

## CONTENTS

### Market View :

**Irish Economy** : ERSI economic commentary

**Grafton** : Maintain neutral rating post trading statement

**Vodafone** : Peer France Telecom Q1 results

**BP** : Royal Dutch Shell Q1 trading statement

**GSK** : Pfizer reports earnings ahead of estimates

### Market Movers :

## IRISH PAPERS TODAY

Economy to shrink by 9.2% this year, says ERSI  
*(The Irish Times)*

Nama may be set up on 'non-statutory' basis-Lenihan  
*(The Irish Times)*

ERSI says we have never had it so bad  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Funding shortfall threatens universities  
*(Financial Times)*

Can Europe hold the line  
*(The Wall Street Journal)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-3.7%	-10.2%
BP	0.1%	-8.2%
CRH	0.3%	7.3%
DCC	-2.8%	25.5%
E.ON	-1.0%	-12.5%
HPQ	-0.1%	-2.4%
IL&P	8.0%	8.1%
INM*	1.0%	-41.8%
J&J	-0.4%	-15.3%
JPMorgan	0.0%	4.0%
Microsoft	-2.3%	2.5%
Vodafone	-1.7%	-11.0%

## Market View

**Analyst : Edward Keeling**

European equity markets have opened slightly higher this morning, making some early gains after two consecutive days of declines. Investors have shrugged off the uncertainty surrounding the economic impact of the swine flu for the moment and have responded well to better than expected US economic data releases yesterday. US consumer confidence, traditionally a good lead indicator of consumer economic activity to come, rose by the most in three years yesterday. In addition, the Standard & Poor's/Case – Shiller Home price indices were better than economists' forecasts. On a monthly basis, the composite index of 20 metropolitan areas fell by 2.2%, less than the 2.8% fall in January and raised hopes that the US housing market, a key precondition for the recovery of the world's largest economy, was showing some signs of approaching a bottom. It is also worth noting this was the first time in 16 months that the index did not decline by a record amount. While we do take comfort from the fact that some forward looking indicators are beginning to show some stabilisation, we reiterate our cautious stance on markets especially considering the latest reports on US banks. The Wall Street Journal has indicated that both Citigroup and Bank of America may need to raise more capital after preliminary results of its stress tests, set for official release on Monday May 4th. Looking forward to today, the Federal Reserve will release a statement of its latest policy decisions and economic assessment, with more information surrounding its quantitative easing policy expected. US GDP data will also be reported today and expectations are for the lagging indicator to show a contraction of 4.9% on an annualised basis.

## Irish Economy : ERSI economic commentary

**Analyst : Oliver Gilvarry**

The ESRI released their quarterly Economic Commentary yesterday on the Irish economy stating the economy may decline by almost 12% in three years through to 2010. They predict GDP may decline by 8.3% in 2009 compared to government estimates of a decline of 7.7%. The decline over three years would be worse than the contraction suffered by Finland in the early 1990's following their banking and property crash. The report was very negative in relation to unemployment with the ESRI predicting the unemployment rate hitting an average of 13.2% in 2010 or 292,200 people. The figures are worse for 2010, with an average unemployment rate of 16.8%. The weaker estimates for economic growth and higher unemployment will put further pressure on government finances. The ESRI estimate the general government deficit will be 12% of GDP this year compared to the government target of 10.75% and in 2010 the deficit will be 11.5%. The ESRI have made the point the balance of future fiscal policy should move to cutting public spending. The focus should be on reducing current spending and not increasing taxes. The report was not all negative with the report commenting on the fiscal measures introduced in February and April as "broadly positive". The ESRI sees these "as important moves in the direction of restoring fiscal sustainability." The introduction of NAMA and the steps taken towards decisive action on the banks is also positive. The report made reference to "glimmers of hope" in the US and the benefit to the Irish economy from recovery in our main trading partners.

Meanwhile, reports on NAMA seem to indicate it will hire international valuers for bad loan evaluations. A government spokesperson stated the valuers will begin work in October. One of the potential advisory teams to evaluate the loans is a newly formed venture between CB Richard Ellis and Ream Capital Partners. The spokesperson stated international advisors will be hired as independence is key to the success of NAMA.

## Grafton: Neutral Current Price (€2.54) Price target (€2.45) Analyst : Stephen Taylor

Grafton group has issued a trading statement for the three month period ending 31/03/09. The group said that revenue declined by 32% to €470m. The group's merchanting business which accounted for 85% of turnover saw a 25% drop. The branches located in Ireland (which accounted for 24% of merchanting) saw sales decrease by 45%. Grafton's retail operations in Ireland held up slightly better than it had expected with turnover declining by 17%. Grafton Group pointed out that trading remains extremely difficult, however it does expect to benefit from the seasonally strong trading period in the second half of the year and its reduced cost savings base which is on target to yield savings of up to €55m in 2009. Overall while Grafton benefits from strong management and balance sheet and will emerge through this economic downturn it is still too early to become more positive on the stock as a return to growth is unlikely until the second half of 2010 at least.

## Vodafone: Buy Current Price (123p) Price target (155p) Analyst : Stephen Taylor

This morning, France Telecom reported first quarter results for the period ending 31/03/09. First quarter EBITDA declined to €4.03bn from €4.6bn last year and slightly below analyst expectations of €4.45bn. Revenue declined to €12.7bn from €13bn. On the positive side the company reiterated its March forecast to maintain free cash flow at the 2008 level of €8bn through to 2012. Like all of the major telecom operators, France Telecom has been aggressively cutting costs and plans cost savings of €1.5bn by the end of 2011. The group's CEO pointed out that in the coming years revenue growth will exceed average economic growth in the group's main markets as clients are reluctant to give up their phone subscriptions. The group also raised its stake in France Telecom Espana by 18% to 99.85% at a cost of €1.37bn. France Telecom also indicated that it will continue to seek acquisitions. Overall, we take France Telecom's results as a positive read across for Vodafone which is also benefitting from increased costs savings. In addition, Vodafone has the added benefit of growth from emerging markets.



---

**BP: Buy**      **Current Price (479p)**      **Price target (600p)**      **Analyst : David Dunk**

---

Royal Dutch Shell released its Q1 trading statement today. Similar to BP's results yesterday, Shell's results were stronger than expected. Production, excluding oil sands reached 3,321,000 barrels of oil equivalent per day. Earnings for the quarter, based on current cost of supplies, were \$3.3bn. As expected, the company will pay \$0.42 per share as a quarterly dividend. Net income for the period amounted to \$3.49bn, compared to \$9.08bn for the first quarter of last year, due to declines in energy prices. Profit excluding exceptional items amounted to \$2.96bn, ahead of \$2.5bn expected by the market. Overall results from integrated major oil companies have been better than expected. We remain overweight the sector, due to the long term fundamentals of the industry.

---

**GSK: Sell**      **Current Price (1036p)**      **Price target (900p)**      **Analyst : David dunk**

---

The world's largest drug company, Pfizer, reported Q1 earnings yesterday. Pfizer beat market expectations for \$0.49 per share, with earnings of \$0.54 per share. Management reaffirmed full year guidance for revenues. The purchase of Wyeth remains on track for completion. The company sees savings of \$2bn by the end of 2011. The company is guiding for full year earnings of \$1.85-\$1.95, which was a disappointment for the market given, expectations of \$1.95-\$2.00 per share. We are negative on the pharmaceutical industry due to the weak fundamentals of the industry, in particular the threat posed by generic competitors.

---



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,398	-1.3%	2.9%
FTSE	4,096	-1.7%	-7.3%
Dow Jones	8,017	-0.1%	-8.7%
S&P	855	-0.3%	-5.3%
Nikkei	8,494	-2.7%	-4.1%
Stoxx 50	2,281	-1.6%	-5.8%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	49.9	-0.4%	-5.4%
Copper	191.7	-3.5%	36.9%
Gold	893.4	-1.4%	1.5%
Silver	12.4	-4.3%	11.2%
Wheat	522.0	0.5%	-17.0%
Cattle	82.0	0.2%	-4.7%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	175.5	-6.3%	-1.8%
High Yield	1,003.3	0.4%	-2.6%
Financials	157.8	1.1%	33.7%
BoI	382.3	-0.7%	54.4%
AIB	380.6	-0.8%	89.9%
RBS	200.6	4.0%	47.3%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	211	-2.8%	4.4%
Technology	167	-2.0%	8.9%
Oil & Gas	271	-0.2%	2.1%
Financials	156	-2.6%	4.7%
Retail	203	-1.3%	10.9%
Food & Drink	215	0.0%	-8.0%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.315	0.9%	-5.9%
€/£	0.899	1.0%	-6.5%
£/\$	1.463	-0.1%	0.5%
\$/JPY	96.44	-0.3%	6.2%
€/JPY	126.80	0.6%	0.6%
€/SFR	1.503	-0.3%	0.8%

## Money Market Rates

Rate	EUR	UK	US
Overnight	0.6%	0.4%	0.2%
3-Month	1.4%	1.5%	1.1%
1-Year	1.6%	1.5%	1.2%
2-Year	1.8%	2.1%	1.5%
5-Year	2.7%	3.1%	2.5%
10-Year	3.4%	3.7%	3.1%

Date	Company	Region	Event
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
29/04/2009	Hypo Real Estate Holdir	DE	FINAL
29/04/2009	Bayer AG	DE	Q1
29/04/2009	Siemens AG	DE	Q2
29/04/2009	ArcelorMittal SA	LU	Q1
29/04/2009	Royal Dutch Shell Plc	NL	Q1
29/04/2009	Banco Santander SA	ES	Q1
29/04/2009	HMV Group PLC	GB	TRADE
29/04/2009	Punch Taverns PLC	GB	INTERIM
29/04/2009	Home Retail Group plc	GB	PRELIM
30/04/2009	Exxon Mobil Corporatio	US	Q1
30/04/2009	Kellogg Co.	US	Q1
30/04/2009	Marathon Oil Corporatio	US	Q1

Date	Event	Region	Estimate
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%
30/04/2009	Initial Jobless Claims	US	--
30/04/2009	Chicago Purchasing Manage	US	34
30/04/2009	GfK Consumer Confidence S	UK	-28
01/05/2009	Retail Sales(Volume) (MoM)	IE	--
01/05/2009	Net Consumer Credit	UK	0.1B
01/05/2009	PMI Manufacturing	UK	40.2

## 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 & 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](mailto:info@dsl.ie)  
E-mail: [cork@dsl.ie](mailto:cork@dsl.ie)  
E-mail: [Limerick@dsl.ie](mailto:Limerick@dsl.ie)