

European equity markets staged a significant recovery on Tuesday, the first day back after the Easter break, setting them up nicely for a move higher for the remainder of the week. Unfortunately this up-side follow-through failed to materialise, and while the majority of the European indices held their one day gain from earlier in the week, further US data curbed the end-of-quarter gains. The ISEQ was particularly disappointing finishing unchanged on the week after a strong start, however a record Euro/Sterling exchange rate was largely to blame, and is something that will pose additional difficulties for Ireland Inc. given renewed dollar weakness. This dollar weakness was re-ignited by a weak consumer confidence reading and another weak Durable Goods reading, both of which clearly demonstrated that the current twin evils of falling house prices and lack of affordable credit are taking their toll on the US economy. In this regard, the coming week will be critical as Fed Chairman Bernanke addresses Congress (Wednesday) and will no doubt throw some more light on how the US Central Bank sees the current market difficulties not only developing, but also on any further measures the Fed plans to take. Of equal importance however will be the Non-Farm Payroll data due for release on Friday which will give further clues as to how deep the credit crunch is impacting the broader economy. With the first quarter ending on Monday and with a raft of other economic data due (see below) equity market volatility is likely to continue.

TRADING IDEAS, EARNINGS & PREVIEWS

IN&M

Price: €1.96
P/E: 9.5x
Div: 8.4%
Target: €2.30

Fundamental view : Our trading idea last week in relation to **Independent News & Media** performed very well, with the share price rising by 16%. Following the group's full year results' announcement on Thursday, we upgraded our 12 month share price target to €2.30, based on a sector average rating of 12x 2008 eps of 19.5c. The group reported 2007 revenue and eps of €1.674 bn and 18.8c respectively, largely in line with consensus forecasts of €1.7 bn and 19c, and year on year increases of 2% and 8%. Important reassurance was issued in relation to the fact that 75% of the group's 2008 South African Rand profits have now been hedged at "just above 10 Rand to the Euro", together with confident guidance for further "low to mid single digit percentage growth" in 2008 eps.

Next catalyst The full year dividend per share was increased by 10% to 13.7c, with the final dividend per share of 9.13c going ex on Wednesday 16th April. The above average probability of further major shareholder stake-building provides another potential positive catalyst for the share price, with Denis O'Brien last week announcing that he had increased his shareholding to 175.1m shares, representing 21.07% of the total number of voting shares : **BUY on weakness**

Chart view : Stock has broken trend resistance at €1.95 and this suggests there is more upside to follow. However, the speed of recent gains means some consolidation may be needed before this upward move can continue.

BUY

BP

Price: £5.03
P/E: 8.8x
Div: 4.9%
Target: £5.90

Fundamental view : **BP's** share price has fallen by 8% over the past month, despite the oil price moving c.4% higher over the same period. In addition to overall equity market weakness, one concern appears to have been the investigation of one of the former units of TNK-BP, Sidanco, for tax evasion. However, in addition to the unit having been liquidated as part of the consolidation of TNK-BP in 2005, the size of the potential tax liability appears to be c.£20m, immaterial in the context of a market cap of c.£95 bn. BP's Q4 2007 production of 3.907m barrels of oil equivalent per day was 2% higher year on year, the group's first production growth in 9 quarters, and in conjunction with last month's results' announcement, a significant restructuring plan to generate annual cost savings of c.\$1.5 bn from 2009 was also announced by reducing staff numbers by 5,000.

Next catalyst : However, the most important announcement for the share price was a 31% dividend increase and a future commitment to favour dividends over buybacks, demonstrating the group's strong cash generation. As a result, BP remains on course to pay a current year dividend yield of c.5.2%, paid quarterly, which pays investors for waiting for an upward re-rating of the share price over the coming months. Our view is that further evidence of the resumption of production growth in the Q1 2008 results' announcement on 29th April could be a catalyst for such a re-rating, and that the shares are attractively valued at their current rating of 8.8x 2008 eps of 57p : **BUY**.

Chart view : Stock is sitting on strong support in the 500 area and any downside should be limited. Considerable upside potential with the first obstacle being trend resistance at 522.

BUY

A.I.B.

Price: €13.21
P/E: 6.4x
Div: 5.5%
Target: €16.50

Fundamental view : Last week, Eugene Sheehy and Alan Kelly of **AIB** updated us on the bank's current funding position and on the 2008 prospects for its different divisions. Helped by its current €5 bn covered bond capacity, AIB has no term funding needs for either 2008 and 2009. In line with the other Irish banks, its credit quality remains very robust and on target for a 2008 bad debts charge representing c.0.2% of average loans. Even though the 2008 loan growth of its Irish business is still expected to slow to c.10%, the 2008 loan growth of its Polish division is expected to accelerate to c.30%. In the US, M&T remains conservatively provisioned, with its commercial business continuing to perform better than its consumer business.

Next catalyst : With banking valuations in Eastern Europe having recently become more attractive, AIB continues to look for suitable acquisitions of the size that could be comfortably funded by its current capital position. These banks' major customer deposit bases make funding their future loan growth even in the current credit market environment, relatively easy. The bank's guidance for "low single growth in 2008 adjusted EPS" remains unchanged, implying that our current 2008 eps forecast of €2.08 remains on track. This leaves AIB currently trading at a lower pe of 6.4x 2008 eps of €2.08, than its current year dividend yield of c.6.5% :

Chart view : The €12.75-€13.00 range provides strong support with last weeks break back above €13 being on heavy volume. No major upside obstacle until trend resistance at €13.85. from emerging markets, it also has a strong balance sheet with c. €11bn in net cash.

BT

Price: £2.16
P/E: 9.1x
Div: 7.2%
Target: £2.45

Fundamental View: Since **BT Group** reported its third quarter results in February that were slightly below expectations its shares have fallen by 18% to 215p. We believe that the shares have been harshly treated despite the company reiterating that it still expects to grow revenue, earnings and dividends. To combat a slowdown in fixed line revenue, BT Group has been increasing its focus on new wave revenue providing broadband solutions and IT services to corporates which now accounts for 39% of group revenue. BT Group currently trades at a c. 30% discount peer to its peer group and while we do believe that it deserves to trade at a discount we feel that a 20% discount would be more appropriate. This generates our price 12-month price target of 245p based on 10x 2009 EPS 24.5p. The group also offers an attractive dividend yield of 7.3% with dividend cover of 1.5x.

Next Catalyst : The next major catalyst for BT Group is on 15/05/2008 when it is due to report its fourth quarter results. We expect the group to post a 3% rise in EPS to 5.95p with revenue increasing by 4% to £5.4bn.

Chart view : Medium-term trend is negative with stock continuously breaking lower. Long-term support at 200 is significant. Trend resistance at 240.

BUY

Nokia

Price: €20.15
P/E: 12x
Div: 2.7%
Target: €25

Fundamental View : Last week, one of **Nokia's** closet peers, Sony Ericsson, said that moderating sales growth of mobile phones will negatively impact revenue and net profit for the first quarter with part of the downgrade related component shortages on some of its phones. What differentiates Nokia from its peers is that it is the clear leader in mobile phone production and also has the largest exposure to emerging markets. Nokia's CFO pointed out last week that it is well insulated from the Economic slowdown in the US with 5% of its revenue generated there and only 12% from the America's region as a whole. In addition to Nokia's strong earnings growth potential from emerging markets, it also has a strong balance sheet with c. €11bn in net cash.

Next Catalyst: The next major catalyst for Nokia is on the 17/04/2008 when it is due to report its first quarter results. We expect the group to report a 48% rise in EPS to €0.37 with revenue increasing by 31% to \$12.9bn. We also expect Nokia to issue a strong outlook given its sizeable emerging market exposure.

Chart view : The important €20 level has been recaptured and there is little overhead resistance until €22. However, problems are not yet over and some consolidation may be needed before any upside can be sustained.

BUY

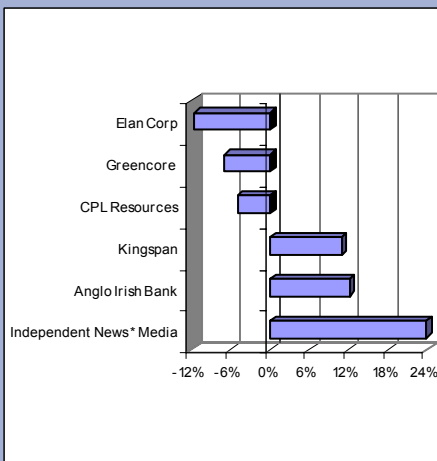
EARNINGS: MON: (Cairn Energy, Prelim) (Bank of Ireland, TS) **TUES** (General Motors, Conf. Call) (Ford Motors, Sales) **WED:** (Research in Motion, Q4)(Seymour Trent, TS) (Tate & Lyle, TS) (Woolworths, Prelim) (Hiestand, FY) (Micron, Q2) (Monanto, Q2) (Dell, Analyst Conf.) **THURS:** (United Drug, TS) (AGI Therapeutics, FY) (Ryanair, Traffic) (B.A, Traffic)

ECONOMIC: Monday (Euro-Zone Confidence Indicators, CPI, M3 Money Supply, US Chicago PMI), Tuesday (US ISM Manufacturing, Construction Spending), Wednesday (Euro-Zone PPI, US ADP Employment, Bernanke Testimony), Thursday (US Jobless Claims, ISM Non-Manufacturing), Friday (US Non-farm payrolls)

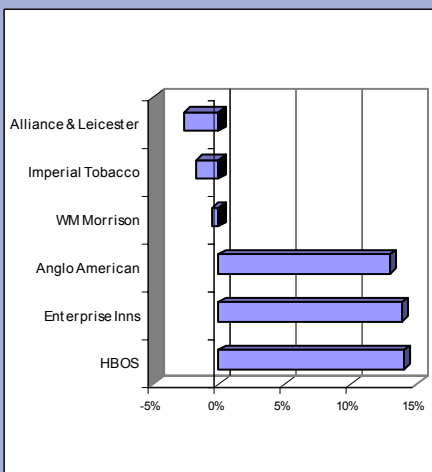
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/ Worst Performers 24/03/08-28/03/08

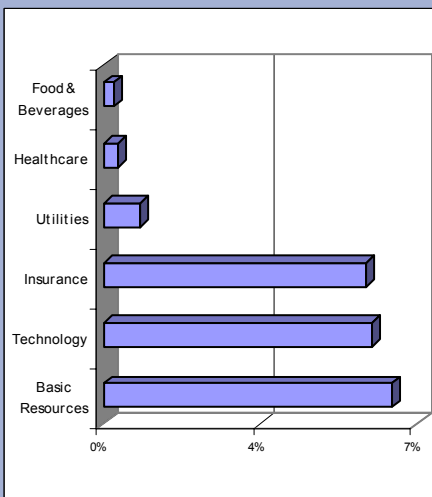
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	WTD	YTD	Relevant news
AIB	-0.7%	-15.23%	S&P issues report on Irish banks and it was positive for A.I.B.
Aviva	3.6%	-8.25%	Shares climb amid speculation of a sale of its Dutch unit Delta Lloyd.
BP	1.4%	-17.24%	Russian authorities disclosed a tax evasion probe into one of BP's units.
IN&M	15.3%	-11.89%	INM report an 7% rise in 2007 earnings and predicted another year of earnings growth in 2008 .
CRH	0.5%	1.18%	
Hewlett Packard	-0.9%	-8.70%	Peer Buzzi Unicem reports operating profit of \$834.7m, 15% increase year on year. Barron's name HPQ's CEO in top thirty list of US leaders.
IAWS	1.4%	-1.92%	Another private equity investment in US frozen baked goods sector, W.P Carey invests \$50m.
IL&P	8.3%	2.43%	IL&P's banking arm, permant TSB says Irish house prices fell by 8.8% on the year.
Microsoft	-4.4%	-21.06%	Peer Oracle posts revenue of \$5.35bn, slightly below expectations.
Paddy Power	0.9%	2.68%	Great Britain to auction Tote bookmaker
Ryanair	-1.1%	-40.69%	Ryanair implements pay freeze on senior management and cuts up to 40 jobs to offset fuel costs.
Vodafone	-5.4%	-19.33%	Vodafone says it expects to start receiving dividends

What it says in the 'Sundays'

Company	Paper	Headline
Ryanair	S. Independent	O'Leary overdoes gloom at Ryanair
IN&M:	S. Tribune	O'Reilly to lead IN&M
	S. Tribune	Dublin Airport to expand again
IN&M	S. Business Post	Potential "Full house" for indos
FBD	S. Business Post	Allianz subsidiary ups FBD stake to 8%
Elan	S. Times	Elan backer is happy as Larry

Upcoming Corporate Visits

COMPANY	PRESENTATION DATE
AIB	28/03/2008
IAWS	04/04/2008



Last Weeks Moves

Equities

	Level	Change WTD	Change YTD	Div Yield	P/E08
ISEQ	6153	-0.1%	-11.3%	3.3%	7.0
FTSE 100	5693	3.6%	-11.8%	4.3%	11.4
DAX	6560	3.8%	-18.7%	3.1%	11.1
Dow Jones	12216	-1.2%	-7.9%	2.6%	14.6
S&P 500	1315	-1.1%	-10.4%	2.3%	19.9
Nasdaq	2258	-0.1%	-14.9%	0.9%	20.1
EuroStoxx 50	3030	-3.0%	-17.8%	4.5%	10.3
Nikkei 225	12800	2.7%	-16.3%	1.7%	14.2

Sector

	Weekly move%	YTD move %
Basic Resources	6.46	-7.79
Technology	6.00	-22.70
Insurance	5.88	-11.39
Financial Services	5.49	-14.65
Industrials	4.45	-16.27
Travel & Leisure	4.24	-19.55
Construction & Materials	4.17	-12.94
Autos	4.09	-13.97
Banks	4.07	-18.45
Chemicals	3.86	-10.42
Telecom	3.43	-21.27
Oil & Gas	2.70	-18.01
Retail	2.57	-17.37
Media	1.97	-19.30
Personal & Household Goods	1.32	-16.15
Utilities	0.82	-16.70
Healthcare	0.32	-13.93
Food&Bev	0.23	-9.60

Commodities

	Current	Change YTD
Crude Oil	\$105.32	+10.0%
Gold spot	\$931.05	+11.6%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.580	+8.3%	1.55
EUR-GBP	0.792	+7.8%	0.75
EUR-JPY	156.7	-3.8%	165.0

GDP Growth

	Current	Year End (est)
Ireland	5.00%	3.00%
Euro Zone	2.50%	2.00%
UK	3.10%	2.00%

Central Bank Interest Rates

	Current	3 month	Year End (est)
Euro Zone	4.00%	4.73%	3.50%
UK	5.25%	6.00%	4.50%
US	2.25%	2.95%	2.50%

Credit Market Summary

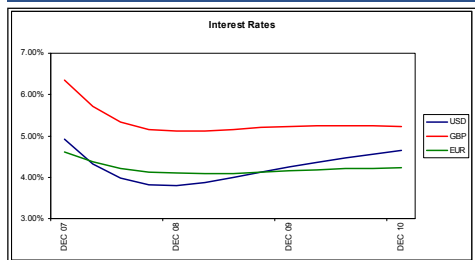
Despite credit markets tightening over the week, the vulnerability in the market is evidenced by the reaction to further rumours regarding Lehman Brothers in the US. Spreads in investment grade and financials tightened 14% and 17% respectively, cheered by the higher JPM bid for Bear Stearns early in the week; opening of the Fed's 28 day credit facility and Federal attempts to revamp the US mortgage market through the mortgage agencies such as Fannie Mae and Freddie Mac. However good news was off-set by ongoing concerns about further write-downs at international banks including Citibank and Deutsche bank.

Credit Sector Movements

Automotive: Tighter in the sector – European automakers tightened this week following market direction - BMW tightened 38% to 90bps following reports that 20000 jobs could go in Germany by 2013 as automakers move manufacturing operations to other markets. Peugeot widened 28% after Fitch revised the rating outlook to stable from negative following an improvement in the financial profile in 2007. Elsewhere VW tightened 24%; Renault 25% and Daimler 38%.

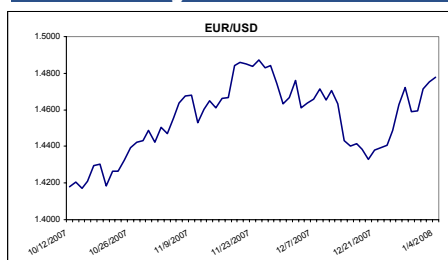
Building materials: Tighter in the sector – Saint Gobain tightened 10% despite private equity firm Wendel increasing its stake in the company to 20.6%, however Wendel has promised to limit its shareholding to 21.5% in exchange for a say in strategic decisions. Elsewhere La Farge continued its emerging market expansion, tightening 17%, Heidelberg was 20% tighter while CRH was unchanged.

Interest Rate Outlook

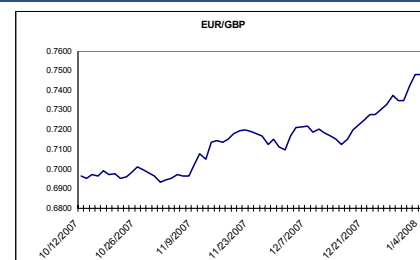


Yields on government bonds rose last week as demand for safe-haven purchases receded. The yield on the US 10-year treasury rose by 18bps to 3.50% while the German equivalent increased by 7bps to 3.93%. Bonds may get a bid this week however as credit concerns continue to weigh on financials.

Currency Comment



The Euro strengthened against the dollar last week on the back of hawkish inflation commentary from Jean Claude Trichet. This week will be dominated by US economic data with both of the ISM surveys due on Tuesday and Thursday while the key nonfarm payrolls number is also due on Friday. Any significant weakness in the numbers could see the euro head towards another all time high versus the dollar.



The Euro also gained ground versus sterling last week on the back of Trichet's hawkish comments. Sterling was pressured however as concern over the slowing UK economy may force the Bank of England to lower interest rates again at its next meeting on April 10th.



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