

## CONTENTS

### Market View :

**IN&M :** Reports suggest O'Brien puts forward revised proposal

**Financials:** CIT group seeking debt deal to avoid collapse

**Rio Tinto :** Xstrata told to put up or shut up

### Market Movers

## IRISH PAPERS TODAY

O'Brien in new approach to IN&M bondholders  
*(The Irish Times)*

Lloyds and RBS pump €3.3bn into Irish divisions  
*(The Irish Times)*

Smurfit Kappa to close mill in Slovakia due to excess capacity  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Xstrata hit with deadline for Anglo  
*(Financial Times)*

LSE in talks to buy Turquoise  
*(Financial Times)*

EU says top banks pass tests  
*(The Wall Street Journal)*

## Market View

Analyst : Stephen Taylor

European equity markets are lower this morning adding to yesterday's losses and weakness in the US and Asia overnight. Concerns around the current economic climate are beginning to re-emerge with a number of economic indicators beginning to turn down again in particular on the manufacturing side. Yesterday's UK PMI manufacturing remained below the break-even 50 mark indicating contraction, while in the US ISM manufacturing data declined month on month and came in below expectations. We are concerned that the recent weakness in economic data could lead to some further weakness in equity markets in the short-term. Long-term however we remain positive and would use weakness to buy into the large blue chip companies that we like some of which include; CRH, Microsoft, BP, BHP Billiton and Vodafone. The main focus for today will be the US unemployment report that is due to be released at 1.30pm. The current market consensus is for nonfarm payrolls to show a drop of 175,000 for the month of September down from the 216,000 in August. The unemployment rate is expected to increase to 9.8% from 9.7%. We see some risk to the downside to today's figure given the weaker than expected jobless claims yesterday and disappointing ADP employment figure on Wednesday

**IN&M: Neutral**

**Current Price (€0.20)**

**Analyst : Stephen Taylor**

Press reports this morning suggest Denis O'Brien has made a revised proposal to the bondholders of IN&M in an attempt to find an alternative solution to the recently announced bond for equity swap and rights issue. The article does not specify what structure has been offered by O'Brien however it does indicate that it is likely to include a proposal to sell IN&M Outdoor, the South African advertising business. Speaking at an engagement in UCD, O'Brien is quoted as stating that the restructuring plan proposed by the board of IN&M would make it a "zombie company".

**Financials : CIT Group seeking debt deal**

**Analyst : Oliver Gilvarry**

CIT Group, a large lender to the SME sector in the US, is seeking to cut \$5.7bn of debt to avoid collapse of the group and to return to profitability. The restructure will involve CIT asking bondholders to exchange unsecured debt into longer dated debt, preferred shares or a mixture of both. Bondholders closest to maturity will receive more new debt than equity, while longer dated bondholders will receive proportionately more equity. The new debt will be secured and have a maturity between 4-8 years. The exact breakdown of debt and equity for bondholders has not been disclosed. If the exchange fails CIT has said it would seek court protection through a pre-packaged bankruptcy. When CIT Group was in trouble back in July, the market ignored the impact of the firm having to move into Chapter 11. Markets are more nervous at the moment and if the re-structure fails, it could be a catalyst to bring the market lower next week.

**Rio Tinto : Buy**    **Current Price (2542p)**    **Price target (2800p)**    **Analyst : David Dunk**

According to a statement by the UK Takeover Panel must make a bid for Anglo American or state it doesn't intend to make an offer. This gives Xstrata until the 20<sup>th</sup> of October to make a formal offer for Anglo American. The Board of Anglo American has reiterated their "emphatic rejection" of the proposal from Xstrata.



### International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,304	-1.3%	39.1%
FTSE	5,166	1.6%	13.3%
Dow Jones	9,789	1.3%	8.4%
S&P	1,063	1.8%	14.0%
Nikkei	9,979	-1.5%	9.8%
Stoxx 50	2,810	-2.2%	13.7%

### Sector Performances

Sector	Index	1-Day	YTD
Construction	259	-2.1%	1.6%
Technology	188	-1.3%	3.8%
Oil & Gas	301	-1.5%	3.0%
Financials	231	-2.4%	2.4%
Retail	223	-1.2%	1.6%
Food & Drink	268	-0.7%	4.2%

### Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	70.8	-0.2%	20.5%
Copper	273.7	-2.9%	86.6%
Gold	999.2	-0.8%	13.2%
Silver	16.4	-1.3%	43.8%
Wheat	452.8	-1.0%	-33.2%
Cattle	85.0	-1.3%	-6.3%

### Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.459	-0.2%	-3.9%
€/£	0.914	-0.7%	4.3%
£/\$	1.595	-0.2%	-7.9%
\$/JPY	89.600	-0.1%	1.4%
€/JPY	130.343	-0.7%	-2.5%
€/SFR	1.514	-0.2%	-1.3%

### 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	101.3	-1.3%	-40.7%
High Yield	558.3	-1.6%	-43.9%
Financials	76.5	7.2%	-34.6%
BoI	175.0	-0.7%	-27.6%
AIB	180.0	0.6%	-13.3%
RBS	106.4	2.6%	-20.5%

### Money Market Rates

Rate	EUR	UK	US
Overnight	0.5%	0.4%	0.2%
3-Month	0.8%	0.5%	0.3%
1-Year	1.2%	0.8%	0.6%
2-Year	1.7%	1.8%	1.2%
5-Year	2.6%	3.1%	2.5%
10-Year	3.4%	3.8%	3.3%

### Date Company Region Event

01/10/2009	Domino's Pizza UK & IR	GB	TRADE
01/10/2009	Constellation Brands, In	US	Q2
02/10/2009	Helphire Group plc	GB	PRELIM
02/10/2009	Hammerson PLC	GB	INTERIM
05/10/2009	British Airways PLC	GB	TRAFFIC
05/10/2009	PZ Cussons Plc	GB	TRADE
05/10/2009	Hypo Real Estate Holdir	DE	S/HOLDERS
05/10/2009	Friends Provident PLC	GB	S/HOLDERS
06/10/2009	Air Berlin PLC	DE	TRAFFIC
06/10/2009	Tesco PLC	GB	INTERIM
06/10/2009	Northern Foods Plc	GB	TRADE
06/10/2009	IG Group Holdings plc	GB	AGM
07/10/2009	Finnair Oyj	FI	TRAFFIC
07/10/2009	SAS AB	SE	TRAFFIC
07/10/2009	J Sainsbury PLC	GB	Q2 TRADE
07/10/2009	Michael Page Internatioi	GB	Q3 TRADE
07/10/2009	Sportingbet PLC	GB	PRELIM
07/10/2009	ALCOA Inc	US	Q3
07/10/2009	Costco Wholesale Corp	US	Q4
07/10/2009	Family Dollar	US	Q4
07/10/2009	Monsanto Company	US	Q4

### Date Event Region Estimate

01/10/2009	PMI Manufacturing	GE	49.6
01/10/2009	PMI Manufacturing	EC	49
01/10/2009	PMI Manufacturing	UK	50.1
01/10/2009	Euro-Zone Unemployment R	EC	9.60%
01/10/2009	Challenger Job Cuts YoY	US	--
01/10/2009	Personal Income	US	0.10%
01/10/2009	Personal Spending	US	1.10%
01/10/2009	PCE Deflator (YoY)	US	-0.60%
01/10/2009	Initial Jobless Claims	US	531K
01/10/2009	ISM Manufacturing	US	54
01/10/2009	Pending Home Sales MoM	US	0.90%
02/10/2009	PMI Construction	UK	48.1
02/10/2009	Euro-Zone PPI (MoM)	EC	--
02/10/2009	Non Farm Payrolls	US	-188k
02/10/2009	Unemployment Rate	US	9.80%
02/10/2009	Factory Orders	US	1.10%
05/10/2009	PMI Services	GE	--
05/10/2009	PMI Services	EC	--
05/10/2009	PMI Services	UK	--
05/10/2009	Sentix Investor Confidence	EC	--
05/10/2009	Euro-Zone Retail Sales (MoM)	EC	--

## Regulatory Information

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.

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes in order 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 issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. 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. The income you get from your investment may go down as well as up. Figures quoted are estimates only, they are not a reliable guide to the future performance of this investment. Investors should be aware that forward-looking statements and forecasts may not be realised.

This report is the property of Dolmen and 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.

## 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 the companies they publish research, views and recommendations on. Accordingly analysts involved in the production of this report may have positions in any securities herein. Dolmen ensures that all staff dealing is undertaken in strict compliance with Dolmen's internal staff dealing procedures. 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 and Edward Keeling are responsible for the production of this report. Oliver Gilvarry is Head of Research and David Dunk, Stephen Taylor and 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 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](mailto:info@dsl.ie)  
E-mail: [cork@dsl.ie](mailto:cork@dsl.ie)  
E-mail: [Limerick@dsl.ie](mailto:Limerick@dsl.ie)