Dolmen Daily

DOLMEN STOCKBROKERS

Wednesday 9th September 2009

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IRISH PAPERS TODAY

Bond proposal would reduce Nama risk to State
(The Irish Times)

63 staff at Aer Lingus will not have contracts renewed
(The Irish Times)

Bank guarantee scheme to be reduced, says Fitch
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Threat to UK credit rating reduced

(*Financial Times*)

Profit fears amid banks debate

(*Financial Times*)

Switzerland tops U.S. as most competitive
(*The Wall Street Journal)*

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	-1.3%	11.1%
BP	0.6%	3.3%
CRH	4.6%	12.8%
DCC	1.2%	60.3%
E.ON	0.0%	0.4%
HPQ	0.8%	25.3%
IL&P	2.5%	212.9%
INM	2.0%	-40.6%
J&J	0.4%	1.2%
JPMorgan	0.5%	34.9%
Microsoft	0.8%	27.7%
Vodafone	1.7%	-1.4%

Market View — Analyst : Stephen Taylor

European equity markets are slightly lower this morning following declines of about 1% in Asia overnight on what is a relatively quiet day for equity markets. IBM's reiteration of earnings guidance yesterday and Siemens this morning provides us with comfort ahead of the upcoming third quarter earnings season that will kick off in mid-October. Consumer confidence data out of the UK this morning from Nationwide rose to its highest level in more than a year, a further indication of improvement in the economy. Yesterday the National Institute of Economic and Social Research said that the economy had started growing. We take this as a positive read across for UK house builders and retailers in particular where Persimmon and Tesco remain our preferred picks. The main focus today will be in the US with the Fed Beige book due for release at 7pm. We expect the report to show a further stabilisation in each of the Fed districts, however comments in relation to employment and strength of the recovery are likely to be more subdued.

NAMA : Risk sharing proposals — Analyst : Oliver Gilvarry

Reports in the papers this morning indicate NAMA will include some form of risk sharing on part of the loans transferred to the agency. NAMA will issue two types of bonds in return for loans from the banks. The first type will be normal bonds that will pay a coupon and will be eligible for sale to the ECB. The second type of bond will be a form of subordinated debt which will only be repaid if NAMA makes a profit. It is uncertain if these bonds will be eligible for sale to the ECB, but it would be unlikely. No indication on what percentage of the payment for the loans will be in subordinated bonds or over what time period they will be repaid. A new version of the NAMA bill could be released before the weekend with the details of risk sharing between the agency and the banks, but this has not been confirmed by the Department of Finance. The impact of risk sharing for the Irish banks is that it will reduce the capital and liquidity benefits from NAMA. This could result in a greater capital requirement for the banks immediately post NAMA and/or reduced willingness to provide credit to the economy.

UK Economy : Unlikely to lose Moody's Aaa rating — Analyst : Oliver Gilvarry

Moody's, the crediting rating agency, has released a report stating the UK and Spain are unlikely to lose their top credit rating despite the pressures they are facing in the current recession. Moody's have commented the Aaa rating for the UK remains "resilient", but to retain this status it "will need to severely adjust…fiscal policies". The UK Government deficit will be the largest amongst developed economies at 12.4% of GDP according to government estimates, but many market estimates are at 13% or greater. The rating agency believes the increase in debt is affordable and their report follows the UK Chancellor and leader of the opposition both signalling they will cut spending if they win the election in May of next year

Persimmon: Buy — Current Price (510p) — Price target (560p) — Analyst : Stephen Taylor

Berkeley Group has issued a trading statement ahead of its AGM today. The company pointed out that the emerging stability in the housing market seen at the beginning of the year has continued in terms of pricing and volumes. Cancellation rates have returned to more normal levels and forward sales have been maintained above £600m. As a result the company expects half year and full year results to be in line with expectations. Berkeley's balance sheet remains strong with net cash in excess of £300m at 31st August. With such a strong balance sheet Berkeley is in a strong position to take advantage of land opportunities as they arise and where value exists. In the first four months of the year, Berkeley has already agreed to acquire a number of new sites, an example of which is Johnson House in Belgravia in London. We take Berkeley's statement as a further positive sign of improvement in the UK housing market. Our preference remains Persimmon on valuation grounds as it currently trades at close to book value with Berkeley trading at 1.5x book value.

OPEC: Quota meeting — Analyst : David Dunk

OPEC is scheduled to meet tonight in Vienna, Austria, for the 70th meeting of the Ministerial Monitoring Sub-Committee. The committee will make a decision on the output quotas for all members. It is expected that the committee will recommend no change to the current level of quotas. This would mark the third meeting in a row with no change in production. The committee is likely to push for a greater level of compliance with the existing level of quotas. Thus far, OPEC members have complied with just over 70% of the 4.2m barrel decline in production announced in late 2008. Amongst the OPEC nations, Iran, Angola, and Venezuela have the largest production levels in excess of quotas. The current level of oil prices is satisfactory for OPEC nations, so the likelihood of further cuts is low, unless energy prices were to decline significantly.

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Market Movers

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International Equity Markets

Index	Value	1-Day	YTD
ISEQ	3,144	2.5%	34.0%
FTSE	4,947	0.3%	11.3%
Dow Jones	9,441	1.0%	8.2%
S&P	1,016	1.3%	13.5%
Nikkei	10,393	0.7%	16.4%
Stoxx 50	2,786	0.1%	13.6%

Sector Performances

Sector	Index	1-Day	YTD
Construction	258	0.7%	1.9%
Technology	190	0.6%	3.9%
Oil & Gas	307	1.2%	3.0%
Financials	229	-1.1%	2.5%
Retail	229	0.7%	1.9%
Food & Drink	265	0.5%	4.2%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	71.1	4.5%	24.5%
Copper	151.2	3.1%	103.5%
Gold	843.0	0.0%	13.3%
Silver	11.1	1.4%	45.9%
Wheat	613.3	-2.7%	-32.2%
Cattle	85.8	0.5%	-2.0%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/$	1.448	1.0%	-3.5%
€/£	0.878	0.1%	8.7%
£/$	1.649	0.9%	-11.3%
$/JPY	92.325	-0.8%	-2.0%
€/JPY	133.667	0.2%	-5.5%
€/SFR	1.517	-0.2%	-1.6%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	106.9	-1.0%	-40.4%
High Yield	151.2	-1.8%	-37.2%
Financials	843.0	-2.6%	-26.0%
BoI	11.1	-0.4%	-3.6%
AIB	613.3	-1.2%	25.8%
RBS	85.8	-2.7%	-8.3%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.3%	0.4%	0.2%
3-Month	0.8%	0.7%	0.3%
1-Year	1.1%	0.9%	0.6%
2-Year	1.7%	1.9%	1.3%
5-Year	2.7%	3.3%	2.8%
10-Year	3.5%	4.0%	3.7%

Date	Company	Region	Event
09/09/2009	Deutsche Lufthansa AG	DE	TRAFFIC
09/09/2009	WS Atkins PLC	GB	TRADE
09/09/2009	Alliance Pharma Plc	GB	INTERIM
09/09/2009	Sports Direct Internatior	GB	TRADE
10/09/2009	ESI Group SA	FR	Q2 SALES
10/09/2009	Iberia Lineas Aereas de	ES	TRAFFIC
10/09/2009	Home Retail Group plc	GB	Q2 TRADE
10/09/2009	WM Morrison Supermar	GB	INTERIM
10/09/2009	Kesa Electricals plc	GB	Q1 TRADE
10/09/2009	Redrow PLC	GB	PRELIM
10/09/2009	National Semiconductor	US	Q1
11/09/2009	JD Wetherspoon PLC	GB	PRELIM
11/09/2009	Campbell Soup	US	Q4
14/09/2009	Plethora Solutions Holdi	GB	INTERIM
14/09/2009	Antisoma PLC	GB	PRELIM
15/09/2009	Austrian Airlines AG	AT	TRAFFIC
15/09/2009	Volvo AB	SE	TRAFFIC
15/09/2009	Debenhams Plc	GB	TRADE
15/09/2009	Energetix Group Plc	GB	INTERIM
15/09/2009	Ashmore Group Ltd	GB	PRELIM
15/09/2009	Oxford Instruments PLC	GB	AGM
15/09/2009	Best Buy Co., Inc.	US	Q2

Date	Event	Region	Estimate
09/09/2009	Nationwide Consumer Confic	UK	--
09/09/2009	Consumer Price Index (MoM	GE	--
09/09/2009	Total Trade Balance (GBP/M	UK	--
09/09/2009	MBA Mortgage Applications	US	--
09/09/2009	Fed's Beige Book	US	--
10/09/2009	BOE ANNOUNCES RATES	UK	--
10/09/2009	BOE Asset Purchase Target	UK	--
10/09/2009	Trade Balance	US	--
10/09/2009	Initial Jobless Claims	US	--
11/09/2009	ECB Sep. Monthly Report	EC	--
11/09/2009	PPI Input NSA (MoM)	UK	--
11/09/2009	PPI Output n.s.a. (MoM)	UK	--
11/09/2009	Import Price Index (MoM)	US	--
11/09/2009	Wholesale Inventories	US	--
11/09/2009	U. of Michigan Confidence	US	--
14/09/2009	Eurozone Employment (QoQ	EC	--
14/09/2009	Euro-Zone Ind. Prod. sa (Mo	EC	--
14/09/2009	EC Economic Forecasts	EC	--
15/09/2009	CPI (MoM)	UK	--
15/09/2009	RPI (MoM)	UK	--
15/09/2009	ZEW Survey (Econ. Sentime	GE	--
15/09/2009	ZEW Survey (Econ. Sentime	EC	--

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