



Equity markets suffered their first weekly decline in over four weeks as weak consumer related data out of the US on Thursday and Friday triggered a bout of profit taking among investors. These weaker data points of lower than expected Retail Sales and a lower than expected University of Michigan Consumer Sentiment reading highlighted the pressure that rising unemployment is placing on the consumer. Whether this will become a major headwind on the road to recovery is uncertain at this stage, since a gradually improving macro economic backdrop has been the main driver of asset price recovery since March. If evidence of this was required one needs to look no further than the GDP readings out of Germany and France last week which showed surprise increases and confirmed, on a technical basis at least, that these countries are no longer in recession. These positive readings following a more up-beat assessment of the US economy from the Fed which said that signs of stabilisation were now evident. While the weak consumer data may have thrown a question mark over this view, there is no doubt that recent Purchasing Manager surveys and housing data continue to show signs of improvement. The coming week will throw further light on the matter as the National Association of Home Builders provide information on the sentiment within the sector (Mon) while Housing Starts (Tues) and Existing Home Sales (Fri) will provide more tangible evidence about the health of the sector. Any signs of weakness could disappoint the market following the consumer readings last week. Equity markets however have enjoyed a strong rally since March and this period of consolidation/mild profit taking is healthy and will provide investors with the opportunity to re-enter the market at more attractive levels.

TRADING IDEAS, EARNINGS & PREVIEWS

Wal-Mart

Price: \$51.27

P/E : 14x

Div: 2.1%

Target: \$58.00

Buy

Last week Wal-Mart put in a robust second quarter set of results for 2009. The report reported EPS of \$0.88 versus \$0.86 expected. Net income came in at \$3.44bn. The group indicated that its cost cutting program had proceeded well and that it is looking to accelerate its cost savings program. In light of this the group was able to keep its operating margins stable at 5.6%, ahead of all of its peers. In light of the group's results, Wal-Mart boosted the lower end of its full-year 2009 range and now expects EPS in the range of \$3.50 to \$3.60 from its previous target of \$3.45 - \$3.60. The group's results were released on the same day as a disappointing retail sales figure highlighting the group's defensive characteristics in the current operating environment. Friday's Michigan Confidence data also highlights the pressure that the consumer is on and we believe Wal-Mart will outperform in such an environment.

BHP

Billiton

Price: £14.89

P/E : 15x

Div: 3%

Target: £18.00

Buy

BHP Billiton released preliminary results last week that were broadly in-line with expectations. Net income for the year was \$3.26bn slightly ahead of the consensus forecast of \$3.1bn, but well within the range of estimates. Revenue of \$50.2bn was also slightly ahead of expectations. BHP's balance sheet continues to be among the strongest in the sector, with net debt of just \$5.6bn at the year end. The comments from management on the outlook for commodities were also encouraging. BHP believes commodity re-stocking in China is largely complete and going forward, Chinese demand is expected to revert towards real end user purchasing. Signs of increased demand in North America, Europe and Japan are emerging, although it is unclear if this is being driven, by restocking or real demand. BHP sees strong growth for commodities in the long term, but note the need for the emergence of real demand to sustain a global recovery. We continue to see long term value in the stock, and reiterate our strategy of buying into weakness.

Rio Tinto

Price: £22.27

P/E : 16x

Div: 1.50%

Target: £28.00

Buy

Rio Tinto will report half year results this Wednesday. Given it has already recently released production results, we don't envisage any major surprises. Consensus estimates are for net income of \$2.9bn, down over 50% from the same period last year, and an adjusted eps of \$1.87. We will be paying close attention to any remarks surrounding the impact of the arrest of four employees in China the effect this has had on its relations with Chinese authorities. Perhaps most important however will be its outlook statement. We expect a more bullish tone from Rio Tinto's management than peer BHP. In our view Rio Tinto remains the stock that offers the best exposure to a resurging Chinese economy. As one of the largest iron ore producers in the world, Rio Tinto will benefit from the additional demand for steel resulting from fiscal stimulus packages. Following a successful rights issue, and a cost cutting joint venture with BHP Billiton, Rio Tinto will emerge from the current crisis stronger. However given the strong performance from mining stocks in recent weeks, the likelihood of a pullback in share prices is significant. We remain fundamentally bullish on the sector, but see the possibility of initiating new longs at lower levels.

Aviva

Price: £3.74

P/E : 6x

Div: 6.5%

Target: £4.00

Buy

Strong results from the insurance sector continued last week with Prudential reporting results much stronger than expected. Operating profit was £1.246bn in the half year, over 7% ahead of expectations. New business contribution was 28% ahead of expectations with the US business driving the higher margins. The problems faced by Prudential's competitors in the US and Asia, in particular AIA part of AIG, helped Prudential to take market share and charge higher margins. The company increased its interim dividend by 5% to 6.29p at the higher end of consensus. The rally in the share price from the results has moved the share price close to its EV of £5.44, the share now trades at 0.9x EV. Aviva is also trading close to its EV close of £4.00, but the group has a number of catalysts in the next number of months. With one of these being the release of capital from Delta Lloyd due to an IPO of part of Aviva's holding. That along with the strong COR reported at the interims and the continued cost cutting puts the group in a strong position. We remain positive on the insurance sector with Prudential and Aviva our preferred picks, due to both trading at levels below their EV. We are buyers of both and portfolio clients should consider them due to their potential for future capital growth and good dividend yields.

General - Electric

Price: \$13.80

P/E : 14x

Div: 2.9%

Target: \$18.00

Buy

Today we are adding General Electric (GE) to our list of US recovery stocks. Like all of the US blue chip companies that we like GE is benefits from Geographical and Operation diversity. The group has operations throughout the world with operation in Technology Infrastructure, Energy, Consumer & 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 with about \$7.1bn in free cash flow from operating activities in the first half of the year and expects to generate between \$14bn - \$16bn. At GE's second quarter results in July it also indicated that its Capital Finance division that has been the subject of much uncertainty is on track to be profitable this year. The group also pointed out that it has reached its 2009 long-term funding goals for GE Capital and that is has pre-funded about one third of its 2010 target. We also expect GE to be a major beneficiary of the stimulus package. The group's CEO Jeffery Immelt pointed out that GE has targeted 400 projects related to the stimulus package said to be worth \$200bn. While Immelt indicated that it expects second half earnings to benefit from the stimulus package. Our price target for GE is based on the group trading at 15x 2011 EPS of \$1.20. GE is due to report third quarter results on October 16th. Note that given the group's financial services exposure place GE as a higher risk investment.

Earnings Week Ahead

Mon: (Dragon Oil, INTERIM) (H & M, JUL SALES) (Michael Page, INTERIM) (Fresnillo, INTERIM) (Aeroports de Paris, TRAFFIC)
Tues: (Datalex, INTERIM) (Wienerberger, Q2) (Vestas Wind Systems, Q2) (British Land, Q1) (Home Depot, Q2) (Hewlett-Packard, Q3) (Cardinal Health, Q4)
Wed: (Telekom Austria, Q2) (Deere & Company, Q3) (Limited Brands, Q2) (NetApp, Inc, Q1)
Thurs: (Ormonde Mining, S/HOLDERS) (Holcim, H1) (Swatch, H1) (RioTinto, INTERIM) (SIG, INTERIM) (H.J., Heinz Q1) (Aerpostale, Q2) (Foot Locker, Q2) (Gamestop, Q2) (Gap, Q2) (Sears, Q2)
Fri: (Rightmove, INTERIM) (T Clarke, INTERIM) (Thirdforce, AGM)

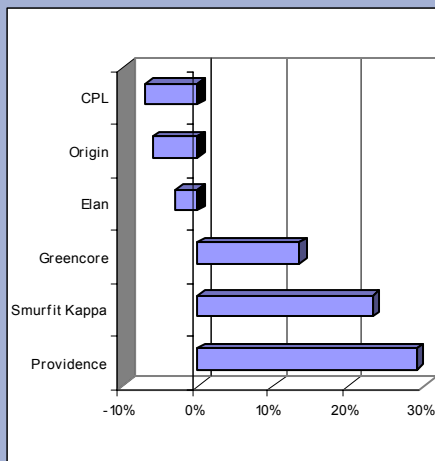
Economic Week Ahead

Mon: UK, Rightmove House Prices MoM (00:01) EC, Euro-Zone Trade Balance, (10:00) US, Empire Manufacturing,
Tues: UK, CPI (MoM) (09:30) (09:30) GE, ZEW Survey (Econ. Sentiment) (10:00) US, Producer Price Index (MoM) (13:30) US, Housing Starts (13:30) US, Building Permits (13:30) US, ABC Consumer Confidence (22:00)
Wed: GE, Producer Prices (MoM) (07:00) UK, Bank of England Minutes (09:30) MoM (10:00) US, MBA Mortgage Applications (12:00)
Thurs: UK, Retail Sales (MoM) (09:30) (MoM) (09:30) US, Initial Jobless Claims (13:30) US, Leading Indicators (15:00) US, Philadelphia Fed. (15:00)
Fri: EC, PMI Manufacturing, EC, PMI Services, US, Existing Home Sales MoM

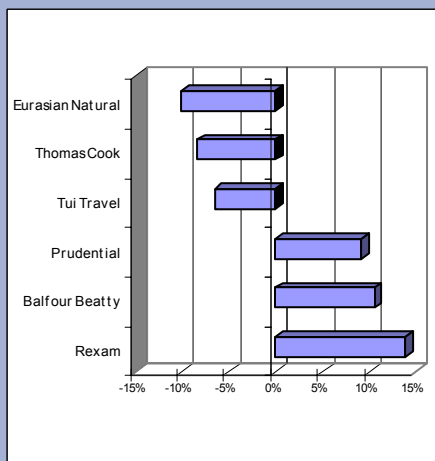
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
10/08/09– 14/08/09

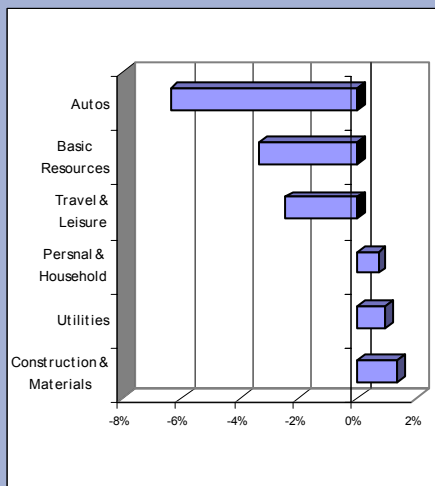
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	6.5%	Recently reiterated earnings guidance.
BP	-3.9%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	1.3%	Current trading below expectations; cost cutting ahead of forecasts
DCC	47.2%	We remain positive on the group after meeting with management
E.ON	-3.1%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	20.4%	Ahead of Q3 results this week
IL&P	151.5%	Speculation surrounding restructuring of the group persist.
IN&M	-36.6%	Confirms extension to standstill agreement with bondholders
J&J	0.0%	Recently reported earnings in line with expectations
JPMorgan	33.1%	Deutsche Bank initiated coverage with buy rating.
Microsoft	21.3%	Announces sale of Razorfish for \$560m
Vodafone	-9.1%	Issues reassuring trading update

What it says in the 'Sundays'

Company	Paper	Headline
Financials	S. Bus Post	Ulster Bank engages in debt for equity swaps
AIB	S. Bus Post	AIB pension deficit rises by 80 per cent in 12 months
Irish Economy	S. Times	Pension fund may buy distressed debt
Aer Lingus	S. Tribune	Aer Lingus to unveil huge cuts as banks halt funds
Elan	S. Independent	Oil-rich Norway builds up stake in €2.5bn Elan

Corporate Visits

COMPANY

PRESENTATION DATE

Irish Life & Permanent 3rd September



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2877	2.4%	23.7%	2.1	14.8
FTSE	4713	-0.04%	4.38%	4.4	14.2
DAX	5309	-2.7%	12.4%	4.0	15.2
DOW	9321	-0.05%	6.2%	3.1	13.3
S&P 500	1004	-0.06%	11.2%	2.6	16.8
NAS	1985	-0.07%	25.9%	0.9	24.5
EUROSTOXX	247.9	-0.7%	8.6%	4.3	18.2
NIKKEI	10524	1.7%	15.9%	1.8	45.3

Sector	Weekly move%	YTD move %
Construction & Materials	1.35	18.59
Utilities	0.95	7.77
Personal & Household Goods	0.72	20.59
Insurance	0.09	5.34
Oil & Gas	-0.23	9.67
Banks	-0.37	46.27
Industrials	-0.46	20.99
Healthcare	-0.67	0.68
Technology	-1.25	14.73
Media	-1.45	2.97
Financial Services	-1.46	20.81
Food & Beverage	-1.75	9.47
Telecom	-1.9	0.46
Chemicals	-2.16	15.6
Retail	-2.16	22.98
Travel & Leisure	-2.44	2.87
Basic Resources	-3.36	54.46
Autos	-6.37	19.01

Commodities

	Current	Change YTD
Crude	65.92	51%
Gold	935	8.2%

Exchange Rates

	Current	YTD Change	Year End (est)
eur usd	1.406	-1.8%	1.40
eur gbp	0.863	-10.3%	0.85
eurjpy	132.98	5.5%	120

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%	0.86%	1.00%
UK	0.50%	0.76%	0.50%
US	0.00% - 0.25%	0.43%	0.0% - 0.25%



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