



Equity markets behaved pretty much as we expected last week as the more positive tone created by the Three Musketeers of US banking (Lewis, Pandit and Dimon) the previous week was augmented by the announcement of Quantitative Easing (QE) by the Fed. The rally up to the resistance levels of 3,950 on the FTSE and 7,550 on the Dow materialised but failure to breach these levels was disappointing given the aggressive action by the Fed. The fundamental difficulty for equity markets is that while the Fed action appears positive, the actual end result of a \$300bn repurchase of US treasury bonds over a period of time is uncertain. For the exercise to be a success, the 'new' cash created must find its way back into the broader economy for the benefit of consumers and businesses, rather than just being hoarded by banks as they attempt to rebuild their balance sheets. So for the moment with markets at technical levels after a 15% rally from the early March lows and an element of uncertainty about the end result of QE, our bias this week is to take profits and wait for a better entry level before re-opening new equity positions. The coming week is reasonably light on corporate news, so the main focus of attention will on the US housing data (Wed) to see if the more positive reading of two weeks ago can be repeated and give a sign that a bottom might be in place. With over 13 months of supply waiting to be cleared this may be a bit premature, but any positive number would certainly help markets re-test those key resistance levels.

TRADING IDEAS, EARNINGS & PREVIEWS

BMW

Price: €22.38
P/E: 16.8x
Div: 2.3%
Target: €16.00

Sell

Fundamental View : Last week we reinitiated our short trading call on BMW following the company's confirmation that it does not anticipate equity tie ups with other companies. We believe that BMW's lack of clarity for 2009 where it did not provide profit forecasts and expects sales to fall by 10%-20% will see the stock underperform over the coming months. We believe that sales could potentially fall by up to 30% given the trend of monthly US and European sales recently. BMW operates at the top end of the market and will be affected as consumers trade-down. Another area that is likely to weigh on the group's share price in the short to medium term is its financial services division. The group also took a c. €1bn write-down in relation to its financial services division during the fourth quarter in relation to its leasing business and we see an increased potential for write-downs in the future.

Next Catalyst: BMW is due to issue first quarter results on May 6th

Thomson Reuters

Price: £15.46
P/E: 12.6x
Div: 5.35%
Target: £10.00

Sell

Fundamental View : We are reinitiating our trading short call on Thomson Reuters ahead of the last period (30/03/09) in which largest shareholder the Woodbridge group will complete its exchange of shares from the Canadian line to the London line. On 27/02/09, the Woodbridge group announced that it was going to exchange up to 10 million shares in the Canadian line for an equivalent amount in the London line of the group leading to the technical squeeze in the share price. Overall shares in Thomson Reuters have held up well despite the global downturn. However we believe that Thomson Reuters will begin to start feeling pressure on earnings now as its markets division (c. 60% of group revenue) comes under pressure on the cancellation of Reuters contracts at financial firms.

Next Catalyst: Thomson Reuters is due to report first quarter results on May 7th.

Kazakhmys

Price: 386p
P/E: 8.8x
Div: 5.2%
Target: 400p

Buy

Fundamental View : Kazakhmys (Kaz) is a miner largely based in Kazakhstan with the bulk of its mining exposure to copper. The company is focusing on cash preservation, in light of debt repayments in coming years. Kaz is expected to repay debt of just over \$400m this year and \$500m next year. The most significant catalyst for Kaz will be the price of copper in the coming months. The company has guided for production costs of about \$0.90-\$1.20 per pound of copper. Copper is currently trading at \$162.4/lb. Amongst the metals, copper has one of the most favourable outlooks in our view. Due to under-investment in copper mining in the last decade, the long term pricing of copper is favourable. In the short term, the economic climate is broadly negative for commodities, but demand from China for copper in recent months has given support to prices. If copper prices were to continue to appreciate into 2010, Kaz's share price should benefit substantially. We consider Kaz high risk due to its leveraged exposure to a single commodity, but view the risk/reward trade off as attractive

Next Catalyst: Kazakhmys is due to report full year results on the 31st of March

Tullow

Price: 834p
Div : 0.77%
Target: 900p

Buy

Fundamental View : We remain positive on Tullow following its recent strength. Tullow's balance sheet is strengthened by the recent successful financing efforts, as well as £400m from a well supported equity raising. In the coming quarters we are expecting the results of drilling on promising prospects in Uganda and Ghana. In Ghana, we are expecting continued testing on Jubilee, and nearby promising prospects. Meanwhile, discoveries in Uganda are of sufficient size to justify commercialization, with the bulk of the identified prospects still to be drilled. Tullow has said that it expects Uganda to become a top 50 global oil producer.

Next Catalyst: Tullow's drilling campaign remains the key catalyst for the share price. The share has increased 15% since the start of March and is trading at £8.34. While we remain positive on the stock, we recommend clients to wait for a pull back in the share price to £7.70 before entering into a long position. An alternative way to take a position is to use options and write June put options with a strike of £7.70. The client will only have a long position in Tullow if the share price falls below £7.70 by June, but they will receive an option premium for writing the option. For existing clients, they should consider selling covered June call options with a strike price of £8.80 as this will help increase a client's return while still holding the stock. It should be noted selling covered calls can limit potential upside from a long position.

Independent News & Media Update

On Friday, Independent News & Media (INM) announced that it had ceased marketing efforts – as announced January 26th – of a possible private subordinated bond to meet the maturity of its €200m 5.75% bond in May. As a result, INM has appointed advisers in respect of proposed engagement with holders of the outstanding bond. INM is due to release earnings on 24/04/09. We retain our neutral rating on the company.

Earnings Week Ahead

Mon: McInerney (Prelim),Walgreen(Q2),Tiffany(Q4), Dykerhoff (Q4),Daily Mail (Trade)
Tues: Deutsche Bank(Q4),Severn Trent(Trade), Sportech(Prelim), McCormick&Co(Q1) Volvo (Q1), Swiss Life (Final), Philips-Van Heusen(Q4).
Wed: Imperial Tobacco(Trade), Smiths (Interim), J Sainsbury(Q4 Trade), Loewe (Q4), Legal&General(Prelim), TUI Travel(Q1), Paychex(Q3), Ted Baker(Prelim).
Thurs: Hypo Real Estate (Final), Man Group(Trade), Northern Foods(Trade), Kingfisher(Prelim), Next(Prelim), Premier Oil(Prelim), Scisys(Prelim), United Utilities(Trade), Best Buy(Q4), Dr Pepper(Q4), Gamestop(Q4).
Fri: BNP Paribas (EGM), Wendell (Q4).

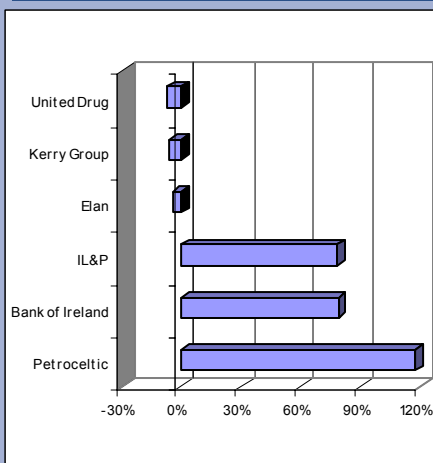
Economic Week Ahead

Mon: US Existing Home Sales(14:00).
Tues: Ger PMI Services&Manuf (08:30),EU PMI Services&Manuf(09:00), UK CPI&RPI(09:30), US Richmond Fed & Hse Price Index(14:00), US ABC Consumer Confid(21:00).
Wed: Ger IFO (09:00), US MBA M'gage Apps (11:00), US Durable Goods(12:30) US New Home Sales(14:00).
Thurs: Ger GfK Consumer Confid(07:10), EU M3 (09:00), UK Retail Sales(09:30) US GDP, Personal Consumption & Initial Jobless Claims (12:30).
Fri: UK GDP & Current Account(09:30),US Personal Income, Ger CPI.

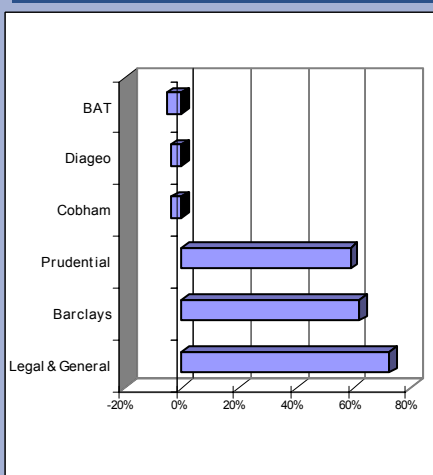
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
16/03/09-20/03/09

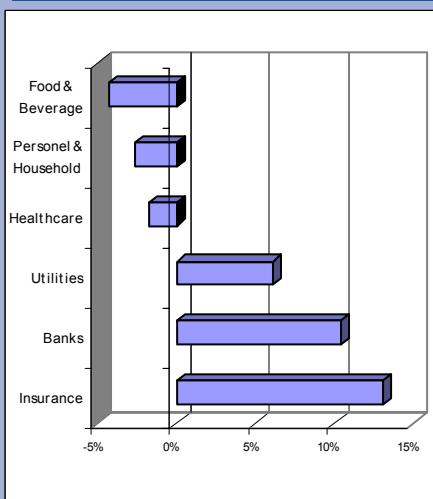
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	-28.3%	Goldman Sachs raises Aryzta to Buy from Neutral.
BP	-14.4%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	-17.5%	US data shows some improvement
E.ON	-35.2%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	-18.9%	HP reports first quarter net income slightly below expectations.
IL&P	-54.8%	Reports suggest that the Irish government is considering 'bad bank' option.
IN&M	-59.5%	IN&M appoints advisers in respect to the proposed engagement with holders of the outstanding bond.
J&J	-17.0%	Johnson & Johnson reports fourth quarter earnings of \$2.71bn, compared with \$2.37bn a year earlier.
JPMorgan	-26.4%	Merrill Lynch raises its recommendation to Buy with price target of \$40.
Microsoft	-16.1%	Microsoft discloses its plans for marketing its next generation windows operating system.
Paddy Power	-10.0%	Cheltenham proves to be tough trading for bookies.
Vodafone	-16.7%	Vodafone and Telefonica in infrastructure deal.

What it says in the 'Sundays'

Company	Paper	Headline
AIB	S.Tribune	AIB comes to rescue of government with Ireland Inc debt purchases
Aer Lingus	S.Bus Post	Shareholders force Aer Lingus rethink
Irish Financials	S.Bus Post	The 'bad bank' solution to debt gains momentum
Irish Economy	S.Independent	Bailed out banks extra €1.75bn fee after five years
EBS	S.Tribune	Private equity wants big stake in EBS

Corporate Visits

COMPANY

PRESENTATION DATE

AIB	1st April
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Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2146	6.5%	-8.4%	6.1%	6.1
FTSE 100	3843	2.4%	-13.3%	5.4%	17.1
DAX	4069	2.9%	-15.4%	6.1%	15.1
Dow Jones	7278	0.8%	-17.1%	4.2%	8.9
S&P 500	769	1.5%	-14.9%	3.6%	11.5
Nasdaq	1457	1.8%	-7.6%	1.4%	19.9
EuroStoxx 50	1766	2.0%	-15.3%	6.5%	13.0
Nikkei 225	7946	5.0%	-10.3%	2.7%	25.7

Sector	Weekly move%	YTD move %
Insurance	13.15	-26.98
Banks	10.45	-20.25
Utilities	6.10	-18.48
Financial Services	5.24	-13.34
Basic Resources	4.25	3.56
Construction & Materials	4.10	-14.12
Chemicals	3.72	-5.84
Travel & Leisure	2.93	-11.30
Media	1.89	-7.71
Oil & Gas	1.33	-4.20
Technology	0.79	-6.74
Autos	0.44	-14.31
Telecom	0.00	-11.44
Industrials	-0.11	-11.19
Retail	-0.34	-2.65
Healthcare	-1.76	-15.07
Personal & Household Goods	-2.60	-9.69
Food&Bev	-4.28	-15.83

Commodities

	Current	Change YTD
Crude Oil	\$52.07	16.7%
Gold spot	\$952.20	8.3%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.358	-6.9%	1.40
EUR-GBP	0.939	-1.8%	0.93
EUR-JPY	130.27	-2.2%	120

GDP Growth

	2008	2009 (est)
Ireland	-1.70%	-5.00%
Euro Zone	1.20%	-2.00%
UK	1.00%	-2.00%

Central Bank Interest Rates

	Current	3 month	Year End (est)
Euro Zone	2.00%	1.56%	1.50%
UK	1.0%	1.73%	1.00%
US	0.00% - 0.25%	1.22%	0.0% - 0.25%



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