



We remain positive on equity markets despite the recent concerns about potential ratings downgrades to a number of European countries. We see some potential risks to UK and European growth ahead given weak industrial production figures last week. We are becoming more positive on the outlook for the US economy however due to improved economic readings (retail sales and Michigan confidence) and see the potential for GDP upgrades in early 2010. Despite the improvement in the US data we do not expect the Federal Reserve to deviate in any way from its dovish stance when it meets on Wednesday and we expect to see a reiteration of its stance that interest rates are likely to remain at historically low levels for an extended period of time. Moving into year-end we recommend clients maintain a market neutral stance and reiterate our sector preferences including; Basic Resources, Healthcare, Technology and Telecoms. In the healthcare sector GlaxoSmithKline remains one of our core picks following its positive emerging market investor conference last week. While we have seen some weakness in commodities over the last week due to the strengthening dollar we continue to recommend buying the weakness with copper being our preferred play this week. Improved industrial production figures out of China last week in addition to positive comments from semi-conductor maker Texas Instruments suggests that the fundamentals for copper remain strong.

## TRADING IDEAS, EARNINGS & PREVIEWS

### Tech Update

Technology remains one of our preferred sectors with our main focus being on large cap US names including **Microsoft**, **Hewlett-Packard**, **Intel** and **Cisco**. We view technology as one of the safest ways to play the economic recovery for a number of reasons. 1). Balance sheets are strong with significant net cash positions. 2). Continued M&A within the sector including Hewlett-Packard's acquisition of 3Com and Cisco's acquisition of Tanberg 3). Diverse geographic exposure to improving US and European markets in addition to emerging markets where the global growth is currently coming from. 4). Product innovation which is particularly apparent this year with the release of Windows 7. We expect the technology sector to continue its outperformance in 2010 with the sector expected to show revenue growth again. All companies named above have also had significant cost cutting programs that will further improve operating leverage and earnings.

### FTSE Miners Update

One of our conviction calls continues to be long diversified FTSE Miners like BHP Billiton and Rio Tinto. Basic resource companies remain among the top performing stocks in the FTSE 100 owing much to their strong earnings potential which is being driven by a high exposure to buoyant emerging markets. The sector has also benefitted from a significant turnaround in commodity prices facilitated by the extraordinary monetary policy Central Banks implemented during the crisis. Recent data coming out of China and other commodity based economies like Australia supports a continuation of these themes and consequently we are comfortable recommending the sector to clients. We are particularly bullish on the copper miner **Antofagasta** which is in an excellent position to take advantage of the attractive supply and demand fundamentals within the copper market. The Chilean miner has access to quality copper assets and its lower gearing means that it will be able to pursue capex projects without over extending its balance sheet. Our optimum entry zone is between 875p and 900p

### Ryanair Price: €3.07 P/E: 15x Div: 0% Target: €3.20 Buy

We are anticipating an announcement from Ryanair this week regarding its ongoing negotiations with Boeing over the order for up to 200 airplanes. Last week Ryanair's CEO Michael O'Leary indicated that talks have effectively broken down. Despite reaching an agreement on price, disagreement exists over the delivery conditions. O'Leary confirmed that a final decision would be made at a board meeting this Thursday December 17th and that failure to agree a deal would result in the airline slowing down growth from 2013. Concerns currently surround that this would result in share price weakness as Ryanair would not be awarded a growth premium by investors. While these concerns do carry some weight, we believe they have been overdone. Slower growth over the two years would bring its own benefits. It would be a significant change in the business model of the group and as a result earnings forecasts would change with it. Such a strategy would reduce fuel volumes and therefore costs as there would be less aircraft to fuel. It would increase potentially both fares and load factors as market share growth pricing would no longer be needed. Going forward it would allow Ryanair to consider reducing costs on an absolute basis. While the resulting valuation multiple may be less given the more mature nature of the company, we believe this would be mitigated by the absolute level of cash generation and enhanced earnings. Either way, we reiterate our Buy recommendation at current levels.

### GE Price: \$15.92 P/E: 17x Div: 2.9% Target: \$18.00 Buy

General Electric (GE) remains one of our top US recovery stocks. Like all of the US blue chip companies that we like, GE benefits from geographical and operational diversity. The group has operations throughout the world including Technology Infrastructure, Energy, Consumer and Industrial in addition to its Capital Finance Division. Geographically the company has a major presence in the US, Europe, Pacific, the Americas in addition to the Middle East and Africa. The company is highly cash generative and recently reiterated that it expects to generate between \$14bn - \$16bn in free cash flow for 2009. GE has also stated that it expects its Capital Finance Division that has been an area of much concern to be highly cash generative this year. We also expect that GE will be a major beneficiary of the US stimulus package with the group CEO Jeffery Immelt previously pointing out that it has target of 400 projects related to the stimulus package. Our price target of \$18.00 is based on GE trading at 15x 2010 EPS of \$1.20.

### Greencore Price: €1.40 P/E : 7.1x Div: 6.2% Target : €1.70 Buy

The 29.5% overhang in Greencore stock that was held by property developer Liam Carroll was released into the market last week. The stock was sold into the market by ABN AMRO in an accelerated bookbuild and was 2x oversubscribed at €1.35. In its most recent results Greencore reported better than expected earnings and higher operating margins. Management have guided a slight increase in earnings next year and the group at current levels trades at a discount to peers on an EV/EBITDA and P/E basis. The dividend of 7.5c is well covered; giving a yield of 5.4% is well covered. The current price sub €1.40 is an attractive entry levels for investors.

### Insurance Update

The Insurance sector remains one of our preferred plays currently. On an international basis **Aviva** offers value due to its mix of Life and Non-Life business plus its geographic diversification. The stock was weak last week due to rumours of the group looking at large acquisitions. Management have constantly stated large deals are off the table and this was reiterated during the week. The same reasons for our preference for this stock remain with its good dividend yield, strong capital position and its discount to its peers. Locally, **Irish Life & Permanent** is another way to play the insurance sector. This week a major catalyst is due for the group with the EGM to be held on the re-structure of the group on Thursday. The current share price significantly undervalues the value of the life book in the group. We would recommend investors when trading to pick one of the two insurance plays we have recommend above.

### Earnings Week Ahead

### Economic Week Ahead

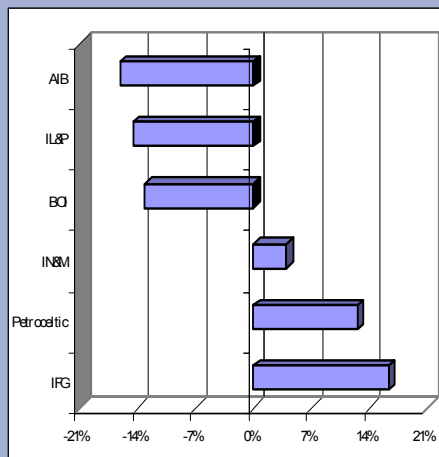
**Mon:** Cadbury (Trade), Whitbread (Trade), Total (S'holders), Endesa (S'holders).  
**Tues:** ESI Grp (Q3), Iberia (Traffic), Volvo (Traffic), Renovo (Prelim)  
 Adobe Systems(Q4), SocGen(S'holders), Worldspreads(AGM), Best Buy(Q3)  
**Wed:** Aeroports de Paris (Traffic), Drax Group(Trade), Kesa Electricals(Interim),  
 Petrofac (Trade), Punch Taverns (Q1 Trade), Austrian Airlines (EGM).  
**Thurs:** Escada (Prelim), Arriva(Trade), John Wood(Yr Trade), Travis Perkins(Trade),  
 Rexel (S'holders), IL&P (S'holders), General Mills (Q2), Oracle (Q2).  
**Fri:** Sportingbet (AGM).

**Mon:** UK R'move Hse Prices(00:01), EU Employment & Ind Prod(10:00).  
**Tues:** UK CPI,RPI & DCLG Hse Prices(09:30), EU& Ger ZEW(10:00),  
 US Empire Manuf & Producer Prices(13:30), US CapEx & Ind.Prod(14:15).  
**Wed:** UK Jobless Claims ILO Unemployment Rate (09:30), EU CPI (10:00),  
 US MBA M'gage Apps(12:00),US CPI & Housing Starts(13:30),  
 US FOMC Rate Decision (19:15).  
**Thurs:** UK Retail Sales(09:30), EU Constr.Output(10:00),US Jobless Claims(13:30)  
 US Leading Indicators & Phil Fed (15:00).  
**Fri:** Ger Producer Prices(07:00),Ger IFO(09:00),UK M4Money(09:30).

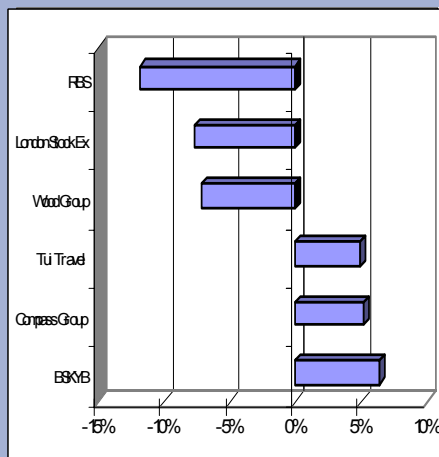
# DOLMEN STOCKBROKERS Traders Update

## Last Weeks Best/ Worst Performers

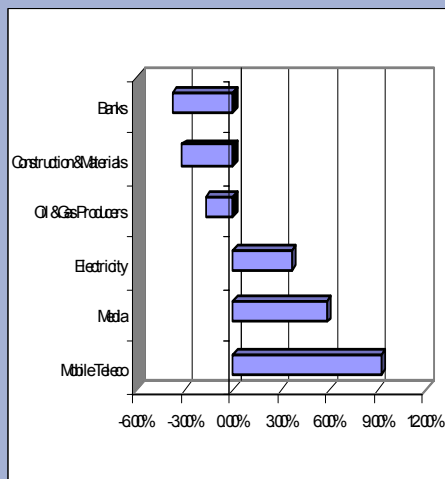
### ISEQ



### FTSE



### Sector changes WTD



## Dolmen Dozen

### WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	10.1%	Q1 performance in line with expectations
BP	10.6%	BP-TNK to boost 2010 investment to \$4bn
CRH	14.2%	Q4 EBITDA expected to be weaker than Q3
DCC	86.41%	Announces acquisition of Brogan Holdings for €47.2m
E.ON	-2.39%	E.ON keeps German retail energy prices stable
Hewlett-Packard	37.9%	CFO indicates seeing uptick in demand for printers
IL&P	105.1%	Ahead of EGM this Thursday
IN&M	-62.5%	Completes disposal of INM outdoor
J&J	8.39%	Q3 results inline with expectations
JPMorgan	29.9%	US financials gain on continued TARP repayment
Microsoft	53.5%	Report blockbuster Q3 results
Vodafone	2.01%	Q3 results show solid revenues

## What it says in the 'Sundays'

Company	Paper	Headline
Irish banks	S. Independent	Ulster Bank holds €3.1bn of negative equity loans
ICG & Greencore	S. Business Post	Greencore and ICG reweighted following Carroll's departure
IL&P	S. Tribune	IL&P asks regulator for review of internal capital requirements
Irish Banks	S. Times	ESB reviewing pension after deficit exceeds €2.5bn

## Corporate Visits

### COMPANY

### PRESENTATION DATE

ICG	1st of December
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## Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield
ISEQ	2926	-2.0%	24.9%	1.7
FTSE	5262	-1.1%	18.7%	3.5
DAX	5756	-1.1%	19.7%	3.6
OW	10472	0.8%	19.3%	2.6
S&P 500	1106	0.0%	22.5%	2.2
NASDAQ	2190	-0.2%	38.9%	0.9
EUROTOXX 50	2484	-1.7%	19.2%	3.6
NIKKEI	10108	0.8%	14.1%	1.6

Sector	Weekly move%
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Mobile Telecommunications	9.24%
Media	5.85%
Electricity	3.66%
Health Care Equipment & Servic	3.64%
Industrial Metals	2.13%
Gas, Water & Multiutilities	1.60%
Travel & Leisure	1.19%
Food & Drug Retailers	1.11%
Fixed Line Telecommunications	1.03%
General Retailers	0.80%
Food Producers	0.74%
Beverages	0.72%
Aerospace & Defense	0.68%
Automobiles & Parts	0.34%
Tobacco	0.30%
Software & Computer Services	0.28%
Support Services	0.23%
Electronic & Electrical Equipm	0.18%
Leisure Goods	0.17%
Life Insurance	0.09%
Household Goods	-0.13%
Pharmaceuticals & Biotechnolog	-0.39%
Forestry & Paper	-0.41%
Technology Hardware & Equipmen	-0.42%
Industrial Transportation	-0.54%
Oil Equipment, Services & Dist	-0.81%
General Industrials	-0.90%

### Commodities

	Current	Change YTD
Crude	69.87	56.7%
Gold	115.40	26.8%

### Exchange Rates

	Current	YTD Change	Year End (est)
eur usd	1.462	0.2%	1.55
eur gbp	0.899	-6.0%	0.85
eurjpy	130.25	2.2%	132.00

### GDP Growth

	2008	2009 (est)
Ireland	-1.70%	-8.50%
Euro Zone	1.20%	-2.00%
UK	1.00%	-4.25%

### Central Bank Interest Rates

	Current	3 month	Year End (est)
Euro Zone	1.00%	0.71%	1.00%
UK	0.50%	0.61%	0.50%
US	0.00% - 0.25%	0.25%	0.0% - 0.25%



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