

CONTENTS

Market View

Irish economy : Ireland's sovereign rating downgraded by S&P

Technology : Overweight

Petroceltic : Farming out Tunisian permit

Barclays : Fund business sale reports

Market Movers

IRISH PAPERS TODAY

Ireland's debt rating cut over fears on bailout costs
(The Irish Times)

Largest Polish bank may seek to take over AIB subsidiary
(The Irish Times)

Hint of German industrial recovery
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Brown fights off rebels
(Financial Times)

Euro-zone banks need recovery plan, IMF says
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.5%	-1.7%
BP	0.3%	1.4%
CRH	-2.8%	3.7%
DCC	-4.5%	48.1%
E.ON	-1.1%	-13.0%
HPQ	0.2%	3.1%
IL&P	7.2%	141.3%
INM	-3.7%	-36.4%
J&J	-0.5%	-7.0%
JPMorgan	2.4%	12.2%
Microsoft	-0.4%	13.4%
Vodafone	0.4%	-17.4%

Market View

Analyst : Edward Keeling

European equity markets have opened in positive territory this morning after Paul Krugman, the Nobel Prize winning economist, hinted that the US will emerge from recession by September. US stocks staged a late rebound to close broadly unchanged after Krugman said in a speech to the London School of Economics that he would not be surprised if the official end of the US recession ends up being, in retrospect, dated sometime this summer. We are also encouraged by the latest Royal Institution of Chartered Surveyors report which is showing more signs of stabilisation for the UK housing market. The number of respondents in the monthly survey saying home values fell exceeded those reporting gains by 44.1%, the best reading since November 2007 and down from 58% last month. We also note sterling's strength following the release with the pound trading at c.£0.86 versus the euro, a much needed positive catalyst for the Irish economy. Looking ahead to today's trading session, media reports have suggested the Fed will announce the banks which are ready to repay the TARP funds and Dolmen's preferred US financial JPMorgan is expected to be among those named. The latest US wholesale inventories data is also expected today at 15:00 with the market will be looking for build in stocking, signalling that manufacturers are preparing for an increase in output.

Irish Economy : S&P downgrade

Analyst : David Dunk

S&P lowered its long term sovereign rating on Irish Government debt to AA yesterday, down from AA+. The rating agency is maintaining its negative outlook, raising the possibility of further downgrades. S&P originally downgraded Ireland from AAA to AA+, in March of the current year. The latest downgrade was prompted by S&P's expectation of significantly higher costs for the Irish Government relating to support of its banking system. As a result, S&P expects the net general government debt burden will be significantly higher over the medium term. These revisions in S&P's forecasts follow on from the announcement of Anglo Irish Bank's losses, and details on the scope of NAMA. S&P believes that Ireland's net general Government debt could exceed 100% of GDP over the medium term. Further ratings downgrades could occur, in the event of further deterioration of the asset quality of the Irish banks, or a further weakening of the government's fiscal position as a result of a protracted downturn.

Technology : Overweight

Analyst : Stephen Taylor

Microsoft said yesterday that sales of its upcoming Windows 7 operating system will depend heavily on the state of the economy with some analyst estimates being too aggressive. The group pointed out that its corporate customers have reacted positively to the new software that goes on sale on October 22nd. Microsoft is looking for Windows 7 to reverse revenue shortfalls after customers held off upgrading to Vista. Microsoft has ensured that Windows 7 runs well on cheaper laptop computers such as notebooks and will be trying to get customers to upgrade their system. We believe that Microsoft is well positioned for an economic recovery later this year with a range of new products on the horizon. With c. \$23bn of net cash, Microsoft is well positioned to increase share buybacks and make earnings accretive acquisitions. Reiterate buy rating.

Separately, Texas Instruments raised its second quarter guidance after the US market closed last night sending its shares 5% higher after hours. The group now expects earnings per share of \$0.14 to \$0.22 on revenue of \$2.3bn to \$2.5bn, an increase from its April guidance of \$0.01 to \$0.15 on revenue of \$1.95 to \$2.4bn. Analysts had expected earnings of \$0.10 on revenue of \$2.21bn. Texas Instruments had commented last week that the technology sector is bottoming out and companies are seeing a better performance in the second quarter compared with the first. We take last night's comments by Texas Instruments as a significant positive for the technology sector, particularly on the mobile phone side and will have a positive read across for Nokia, Apple and Research in Motion. We like all three names given their strong product ranges and balance sheets. Overall we have seen a major stabilisation in the technology sector and comments last night from Texas Instruments are similar to those of Intel's who recently said the first quarter marked the bottom in PC demand.

Petroceltic : Buy Current Price (€0.10) Price target (€0.13) Analyst : David Dunk

Petroceltic has announced a farm-out of its Tunisian Ksar Hadada onshore oil & gas exploration permit. PetroAsian Energy Holdings, a listed company in Hong Kong, will receive a 29.93% stake in the licence from Petroceltic. Petroceltic's stake in the licence drops from 57% to 27.03%, and will continue to act as operator. In return, PetroAsian is committing to the drilling of two new exploration wells, in addition to the acquisition and processing of 100km of 2D seismic data, at no cost to Petroceltic. Petroceltic values the capital commitment of these works at up to \$14.5m. Petroceltic's co-venture in the permit, Independent Resources, is similarly participating in the farm-out agreement, and is farming-out a 21.03% stake of the permit to PetroAsian. The news is positive for Petroceltic, as it allows for an earlier than expected drilling of the Tunisian licence, and at no cost to the company.



Barclays : Fund business Sale reports **Current Price (288p)** **Analyst : Oliver Gilvarry**

Reports this morning suggest that Blackrock Inc. may buy Barclays' fund business for \$12bn to \$13bn in cash and stock. Blackrock is expected to pay half of the purchase price in cash and the rest in stock that would leave Barclays with a 20% stake in the combined company. The report suggests that a deal may be announced as soon as tomorrow. The Barclays Global Investors (BGI) unit, which oversees \$1.5 trillion, would be Blackrock's largest acquisition, building on its 2006 takeover of Merrill Lynch's asset management business for \$8.5bn. That purchase was the largest in the funds industry to-date and the business would provide positive synergies with BGI. Barclays confirmed in a statement yesterday that it is in talks with Blackrock and others about a sale of BGI or its iShares unit. Barclays agreed in April to sell iShares, BGI's exchange-traded fund business, to private equity group CVC Capital Partners for \$4.4bn. The bank has until June 18th to find a better deal for iShares.



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,867	-2.2%	22.6%
FTSE	4,405	-0.8%	0.2%
Dow Jones	8,764	0.0%	-0.1%
S&P	939	-0.1%	4.0%
Nikkei	9,787	-0.8%	10.5%
Stoxx 50	2,468	-1.4%	1.9%

Sector Performances

Sector	Index	1-Day	YTD
Construction	219	-1.8%	8.2%
Technology	172	-0.4%	14.3%
Oil & Gas	304	-0.5%	16.0%
Financials	181	-1.0%	20.8%
Retail	211	0.2%	16.2%
Food & Drink	232	0.2%	1.6%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	68.1	-0.5%	27.7%
Copper	225.3	-1.4%	60.5%
Gold	951.8	-0.4%	8.2%
Silver	15.0	-2.8%	32.5%
Wheat	598.0	-4.0%	-4.7%
Cattle	80.6	-0.6%	-5.8%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.390	-0.5%	-0.3%
€/£	0.866	-0.9%	-10.8%
£/\$	1.605	0.4%	9.5%
\$/JPY	98.49	-0.2%	7.7%
€/JPY	136.88	-0.7%	7.5%
€/SFR	1.517	0.0%	1.5%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	122.3	-6.3%	-31.1%
High Yield	832.6	8.5%	-24.1%
Financials	106.3	2.2%	-10.1%
BoI	323.0	1.0%	29.7%
AIB	326.7	4.9%	57.5%
RBS	171.8	3.4%	29.0%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.6%	0.4%	0.3%
3-Month	1.3%	1.3%	0.6%
1-Year	1.7%	1.6%	1.2%
2-Year	2.1%	2.5%	1.9%
5-Year	3.1%	3.7%	3.5%
10-Year	3.8%	4.2%	4.3%

Date	Company	Region	Event
08/06/2009	Pall Corp.	US	Q3
08/06/2009	Finnair Oyj	FI	TRAFFIC
08/06/2009	IG Group Holdings plc	GB	TRADE
08/06/2009	Oxford Instruments PLC	GB	PRELIM
08/06/2009	Latchways Plc	GB	PRELIM
08/06/2009	Iberia Lineas Aereas de	ES	TRAFFIC
08/06/2009	Electricite de France SA	FR	S/HOLDERS
09/06/2009	Aminex Plc	IE	S/HOLDERS
09/06/2009	Halfords Group Plc	GB	PRELIM
09/06/2009	PZ Cussons	GB	TRADE
09/06/2009	Iberdrola SA	ES	S/HOLDERS
09/06/2009	Antofagasta PLC	GB	AGM
09/06/2009	Soco International PLC	GB	AGM
09/06/2009	Brown-Forman Corporal	US	Q4
10/06/2009	ESI Group SA	FR	Q1 SALES
10/06/2009	Home Retail Group plc	GB	TRADE
10/06/2009	Premier Farnell plc	GB	Q1
10/06/2009	France Telecom SA	FR	S/HOLDERS
10/06/2009	National Semiconductor	US	Q4
10/06/2009	Del Monte Foods	US	Q4
11/06/2009	Independent News & Me	IE	S/HOLDERS
15/06/2009	Volvo AB	SE	TRAFFIC

Date	Event	Region	Estimate
09/06/2009	RICS House Price Balance	UK	--
09/06/2009	Trade Balance	GE	--
09/06/2009	Imports SA (MoM)	GE	--
09/06/2009	Exports SA (MoM)	GE	--
09/06/2009	DCLG UK House Prices (Yo'UK		--
09/06/2009	Industrial Production MoM (sGE		--
09/06/2009	Wholesale Inventories	US	-1.00%
09/06/2009	ABC Consumer Confidence	US	--
10/06/2009	Consumer Price Index (MoMGE		--
10/06/2009	CPI - EU Harmonised (MoM)GE		--
10/06/2009	Total Trade Balance (GBP/MUK		--
10/06/2009	Industrial Production (MoM)	UK	--
10/06/2009	MBA Mortgage Applications	US	--
10/06/2009	Trade Balance	US	-\$28.7B
10/06/2009	Monthly Budget Statement	US	-\$175.0B
10/06/2009	Fed's Beige Book	US	--
11/06/2009	ECB June Monthly Report	EC	--
11/06/2009	Advance Retail Sales	US	0.20%
11/06/2009	Initial Jobless Claims	US	--
11/06/2009	Business Inventories	US	-1.00%
12/06/2009	Euro-Zone Ind. Prod. sa (MoEC		--
12/06/2009	Import Price Index (MoM)	US	1.00%

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