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(Financial Times)

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(Financial Times)

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(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	3.7%	5.4%
BP	0.2%	-11.5%
CRH	4.3%	-2.3%
DCC	2.7%	38.8%
E.ON	-3.0%	-18.4%
HPQ	-2.4%	1.5%
IL&P	-2.7%	89.8%
INM	-10.0%	-55.2%
J&J	-0.7%	-6.0%
JPMorgan	0.6%	4.1%
Microsoft	-2.9%	15.9%
Vodafone	-1.0%	-17.2%

Market View

Analyst : Stephen Taylor

European equity markets are slightly lower this morning following a weak close in the US and Asia overnight. Concerns continue around the strength of the global economy. Last night, data released from Japan showed that machinery orders fell by 3% in May well below the expectations for a 2% increase. There has been a return of risk aversion to markets in the last number of weeks with money coming out of equity markets and commodities and into bonds pushing yields lower. The VIX, measure of implied volatility on the S&P 500, has also started to increase, gaining over 10% in the last number of days. Last Monday week, the VIX had returned to levels not seen since pre-Lehman collapse and the rise in the index could be negative for the market. Last Monday, as a hedge against a potential correction in equity portfolios, we recommended shorting the DAX (the most cyclical of the European indexes) or buying the VIX. We reiterate those calls today as we head into earnings season. The main focus for today will come after the US market closes with Alcoa kicking off second quarter earnings season. The group is expected to report its third consecutive loss. However, Alcoa's CEO made comments yesterday that he is 'very optimistic' on sales in China and that some US industries including autos begin to recover. This has taken some of the risk off the table of a major negative surprise to earnings tonight. On the economic front, the final reading of first quarter Eurozone GDP is due for release, while German industrial production will also be in focus.

Irish Banks : Moody's downgrade

Analyst : Oliver Gilvarry

Moody's downgraded certain Irish banks yesterday following the lowering of the Irish Government rating. Long-term unsecured debt securities issued by Irish banks covered under the Irish Government guarantee have seen their ratings drop by one notch to Aa1 in line with the recent Government downgrade. Moody's has also lowered the ratings of AIB, BOI and Irish Life and Permanent (ILP) by one notch. AIB and BOI are now rated A1 down from Aa3 with a stable outlook. ILP is now rated A2 with a negative outlook meaning the rating could be reduced further in the short-term. The reason for the downgrades of the three banks is due to the weak fiscal position of the country's finances. Moody's believes the Government will support the banking sector if required, but the "ability of the Government to continue to support its banking sector has weakened over the past few quarters." The impact of this weaker than expected ability to support the banking sector has resulted in a "moderate weakening of the long-term creditworthiness of these banks." The outlook for AIB and BOI is stable due to the fact Moody's see the banks maintaining their position in the Irish market and due to their size and presence there will on-going support from the Irish Government. In the case of ILP the outlook is negative as the rating agency believes the bank is an important institution in the financial system, but it "is less systemically important than the two predominant banks." The downgrade of the Irish banks is not a surprise following the loss of Ireland's last AAA rating. The downgrade will make it more difficult and expensive for Irish banks to obtain funding from wholesale markets and will further impact on profitability through lower Net Interest Margins.

Tullow Oil: Buy Current Price (856p) Price target (1050p) Analyst : David Dunk

Tullow has released a trading statement and operational update this morning. Development of Jubilee phase 1 is on track for first oil in the second half of 2010. The phase 1 plan of development has been finalised, and awaits the formal approval of the Ghanaian Minister for Energy. Net debt as of the 30th June was £435m, with facility headroom of \$750m, \$600m of which will be released following formal the approval of Jubilee phase 1. Tullow will be drilling 11 exploration and appraisal wells over the rest of the year. They have identified five of these wells as transformational, four of which are based in Ghana. The fifth is an exploratory well in Cote d'Ivoire, South Grand Lahou. Tullow has received farm-in offers relating to its French Guiana acreage. New 3D seismic data shows significant leads offshore Guyana and Liberia. The Wahrindi-1 well has found oil in the Victorian Nile Delta play in Uganda. This is positive for Tullow, but not to a significant degree. The Ngassa-2 exploration well is ongoing, with results expected in August. Tullow does note that they have seen evidence of oil shows encountered, however, this does not necessarily imply a positive testing result. Production for the first 6 months of the year was 59,000 barrels of oil equivalent per day, on a working interest basis. Tullow is guiding for full year production of 58,000. This is disappointing as the market was likely expecting full year production in excess of 60,000, which would have still been significantly below previous year production. While disappointed with the production results we are still bullish on Tullow's long term prospects. The results from Ngassa, expected in August remain key, and will be the next catalyst for the stock.

BHP: Buy Current Price (1321p) Price target (1800p) Analyst : David Dunk

Four employees of Rio Tinto have been detained by Chinese security officials since July 5th, although no reason has been offered by Chinese authorities. Three of the detainees hold Chinese passports, with the fourth being an Australian citizen. The incident has led to increased tension between Australia and China, with Australian officials seeking immediate access to the detained Australian citizen. The incident may be related to the ongoing negotiations on iron ore prices between Rio Tinto and Chinese steelmakers. At this point we do not see a major impact from this event, and expect to see the issue resolved in the coming days.

CRH

Buy

Current Price : €15.80

Price Target : €19.00



DOLMEN STOCKBROKERS

Analyst: **Stephen Taylor**

Wednesday, 8th July 2009

• **Market Update:** Yesterday, CRH issued a trading update for the six month period ending June 30th 2009. The statement highlighted the difficulties facing the company due to the economic downturn. CRH is however taking a proactive approach to the difficult operating environment by increasing cost cutting measures and remaining disciplined in relation to capital expenditure. Overall the group pointed out that the rate of profit decline in the second quarter eased substantially compared to the first quarter, however trading in May and June was below expectations. CRH expects 1H EBITDA to decline by 40% to c. €660m. Pretax profit is forecast to be in the order of €100m down from €600m. The figure is post €75m in restructuring costs in addition to an adverse currency translation effect of €20m.

• **European trading:** In Europe, CRH indicated the trading environment remained weak over the period and while the second quarter saw a seasonal pick up in demand, it was not as strong as anticipated. There was continued weakness seen across the majority of its regions including Finland, Ukraine, Portugal and Ireland. Poland had a more robust performance with cement volumes for May/June broadly in line with 2008, while volumes in Switzerland were higher boosted by major tunnel projects. CRH anticipates sales for 1H09 to show a high-teen percentage decline, with EBITDA 40% lower.

• **US trading:** CRH indicated that financing constraints in the US had led to delays and cancellations in commercial construction projects. The higher than expected rainfall in June also hampered the start-up of the highway construction season. In light of this CRH expects first half revenue to decline by over 20%, while EBITDA is expected to show a decline of 50%. On the positive side and a key catalyst for CRH going forward were its comments on the conference call yesterday in relation to the US stimulus package. CRH pointed out that it has seen a strong flow of projects come out for tender over the last six weeks and that demand for its products has been strong. CRH also indicated that it expects to see more project announcements released over the next 4-weeks.

• **Cost savings:** CRH's focus on continuous and sustainable cost savings has intensified and the group expects to deliver a further €555m in annualised gross savings in 2009 and 2010. The additional restructuring will cost the company c. €165m, the majority of which will be incurred in 2009. CRH had originally implemented a €895m cost saving program over the period 2007-2009. The increased cost savings program is a welcome move by the company that will help protect earnings and cash-flow. CRH also indicated that it will look at further cost rationalisation as the year progresses.

• **Development spending:** Acquisitions and investments totalled c. €300m during the period, in line with previous guidance. This included the previously announced purchase of a 26% stake in Yatai Cement, the leading cement manufacturer in north-eastern China. CRH also indicated that it is willing to expand further into emerging markets. In addition, the group pointed out that it has an option over the next number of years to increase its stake in Yatai Cement to 49%. CRH's rights issue in March, where it raised €1.24bn, has left it in a strong position to make further acquisitions, however the company pointed out that it will maintain its disciplined approach and only look at purchases that offer exceptional value with a compelling strategic fit.

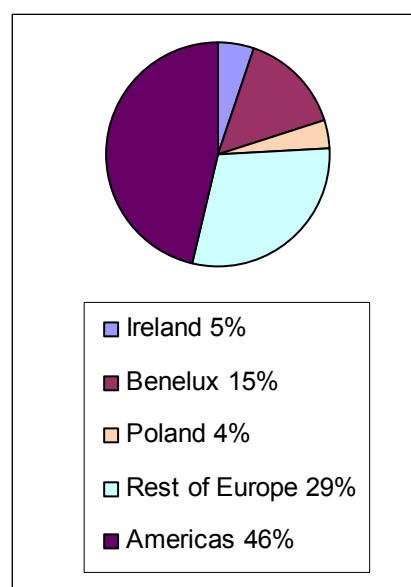
• **Retain buy rating:** CRH's trading statement clearly highlights the difficulties that the company is facing in its major trading areas in Europe and the US and the first half expected earnings result is a disappointment. As a result we reduced EPS estimates by 12%. However, given CRH's increased cost cutting program, strong balance sheet and benefit from US stimulus package, the company is well placed to benefit from an improved economic environment as we move into 2010. Our price target of €19 is based on the stock trading at 16x 2010 earnings. The multiple expansion in our price target is due to the next 12-months being a trough year in earnings. Note that CRH is due to be added to the EuroStoxx Dividend 30 Index on Thursday.

Descriptive Stats		Shareholders	
Price (€)	15.80	UBS	3.81%
52 Week High (€)	20.61	ILIM	3.26%
52 Week Low (€)	11.50	Capital Research	3.05%
Bloomberg	CRH LN	BIAM	2.95%
Reuters	CRH.L	Arito Global	2.80%

	FY08	FY09e	FY10e
Revenue (€m)	20,887	18,210	18,450
EBITDA (€m)	2,795	2,100	2,140
EPS	2.16	1.15	1.17
DPS	0.69	0.69	0.69
P/E	7.3	13.7	13.5
Div Yield	4.37%	4.37%	4.37%

Peer Analysis	EV/EBITDA 08	EV/EBITDA 09	Div Yield 09
CRH	8.0x	7.9x	4.37%
Lafarge	8.1x	7.8x	4.60%
Holcim	8.1x	7.6x	2.50%
Vulcan Materials	12.8x	10.6	2.30%
Martin Marietta	9.7x	8.4x	2.07%

2008 Revenue Breakdown





International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,649	1.9%	12.1%
FTSE	4,187	-0.2%	-5.8%
Dow Jones	8,164	-1.9%	-7.0%
S&P	881	-2.0%	-2.5%
Nikkei	9,421	-2.4%	6.3%
Stoxx 50	2,321	-1.0%	-5.9%

Sector Performances

Sector	Index	1-Day	YTD
Construction	204	0.0%	-0.6%
Technology	166	-0.6%	7.9%
Oil & Gas	272	-1.0%	1.0%
Financials	175	-0.1%	14.5%
Retail	208	-0.8%	13.3%
Food & Drink	240	-0.4%	3.0%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	62.9	-1.7%	12.2%
Copper	222.6	-1.6%	54.9%
Gold	924.7	0.0%	4.3%
Silver	13.2	-0.1%	15.2%
Wheat	512.5	-1.3%	-21.1%
Cattle	84.2	-0.3%	-2.2%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.392	-0.4%	-0.6%
€/£	0.863	0.5%	-10.6%
£/\$	1.614	-0.9%	9.0%
\$/JPY	94.90	-0.5%	3.8%
€/JPY	132.11	-0.9%	3.2%
€/SFR	1.516	0.0%	1.4%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	134.3	-6.3%	-21.5%
High Yield	844.1	-0.5%	-16.2%
Financials	112.1	-1.5%	-3.3%
BoI	371.7	0.1%	55.5%
AIB	377.2	0.5%	83.8%
RBS	166.2	-1.1%	23.7%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.3%
3-Month	1.0%	1.1%	0.5%
1-Year	1.3%	1.2%	0.8%
2-Year	1.7%	2.1%	1.4%
5-Year	2.8%	3.5%	2.8%
10-Year	3.6%	4.1%	3.6%

Date Company Region Event

Date	Company	Region	Event
08/07/2009	Tullow Oil PLC	IE	TRADE
08/07/2009	ALCOA Inc	US	Q2
08/07/2009	Family Dollar	US	Q3
08/07/2009	Axis AB	SE	Q2
08/07/2009	Touchstone Group PLC	GB	PRELIM
08/07/2009	Laurent-Perrier SA	FR	S/HOLDERS
08/07/2009	Schwarz Pharma AG	DE	AGM
08/07/2009	Holcim Ltd	CH	EGM
08/07/2009	3I Group Plc	GB	AGM
08/07/2009	Marks and Spencer Gro	GB	AGM
09/07/2009	Chevron	US	Q2
09/07/2009	Netgem SA	FR	Q2 SALES
09/07/2009	Deutsche Lufthansa AG	DE	TRAFFIC
09/07/2009	Associated British Food	GB	TRADE
09/07/2009	Barratt Developments P	GB	YRTRADE
09/07/2009	Man Group Plc	GB	Q1 TRADE
09/07/2009	Premier Oil PLC	GB	TRADE
09/07/2009	Hays PLC	GB	Q2 TRADE
09/07/2009	AIR France-KLM	FR	S/HOLDERS
10/07/2009	British Land Co Plc	GB	AGM
10/07/2009	The Progressive Corpor	US	Q2
10/07/2009	Bovis Homes	GB	INTERIM

Date Event Region Estimate

Date	Event	Region	Estimate
08/07/2009	Nationwide Consumer Confir	UK	55
08/07/2009	Euro-Zone GDP s. a. (QoQ)	EC	-2.50%
08/07/2009	Industrial Production MoM (s	GE	0.50%
08/07/2009	MBA Mortgage Applications	US	--
08/07/2009	Consumer Credit	US	-\$10.0B
09/07/2009	Trade Balance	GE	9.0B
09/07/2009	Current Account (EURO)	GE	3.7B
09/07/2009	CPI - EU Harmonised (MoM)	GE	0.00%
09/07/2009	Imports SA (MoM)	GE	0.80%
09/07/2009	Exports SA (MoM)	GE	1.50%
09/07/2009	ECB July Monthly Report	EC	
09/07/2009	Total Trade Balance (GBP/M	UK	-£2850
09/07/2009	BOE ANNOUNCES RATES	UK	0.50%
09/07/2009	Initial Jobless Claims	US	--
09/07/2009	Wholesale Inventories	US	-1.00%
10/07/2009	PPI Input NSA (MoM)	UK	0.80%
10/07/2009	PPI Output n. s. a. (MoM)	UK	0.30%
10/07/2009	Trade Balance	US	-\$30.0B
10/07/2009	Import Price Index (MoM)	US	2.00%
10/07/2009	U. of Michigan Confidence	US	70.6
14/07/2009	RICS House Price Balance	UK	--
14/07/2009	DCLG UK House Prices (Yo'	UK	--

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