

CONTENTS

Market View : Strong overnight performance in Japan as weaker Yen supports exporters

US Financials : BoA to repay TARP early

Aviva : Deloitte report shows that insurers will have to raise car premiums to offset lower investment returns

Irish Economy : Exchequer figures released

Market Movers

IRISH PAPERS TODAY

Income tax take €50m over target last month
(The Irish Times)

Government takes harder line with unions on unpaid leave
(The Irish Times)

Permanent TSB reveals plan to shed 120 workers
(Irish Independent)

INTERNATIONAL PAPERS TODAY

RBS most exposed UK bank to Dubai World
(Financial Times)

Barclays, Lloyds and RBS facing £6bn in extra borrowing costs
(Financial Times)

EU scales back on regulator
(The Wall Street Journal)

Market View

Analyst : Stephen Taylor

European equity markets are strong this morning leading to their third straight day of increases. Overnight, Japan's Nikkei closed c. 4% higher as the weakening Yen is likely to provide a boost to large Japanese exporters. The Nikkei has underperformed world equity markets significantly over the last number of months, however the Bank of Japan's recent announcement to provide increased funding for financial institutions has led to a depreciation in the Yen against the US dollar the largest market to which it exports. On the economic front, last night's Federal Reserve Beige Book indicated further signs of stabilisation in the US economy albeit at a modest pace boosted by improved consumer spending. The Beige Book did warn however that weak labour and commercial property markets could stifle economic recovery. In relation to commercial property, the report indicated that market conditions had weakened further in virtually all of its districts. Commercial property remains a key concern in the US that will likely lead to further loan losses at financial institutions. As for today the main focus will be on economic data out of Europe and the US. In Europe the ECB is expected to leave interest rates on hold at 1% and is expected to signal the end to its 12-month fixed rate repo facility. In the US the main focus will be on jobless claims with a slight week on week increase expected. ISM non-manufacturing data will also be closely watched given that it represents 80% of the US economy and is expected to show further improvement.

US Financials : BoA to repay TARP early

Analyst Oliver Gilvarry

Bank of America has announced overnight it intends to repay \$45bn of TARP funds. The \$26.2bn of the amount will be repaid from excess liquidity with the remaining \$18.8bn repaid from proceeds from the sale of common equivalent securities. These securities will be treated as tier 1 common equity and shareholders will be asked at a special meeting within 105 days of the issuance of the securities to convert them into ordinary equity. Repaying TARP funding allows the bank to avoid compensation limits for staff. The repayment of TARP funds doesn't include the warrants issue to the US Government, which are valued at between \$943m to \$2.5bn. The sale of the securities is due to the fact the bank doesn't have the authorisation from shareholders to issue enough shares to raise \$18.8bn in capital. The removal of Government interference is a positive for the bank, but it comes at a cost to shareholders of potential dilution.

Aviva : Buy **Yesterday's Close** 377p **Target Price** 520p **Analyst** Oliver Gilvarry

A report by Deloitte LLP on the UK car insurance market states UK insurers will have to raise premiums by a further 5% to offset lower investment returns. In the motor market, motor insurance prices rose at the fastest rate on record in the three months to September with average premiums increasing 14% over the last year. The two largest non-life insurers in the UK, Aviva and RSA both guided they have passed on higher premiums to customers in the first half of the year. We expect this to continue into the second half of this year and to continue in 2010. Further premiums increases are positive for Aviva and RSA, helping to support earnings. We re-iterate our Buy on Aviva due to its attractive valuation compared to the sector and well covered dividend.

Irish Economy : Exchequer figures released

Analyst Edward Keeling

The Department of Finance released its latest Exchequer figures yesterday and they showed the deficit for the first 11 months of the year was €22bn. This is compared with €7.9bn for the same period last year but was slightly better than our expectations of c.€23bn. Although total income tax receipts came in 20.8% lower year on year and below the Minister of Finance targets set out in April, this was compensated for by larger than anticipated spending cuts. Total spending was €42.5bn for the period despite a 15% increase in social welfare spending over the year. Going forward the Government needs to continue along the trend of strict fiscal management. The importance for the government to maintain credibility within the international bond markets cannot be overstated and the recent uncertainty over public sector pay could potentially damage this credibility.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,886	1.3%	24.6%
FTSE	5,327	0.3%	21.0%
Dow Jones	10,453	-0.2%	19.1%
S&P	1,109	0.0%	22.8%
Nikkei	9,609	0.4%	12.6%
Stoxx 50	2,878	0.2%	18.6%

Sector Performances

Sector	Index	1-Day	YTD
Construction	269	0.9%	1.8%
Technology	177	-0.7%	3.5%
Oil & Gas	318	0.3%	2.7%
Financials	224	-0.3%	2.2%
Retail	241	0.5%	1.6%
Food & Drink	291	1.0%	3.8%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	76.6	-2.3%	29.9%
Copper	325.9	0.9%	124.9%
Gold	1,215.7	1.6%	38.3%
Silver	19.3	0.6%	69.7%
Wheat	576.0	-1.4%	-15.7%
Cattle	84.3	-0.6%	-8.0%

Currency Exchange Rates

Currency	Index	1-Day	YTD
€/\$	1.504	-0.2%	-7.6%
€/£	0.905	-0.3%	5.4%
£/\$	1.663	0.1%	-12.3%
\$/JPY	87.378	0.8%	3.3%
€/JPY	131.456	0.5%	-4.6%
€/SFR	1.507	0.0%	-1.0%

5Yr Credit Spreads

Product	Index	1-Day	YTD
Invest Grade	83.6	-2.8%	-53.2%
High Yield	504.0	-1.5%	-51.7%
Financials	77.1	-1.8%	-37.5%
BoI	254.0	1.1%	1.9%
AIB	288.2	-2.4%	38.5%
RBS	138.2	-2.2%	1.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.5%	0.2%
3-Month	0.7%	0.6%	0.3%
1-Year	1.2%	0.9%	0.5%
2-Year	1.7%	1.7%	1.1%
5-Year	2.7%	3.0%	2.4%
10-Year	3.4%	3.7%	3.4%

Date	Company	Region	Event
03/12/2009	Siemens AG	DE	FINAL
03/12/2009	British Airways PLC	GB	TRAFFIC
03/12/2009	Kingfisher PLC	GB	TRADE
03/12/2009	Volkswagen AG	DE	EGM
03/12/2009	Novell	US	Q4
04/12/2009	Bellway PLC	GB	TRADE
04/12/2009	Berkeley Group Holding	GB	INTERIM
04/12/2009	Associated British Food	GB	AGM
04/12/2009	Big Lots	US	Q3
07/12/2009	Air Berlin PLC	DE	TRAFFIC
07/12/2009	SAS AB	SE	TRAFFIC
07/12/2009	Axa SA	FR	S/HOLDERS
07/12/2009	The Kroger Co.	US	Q3
07/12/2009	KMG Chemicals	US	Q1
08/12/2009	Finnair Oyj	FI	TRAFFIC
08/12/2009	Game Group PLC	GB	TRADE
08/12/2009	H&R Block	US	Q2
09/12/2009	Austrian Airlines AG	AT	TRAFFIC
09/12/2009	Deutsche Lufthansa AG	DE	TRAFFIC
09/12/2009	IG Group Holdings plc	GB	TRADE
09/12/2009	PZ Cussons Plc	GB	TRADE
09/12/2009	Rexam PLC	GB	TRAFFIC

Date	Event	Region	Estimate
03/12/2009	PMI Services	GE	51.5
03/12/2009	PMI Services	EC	53.2
03/12/2009	PMI Services	UK	57
03/12/2009	Euro-Zone Retail Sales (MoM)	EC	0.20%
03/12/2009	Euro-Zone GDP s.a. (QoQ)	EC	0.40%
03/12/2009	ECB Announces Interest Rates	EC	1.00%
03/12/2009	Initial Jobless Claims	US	483K
03/12/2009	Continuing Claims	US	5540K
03/12/2009	ISM Non-Manf. Composite	US	51.5
04/12/2009	New Car Registrations (YoY)	UK	--
04/12/2009	Change in Nonfarm Payrolls	US	-118K
04/12/2009	Unemployment Rate	US	10.20%
04/12/2009	Factory Orders	US	0.10%
07/12/2009	Consumer Credit	US	--
08/12/2009	BRC November Retail Sales Mor	UK	--
08/12/2009	RICS House Price Balance	UK	--
08/12/2009	Industrial Production (MoM)	UK	--
08/12/2009	Industrial Production MoM (sa)	GE	--
08/12/2009	ABC Consumer Confidence	US	--
09/12/2009	Nationwide Consumer Confidenc	UK	--
09/12/2009	Trade Balance	GE	--
09/12/2009	Consumer Price Index (MoM)	GE	--

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, Stephen Taylor and Edward Keeling are responsible for the production of this report. Oliver Gilvarry is Head of Research and 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
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie