



DOLMEN STOCKBROKERS **WEEKLY OUTLOOK**

29.12.2006



DOLMEN SECURITIES Website : www.dolmensecurities.com

Dolmen House, 4 Earlsfort Terrace, Dublin 2, Ireland.

45 South Mall, Cork, Ireland.

Crescent House, Hartstonge Street, Limerick, Ireland

Tel: +353 1 633 3800

Tel: +353 21 422 2122

Tel: +353 61 405713

Fax: +353 1 677 7044

Fax: +353 21 422 2123

Fax: +353 61 405711

Email: info@dsl.ie <<mailto:info@dsl.ie>>

Email: cork@dsl.ie <<mailto:cork@dsl.ie>>

Please see Analyst Certification and required disclosures set out at the end of this report.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

Section

1 Market View

Global equity markets in 2007-look set to continue their strong performance experienced in 2006, and while there may be concerns about the rate of global growth and the impact of a weak dollar, these will not be sufficient to derail the performance of markets. Obviously sector selection and ultimately stock selection will remain core to any portfolio strategy and in this regard investors must be mindful of sectors and stocks with a heavy dollar exposure.

The Week Ahead

Economic Calendar

Date	Region	Event	Period	Consensus	Prior
3/1/07	US	ISM Manufacturing	DEC	50	49.5
3/1/07	US	ISM Prices Paid	DEC	54	53.5
3/1/07	US	Minutes of Dec 12 FOMC Meeting			
4/1/07	EC	Euro-Zone CPI Est. (YoY)	DEC	1.90%	1.80%
4/1/07	UK	Consumer Confidence Survey	DEC	-6	-7
4/1/07	US	Factory Orders	NOV	1.30%	-4.70%
4/1/07	US	ISM Non-Manufacturing	DEC	57.2	58.9
4/1/07	US	Pending Home Sales MoM	NOV	0.80%	-1.70%
5/1/07	EC	Euro-Zone Economic Confidence	DEC	110.4	110.3
5/1/07	EC	Euro-Zone Unemployment Rate	NOV	7.60%	7.70%
5/1/07	EC	Euro-Zone Retail Sales (YoY)	NOV	1.60%	1.10%
5/1/07	US	Change in Nonfarm Payrolls	DEC	115k	132k
5/1/07	US	Unemployment Rate	DEC	4.50%	4.50%

Corporate Calendar

Date	Region	Company	Event
3/1/07	IRE	CRH	Final Trading Update
3/1/07	GB	William Hill	Final Trading Update
4/1/07	GB	NEXT	Final Trading Update
5/1/07	GB	British Airways	Final Trading Update

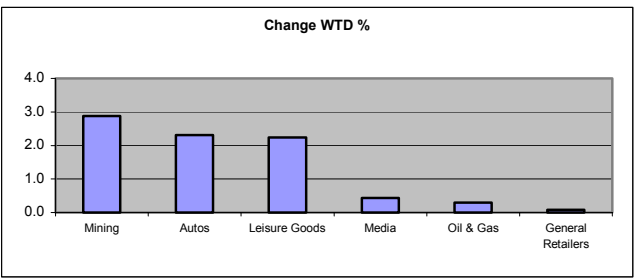
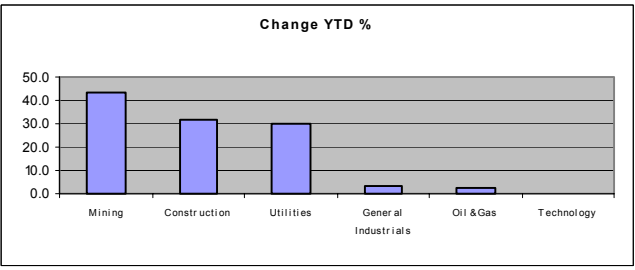
Current Trading ideas

Trading ideas	
<p>BP Last rec @ 568p Current: 568p Target: 660p Stop-loss: 565p</p>	<p>This day week, 9th January, BP will release a trading statement for the 3 months ended 31/12/06. The statement should confirm a significantly stronger production performance in Q4 2006, as Alaska Prudhoe Bay production was restored, and as production was less disrupted by maintenance work than it was in Q3 2006. BP has a large number of new production start-ups coming on stream over the next 12 months, which should result in overall production growth of c.5% being achieved in 2007. Our current 12-month price target for BP of £6.60 (16% upside) is based on 11x 2007 eps of 60p, and BP will also pay a dividend yield of c.3.5% for waiting for this upside to be achieved. BP's ongoing share buyback programme should also continue to support the share price at current levels: BUY.</p>
<p>BHP Billiton Last rec @ 931p Current: 935p Target: 1100p Stop-loss: 830p</p>	<p>On Thursday 3 weeks, 25th January, BHP Billiton will release a trading statement for the 3 months ended 31/12/06. The statement should confirm that the group remains on target to achieve current year earnings growth of at least 60%. For the 12 months ending 30/06/07, BHP expects to expand its production of iron ore, copper, coking coal, oil and nickel by between 6% and 12%, and so as a result, does not require further commodity price increases to generate continued strong earnings growth. Over the past 6 years, the group has traded in a range of between 10x and 19x current year eps. As a result, our view is that 12x is a fair multiple, particularly given the strong earnings growth explained above, and so our current 12 month price target of £11 (15% upside) is based on 12x current year eps of £0.92: BUY</p>
<p>GSK Last rec @ 1345p Current: 1344p Target: 1500p Stop-loss: 1300p</p>	<p>In a month's time, on 8th February, GlaxoSmithKline will announce its results for the 3 months ended 31/12/06. These results should show full year 2006 earnings per share growth of 15% to 95p, which could act as a catalyst to spark some recovery in the Glaxo share price. With US approval for Tykerb (breast cancer) on course for March 2007, and a US filing for Cervarix (cervical cancer) on course for April 2007, the results' release could also help improve sentiment towards the group's pipeline. At 13.5x consensus 2007 eps of £1, the shares are now trading at a 13% discount to the current EU pharma sector average of 15.6x 2007 eps, and the share price will also continue to receive some support from the company's ongoing share buyback programme: BUY.</p>

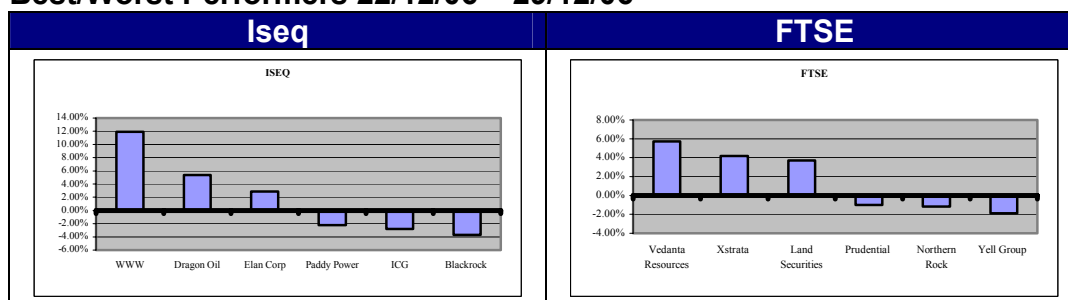
Last Week's Moves

	Levels	Last week's moves	YTD Move
Equities			
DJ INDUS. AVG	12501.52	0.30%	16.65%
S&P 500	1424.73	0.08%	14.14%
NASDAQ	2425.57	-0.08%	9.99%
DJ	3705.86	0.04%	10.54%
FTSE 100	6220.797	0.35%	10.70%
DAX	6616.617	0.32%	22.18%

	Div Yield-2006	EPS Growth 2006	P/E-2006	P/E-2007
ISEQ	2.55%	14.1%	12.0	10.5
UK	3.40%	15.5%	13.0	12.4
US	2.10%	10.9%	16.2	15.1
Euro	3.19%	15.0%	12.7	11.9

Sector*	Weekly Move %	YTD Move %	*Perf based on capital price moves only
Mining	2.88	43.59	
Autos	2.31	20.19	
Leisure Goods	2.24	9.64	
Software	1.47	5.34	
Personal Goods	1.46	13.29	
Utilities	1.34	29.78	
Beverages	1.20	15.07	
Chemicals	1.02	17.62	
Banks	0.95	18.84	
Pharmaceuticals	0.93	6.32	
Technology	0.72	0.32	
Construction	0.69	31.97	
Food Producers	0.61	14.31	
Tobacco	0.51	18.93	
Insurance	0.51	16.14	
General Industrials	0.48	3.45	
Telecommunications	0.45	7.71	
Media	0.44	5.98	
Oil & Gas Producers	0.30	2.70	
General Retailers	0.08	18.78	

Best/Worst Performers 22/12/06 – 29/12/06



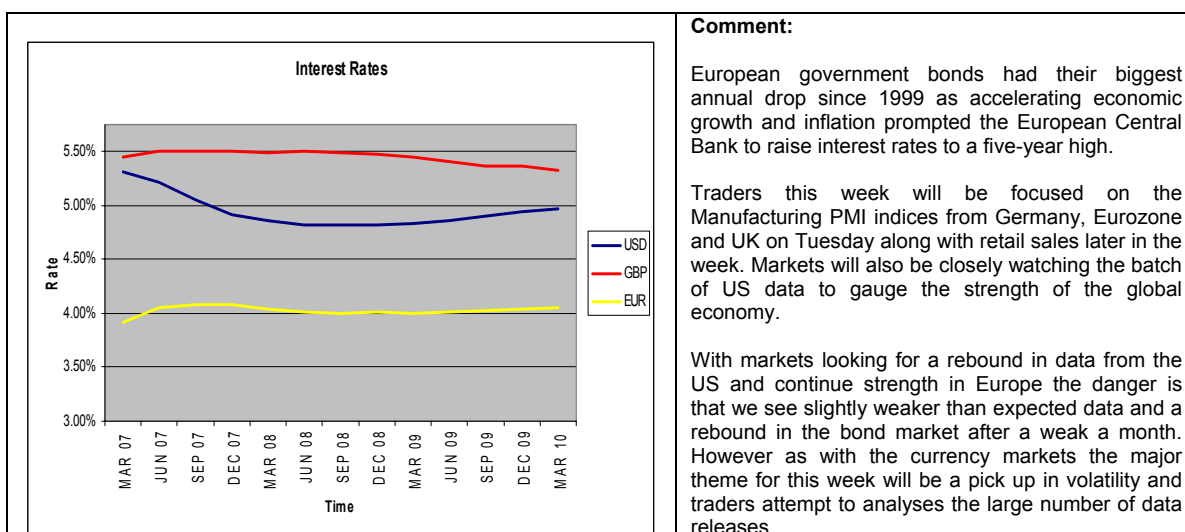
Shares in Glanbia were down 4.5% after the announcement on Friday of the sale of its 25% stake in the Cheese Company. Aer Lingus was also down after November passenger figures for both long and short haul flights were down on the previous year. The index was down overall although volume was very thin.

The FTSE tracked the rises in Wall Street and Asia after investors returned from a five-day break. Shares in Tesco, hit a record in thin post-Christmas trading on Wednesday. A rise in the oil price on Thursday offset a wave of better-than-expected U.S. economic data, including figures that showed an unexpected rise in existing-home sales.

Section

3 Commodity, Currency & Credit Markets

	Current			YTD Change		
	EURO	GBP	USD	EUR	GBP	USD
Base Rate	3.50%	5.00%	5.25%	1.25%	0.50%	1.00%
3 Month	3.73%	5.32%	5.05%	1.17%	1.12%	0.38%
12 Month	4.03%	5.58%	4.92%	0.97%	1.02%	0.11%
5 Year	3.90%	5.05%	4.67%	0.84%	0.89%	0.31%
10 Year	3.93%	4.74%	4.68%	0.62%	0.65%	0.28%
EUR-USD X-RATE	1.3176			10.18%		
EUR-GBP X-RATE	0.671			-2.45%		
CRUDE OIL FUTR	60.31			0.00%		
NAT GAS FUTR	6.328			-46.22%		
GOLD SPOT \$/OZ	635.4			22.84%		
SILVER SPOT \$/OZ	12.895			46.29%		
LME ALUMINUM	2830			24.29%		
LME COPPER	6380			45.17%		



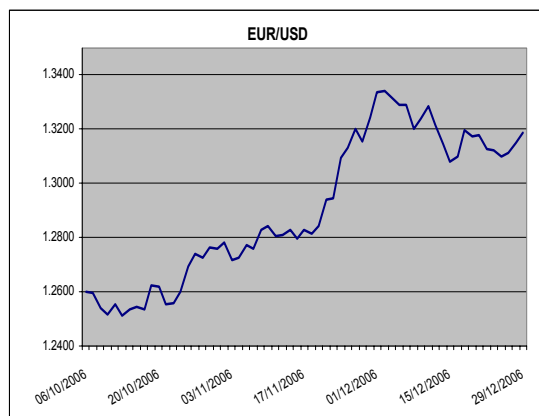
Comment:

European government bonds had their biggest annual drop since 1999 as accelerating economic growth and inflation prompted the European Central Bank to raise interest rates to a five-year high.

Traders this week will be focused on the Manufacturing PMI indices from Germany, Eurozone and UK on Tuesday along with retail sales later in the week. Markets will also be closely watching the batch of US data to gauge the strength of the global economy.

With markets looking for a rebound in data from the US and continue strength in Europe the danger is that we see slightly weaker than expected data and a rebound in the bond market after a weak a month. However as with the currency markets the major theme for this week will be a pick up in volatility and traders attempt to analyse the large number of data releases.

Currency Comment

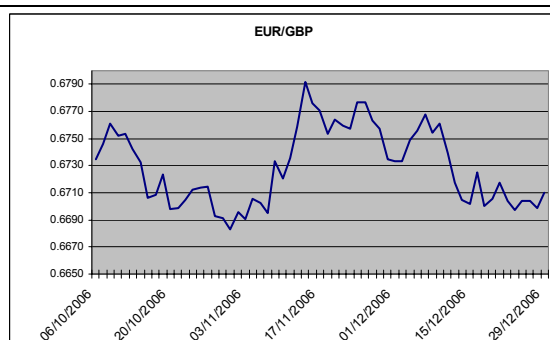


Comment: EUR/USD

The Euro continued to gain support last week from a tough ECB stance on interest rates while the increase in Euro-zone money supply growth to a year-on-year rate of 9.3% for November maintained market expectations of a first-quarter interest rate increase. The dollar was generally trapped between a 1.31-1.32 range against the Euro during the week with firm Euro sentiment preventing significant dollar gains on the back of firmer than expected housing and consumer confidence numbers.

After a couple of weeks of consolidation around the Christmas Holiday period, much volatility is expected for the first week of 2007 on the back of a economic release scheduled with important indicators from Tuesday on. Highlights include both the Manufacturing and Non- Manufacturing ISM numbers along with the release of the Minutes of the last Federal Reserve meeting. The week finishes off with the important US jobs report.

While the view remains bullish the Euro there is potential for some USD strength this week on the back of expected a rebound in economic activity.



Comment : EUR/GBP

There was little in the way of UK economic data last week, although the latest house-price surveys remained strong with the Nationwide Bank reporting a further 1.2% monthly increase for December, which maintained the annual growth rate above 10%. Sterling was blocked close to 0.67 against the Euro. Friday saw a rebound in the Euro as a stronger than expected money supply number gave support to the view the ECB will increase rates in the first quarter of 2007.

With little significant UK economic releases this week expect the Euro to hold the .6700 levels and possible trade up to .6750 on the back of continued speculation of further rates rises out of the ECB.

Corporate Credit Markets

Rating-5 Yr Bonds	Sample Names	Dec 2005 Yield	Current Yield	
AAA	Rabobank	3.65%	4.03%	<p>The Itraxx* was unchanged over the Christmas period, as expected, with very thin volumes leaving the investment grade index trading at 24bps. We expect the new year will kick off with a struggle between the return of the technical bid and fall out from macro data and a weaker US dollar.</p> <p>*ITRAXX is an index of the 125 most liquid investment grade corporate names in the European market</p>
AA	Deutsche Bank	3.95%	4.16%	
A	Tesco	3.83%	4.21%	
BBB	MKS	5.30%	5.76%	
BB	Royal Caribbean Cruise lines	5.73%	5.90%	

Sector Movements in week ended 02/01/2007:

Auto: Quiet in the sector – after a very active start to December the European automakers were unchanged over Christmas period. In the US activity was seen in the short of the curve for Ford and GM, Ford tightened 12bps in the 1 year CDS, and only 2bps in the 5 year, further steepening the curve. The same move was seen in the GM spreads although not as pronounced.

Building materials: Mixed in the sector with LaFarge, Heidelberg and Saint Gobain unchanged while Pilkington was 1bps tighter after the company received state approval for a \$184m glass plant in Kazakhstan.

Chemicals: Quiet in the sector- names unchanged again in the sector over the week.

Airlines: Mixed in the sector – both British Airways and Lufthansa were unchanged. Lufthansa saw some widening prior to the Christmas break, moving 2bps wider after the company reportedly reached an agreement to sell its interest Thomas Cook to its JV partner. Elsewhere Rolls Royce and BAE Systems were both 1bps wider.

Food/Beverages: Quiet in the sector – the only mover was Carrefour, 1bps tighter on rumours of a bid for a Turkish retailer. Elsewhere Tesco and Sainsbury's were unchanged while Compass was 1bps wider.

Telecoms: Also quiet over the Christmas period, with British Telecom 1bps wider and Deutsche Telecom unchanged. Vodafone also moved 1bps wider on reports that the company is considering a bid for controlling interest in Indian telecom operator Hutchinson Essar, a move that fits Vodafone's strategy of expansion in developing markets.

Retail: The most active sector – following a poor run up to Christmas the retailers tightened significantly with Dixons, and Kingfisher 3bps and 4bps tighter respectively while MKS and GUS also benefited from the buoyant Christmas spending (driven by early sales and slashed prices), both moved 1bps tighter over the period. Boots was unchanged.

Media: Mixed in the sector – the only moves were in EMI and Reuters who were both 1bps wider, elsewhere BskyB and WPP were unchanged.

Dolmen Stockbrokers contact numbers

Joint Managing Directors

Ronan Reid	01 633 3894
Gerardine Jones	01 633 3803
Paul McGowan	01 633 3875

Stockbrokers

Leonard Abrahamson	01 633 3816
Suzanne Berkery	01 633 3881
Fergus Briscoe	01 633 3878
John Cronin	01 633 3897
Sheena Coen	01 633 3847
Jeffrey Flynn	01 633 3821
Richard Goodbody	01 633 3646
Mark Kelly	01 633 3883
Paul Kelly	01 633 3867
Bryan O'Neill	01 633 3864
Colm O'Reilly	01 633 3870
Richard Power	01 633 3891
Barry Relihan	01 633 3622
Peter Shubotham	01 633 3836
Stephen Tynan	01 633 3873
Ken Williams	01 633 3647
Ronan Goggin (Cork Office)	021 422 2122
Edmund Moloney (Cork Office)	021 422 2122
Donal Ring (Cork Office)	021 422 2122
Brian Tobin (Cork Office)	021 422 2122
Eamonn Quane (Cork Office)	021 422 2122
Ernest Holloway (Limerick Office)	061 405 713
John Ring (Limerick Office)	061 405 713

Dealers

Padraig Brennan	01 633 3879
JP Maguire	01 633 3615

Director of Investment Services Planning

Jim Shiggins	01 6333630
--------------	------------

Research/Fund Management

Stuart Draper	01 633 3850
Carl Bourke	01 633 3829

Martin O'Sullivan	01 633 3892
David Beaton	01 633 3877
Maire Kirby	01 633 3890
Ciaran Mulhall	01 633 3896
Ailish Connolly	01 633 3626
Joseph Dempsey	01 633 3835
Claire Lanigan	01 633 3823
Damian Howley	01 633 3898
Mary-Rose Ahern	01 633 3874

Client Services

Tracy Kelly	01 633 3888
Siobhan Tyrrell	01 633 3888
Jonathan Bredin	01 633 3888
Ruairi O'Brien	01 633 3888

Head of Middle Office

Connor Maguire	01 633 3812
----------------	-------------

Head of Compliance

Mark Ambrose	01 633 3804
--------------	-------------

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 judgement 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 is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

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.

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.