index (MoM)	GE	--
28/10/2009	MBA Mortgage Applications	US	--
28/10/2009	Durable Goods Orders	US	0.5
28/10/2009	New Home Sales MoM	US	--
29/10/2009	Unemployment Change (000's)	GE	--
29/10/2009	Mortgage Approvals	UK	--
29/10/2009	M4 Money Supply (MoM)	UK	--
29/10/2009	Euro-Zone Consumer Confidence	EC	--
29/10/2009	GDP QoQ (Annualized)	US	2.30%
29/10/2009	Personal Consumption	US	--
29/10/2009	GDP Price Index	US	--
29/10/2009	Core PCE QoQ	US	--
29/10/2009	Initial Jobless Claims	US	--
30/10/2009	Retail Sales (MoM)	GE	--
30/10/2009	Euro-Zone CPI Estimate (YoY)	EC	--
30/10/2009	Euro-Zone Unemployment Rate	EC	--
30/10/2009	Personal Income	US	--
30/10/2009	Personal Spending	US	--
30/10/2009	PCE Deflator (YoY)	US	--
30/10/2009	Chicago Purchasing Manager	US	--
30/10/2009	U. of Michigan Confidence	US	--

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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