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Market Movers

IRISH PAPERS TODAY

Ireland is downgraded by leading credit agency
(The Irish Times)

C&C's head of its British business to leave
(The Irish Times)

Aer Lingus boss agrees meeting with an investor to allay fears over airline's future
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Obama gets tough on US car industry
(Financial Times)

UK confidence improved slightly amid stimulus
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	1.1%	-25.4%
BP	-3.6%	-11.6%
CRH	-3.2%	-0.8%
E.ON	-3.3%	-27.9%
HPQ	-3.6%	-11.5%
IL&P	-10.8%	-37.8%
INM *	-4.9%	-63.6%
J&J	0.3%	-11.4%
JPMorgan	-9.3%	-21.2%
Microsoft	-3.6%	-10.1%
Paddy Power	-4.0%	-11.4%
Vodafone	0.1%	-14.8%

* We are currently Neutral on IN&M

Market View

Analyst : Stephen Taylor

Equity markets are higher this morning rebounding from yesterday's sharp losses. The recent rally in equities was led by the banking sector following positive comments from CEO's of the likes of JPMorgan, Citigroup and Bank of America. It now looks like their admissions last Friday that the positive trends seen in January and February have not continued into March, could potentially lead us to re-test early March lows again. Deutsche Bank's Chief Risk Officer has also got in on the act and indicated today that the credit crisis is 'far from over' pointing out that banking credit spreads are now higher than before the collapse of Lehmans. US investment banks will begin reporting earnings the week beginning April 13th when the full extent of the difficulties in March trading will be revealed. On the economic front, the global nature of the crisis was again highlighted last night with the Australian central bank admitting that the economy is likely to contract this year. In February the central bank said that it expected the economy to grow by 0.5% this year. On the positive side our short trading calls are working well with Siemens, BMW, Thomson Reuters, WPP and BASF all continuing to underperform the market. As for today the focus will again be on economic figures out of the US with the Case Schiller House Price index expected to show further weakness, while Chicago manufacturing data is expected to have rebounded slightly in March.

Irish Economy : Credit rating downgraded

Analyst : Oliver Gilvarry

After the market closed in Europe yesterday, Standard & Poor's Ratings Services (S&P) lowered its long-term sovereign credit rating on the Republic of Ireland to AA+ from AAA. The short-term rating for the Republic of Ireland was left unchanged at A-1+. While the downgrade is not unexpected, the negative outlook on Irish debt is a surprise. S&P stated it now believes the "deterioration of Ireland's public finances will likely require a number of years of sustained effort to repair" and this will be on a scale that is not factored into current government spending plans. They expect Ireland to materially under-perform the Euro-Zone economy over the next five years recording little to no growth during that period.

S&P believes the country faces three headwinds to growth over the medium term. The first relates to the high level of consumer debt in the economy at 280% of GDP. The high level of consumer debt will dampen consumer spending as they increase savings to pay down debt. This process will be compounded as wages and prices decrease compared to other Euro-Zone countries as Ireland tries to increase its competitiveness. The reduction in consumer leverage will not begin in a serious way until unemployment and wages stabilise and this will not occur until late 2010 or early 2011. The second issue facing the economy is not surprisingly, the banks. S&P believe the government will need to inject further capital into the banking system on top of the €7bn already committed. The total cost of these injections is estimated at 11% of GDP or €20.8bn. Finally, S&P state an Irish recovery will be dependent on recovery in its major export markets. They believe this recovery will be more muted than expected in 2010-2011 mainly due to the weakness of sterling against the Euro.

On the government plans to solve the current fiscal crisis, S&P believe a credible strategy will not be put in place until after the next general elections due in 2012. The budget due on the 7th of April will only make changes that will contain the government deficit at 10% of GDP.

The comments from S&P indicate the recent comments from the government indicating slippage on the stated government deficit of 9.5% and the lack of co-ordinated plans to tackle the large deficits facing the country resulted in the downgrade and negative watch. Their comments do contain a positive in that the negative outlook can be upgraded to stable if the government "embraces a fiscal strategy" that will contain the rise of the public debt in line with the level of growth the country will experience over the next three years.

The importance of the budget on Tuesday week has increased further and the government must put forward a sustainable, structured plan to tackle the economic issues facing the country or further credit rating downgrades will await the country, increasing the cost of issuing Irish debt.

Nationwide Building Society :

Analyst : Oliver Gilvarry

Nationwide Building Society in the UK has agreed to take on parts of the failed Scottish Building Society, Dunfermline. Under the deal with the UK government, Nationwide will take on £2.35bn of customer deposits, 34 branches plus the head office, an £1.02bn prime mortgage book and the UK government will pay £1.6bn cash to Nationwide. The problems that caused the failure of Dunfermline will be left with the UK government. These include £650m of commercial property loans and £150m high risk mortgage backed securities. The commercial property loan book grew rapidly with a sevenfold increase over a three-and-a-half year period. The mortgaged backed securities were purchased from GMAC and Lehman Brothers, two of the most aggressive subprime lenders in the UK. The combined business of the two building societies will have a broad geographical coverage across the UK and Nationwide now has an 11% market share of retail deposits in the UK.



Tesco : Buy Current Price (322p) Price target (400p) Analyst : Stephen Taylor

Marks & Spencer (M&S) have reported a strong set of fourth quarter sales figures that have sent the shares 8% higher this morning. Sales for the quarter declined by 4.2% beating analyst estimates for a decline of 6.8%. Food sales declined by 3.7% versus 5.5% consensus, while merchandise sales declined by 4.8% versus expectations for a decline of 8.7%. M&S have been focussing on discounting products to attract customers and while the group did admit that the outlook for the UK consumer remains 'uncertain' its discounting measures appear to be working. Tesco remains our top pick in the sector as a whole given its more defensive characteristics. On the more discretionary side, M&S and Next are our preferred plays.

Kazakhmys : Buy Current Price (346p) Price target (400p) Analyst : David Dunk

Kazakhmys (Kaz) has reported full year earnings this morning. The Kazakhstan based copper miner has reported sales of \$5.15bn, compare to \$5.26bn in the previous year. Net profit from the period was \$910m, down from \$1.41bn for the previous year. The net profit is split between \$655m from its managed business and \$255m from its consolidated stake in ENRC. Full year EPS was \$1.85, versus an EPS of \$3.04 for 2007. At the end of the period, the company had net debt of \$1.63bn. The firm will focus on cash conservation, and debt management over the coming year. Kaz has performed well in recent weeks, on the back of resurgence in copper prices. This strength in copper prices is due to restocking of Chinese inventories, and could therefore be short lived. Long term, copper is one of the metals with the most attractive fundamentals, but in the short term may come under pressure.

C&C : Buy Current Price (€1.18) Price target (€1.60) Analyst : David Dunk

Enterprise Inns released a trading statement this morning. The UK pub group reports that operating conditions are in-line with its last update. The majority of its pub portfolio continues to trade satisfactorily. However, a minority of licensees are struggling. The company plans to further reduce its debt burden over the next two years. Although preliminary, signs that the UK drinks market is stabilising would be a significant positive for C&C. While today's statement from Enterprise Inns, plus recent Nielsen data, do contain some positive signs, the risk of further deterioration of sales within the industry is high. Our recommendations are unchanged following the statement.

Ryanair

Neutral

Current Price : €2.86

Price Target : €2.85



DOLMEN STOCKBROKERS

Analyst: **David Dunk**

Tuesday 31st March 2009

- On Monday, Ryanair announced that the airline would increase its presence in Italy with 3 new bases, at Alghero, Bologna and Cagliari. This brings the total number of Ryanair bases in Italy to 7. Ryanair will base two aircraft at each of the new routes. Ryanair also announced the appointment of Ken O Toole, as Director of New Development. In addition Ryanair expects to increase traffic by 15% by 2010.

- Last month, Ryanair raised its guidance for the current fiscal year, ending 31st March 2009. The airline expects to post a net profit after tax in a range of between €50m to €80m, compared to the breakeven performance previously guided. In terms of fuel hedging activity, the airline has hedged 75% of Q1 and Q2, and 50% of Q3, at an average price of \$65 a barrel. This is below hedges for the bulk of its competitors, providing Ryanair with a significant advantage in coming months.

- Earlier this month Ryanair announced that the airline had secured a wage agreement with its pilots. The company's pilots have agreed to a twelve month pay freeze, in addition to undisclosed efficiency gains. Ryanair has said that it will not be making a third bid for Aer Lingus, but that it would be maintaining its stake. Ryanair's paper loss on its Aer Lingus investment, now stands at about €300m.

- Still Preferred Pick in Sector:** Ryanair remains our top pick in the sector. The operating environment is very difficult, and unlikely to improve in coming months. Ryanair is one of the lowest cost operators in the industry. Ryanair is one of the few global airlines to be increasing capacity and traffic numbers in the current environment. However, passenger yields are likely to decline dramatically in the current year. The trend among airline passengers of switching from long haul to short haul is likely to continue for discretionary destinations. This will benefit Ryanair as a short haul operator, but won't fully counter the weak economic environment.

- No Longer an outright Buy:** We are reducing our rating on Ryanair to Neutral, primarily on valuation. Given the cyclical nature of the airline industry, currency headwinds, and the economic outlook, we believe it is unlikely that Ryanair's stock price will move materially higher over the next 12 months. In addition, while Ryanair is likely to significantly increase market share in the coming year, we believe passenger yields are likely to decline more than currently expected. Ancillary revenues are also likely to suffer, as passengers become increasingly cost sensitive. Our new price target of €2.85 is based on a multiple of 13x 2010/03 earnings of €0.22 per share.

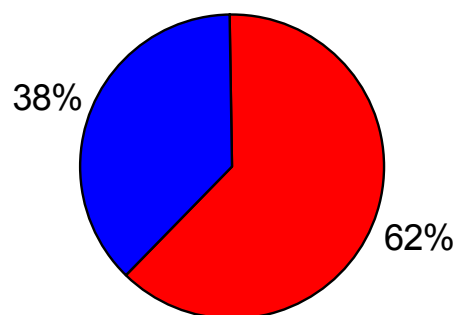
- Technical View:** The medium term outlook for Ryanair continues to support a bearish view, with the stock's 20, 40 & 100 day MAs completing a triple moving average crossover. Watch next support which lies at €2.69. A break below this level opens up a move to €2.45 (next support). Resistance lies at €2.95 corresponding to the top of the stock's medium term downward price channel. Another bearish crossover on the stock's daily stochastic indicators confirms our bearish view.

Descriptive Stats		Shareholders	
Year to date	-8%	Fidelity	7.7%
52 Week High	3.53	Micahel O Leary	4.4%
52 Week Low	1.8	Deutsche Bank	4.0%
Bloomberg	RYA ID	Bank of Ireland	3.0%

	FY2007	FY2008	FY2009
Revenue (€m)	2,714	2,948	3,105
Operating Profit	439	100	485
EPS	0.3	0.03	0.22
DPS	N/a	N/a	N/a
P/E	9.0	93.3	12.7
Div Yield	N/a	N/a	N/a

Peer Analysis	P/E 08	P/E 09	Div Yield
easyJet	13.9	27.8	N/a

2008 Revenues by Product



■ Europe ex. UK

■ United Kingdom



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,129	-1.7%	-8.2%
FTSE	3,763	-3.5%	-13.4%
Dow Jones	7,522	-3.3%	-14.3%
S&P	788	-3.5%	-12.8%
Nikkei	8,110	-1.5%	-8.5%
Stoxx 50	2,011	-5.1%	-17.0%

Sector Performances

Sector	Index	1-Day	YTD
Construction	170	-4.2%	-15.2%
Technology	141	-3.7%	-6.8%
Oil & Gas	250	-4.2%	-4.6%
Financials	118	-8.5%	-20.4%
Retail	178	-1.5%	-0.9%
Food & Drink	203	-1.5%	-10.9%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	48.4	-7.6%	-5.8%
Copper	176.6	-3.8%	27.2%
Gold	915.8	-0.8%	4.4%
Silver	13.0	-1.7%	15.9%
Wheat	512.5	1.0%	-17.4%
Cattle	80.1	-1.8%	-7.0%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.320	-0.7%	5.3%
€/£	0.925	-0.3%	2.8%
£/\$	1.427	-0.4%	2.4%
\$/JPY	97.25	-0.6%	-7.7%
€/JPY	128.36	-1.3%	-2.8%
€/SFR	1.516	-0.3%	-1.6%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	191.2	-6.3%	9.0%
High Yield	1,157.7	2.1%	12.6%
Financials	177.2	7.8%	48.1%
BoI	586.7	4.0%	140.7%
AIB	574.3	1.5%	182.1%
RBS	196.3	7.0%	46.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	1.0%	0.5%	0.3%
3-Month	1.5%	1.7%	1.2%
1-Year	1.6%	1.6%	1.2%
2-Year	1.8%	2.1%	1.4%
5-Year	2.7%	3.1%	2.2%
10-Year	3.4%	3.7%	2.9%

Date	Company	Region	Event
31/03/2009	Marks and Spencer Gro	GB	TRADE
31/03/2009	Bellway PLC	GB	INTERIM
31/03/2009	Hilton Food Group Plc	GB	PRELIM
31/03/2009	Cairn Energy	GB	PRELIM
31/03/2009	Kazakhmys PLC	GB	PRELIM
31/03/2009	Electrolux AB	SE	AGM
31/03/2009	SAS AB	SE	AGM
31/03/2009	Fortis NV	BE	FINAL
31/03/2009	Apollo Group	US	Q2
01/04/2009	AGI Therapeutics Plc	IE	PRELIM
01/04/2009	Volvo AB	SE	AGM
01/04/2009	Ford Motors	US	SALES
01/04/2009	General Motors	US	SALES
02/04/2009	BTG Plc	GB	TRADE
02/04/2009	Zurich Financial Service	CH	AGM
02/04/2009	Micron Technology	US	Q2
03/04/2009	Ryanair	IE	TRAFFIC
03/04/2009	United Drug PLC	IE	IMS
03/04/2009	British Airways PLC	GB	TRAFFIC
03/04/2009	MAN AG	DE	S/HOLDERS
03/04/2009	Merck KGaA	DE	AGM
03/04/2009	Royal Bank of Scotland	GB	AGM

Date	Event	Region	Estimate
31/03/2009	GfK Consumer Confidence	UK	-36
31/03/2009	ILO Unemployment Rate	UK	--
31/03/2009	Euro-Zone CPI Estimate (YoY)	UK	0.90%
31/03/2009	S&P/CaseShiller Home Price	EC	--
31/03/2009	Chicago Purchasing Manager	US	34.7
31/03/2009	Consumer Confidence	US	28
31/03/2009	ABC Consumer Confidence	US	--
01/04/2009	Unemployment Rate	IE	--
01/04/2009	Live Register	IE	--
01/04/2009	PMI Manufacturing	GE	32.4
01/04/2009	PMI Manufacturing	EC	34
01/04/2009	PMI Manufacturing	UK	35
01/04/2009	Euro-Zone Unemployment Rate	EC	8.30%
01/04/2009	MBA Mortgage Applications	US	--
01/04/2009	ADP Employment Change	US	-650K
01/04/2009	ISM Manufacturing	US	35.8
01/04/2009	Pending Home Sales MoM	US	-2.00%
01/04/2009	Construction Spending MoM	US	-1.70%
02/04/2009	PMI Construction	UK	27.8
02/04/2009	ECB Announces Interest Rate	EC	1.00%
02/04/2009	Initial Jobless Claims	US	--
02/04/2009	Factory Orders	US	-1.20%

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