DOLMEN STOCKBROKERS

Traders Update

MARKET COMMENT MONDAY 23RD NOVEMBER 2009

We expect equity markets to be broadly flat this next week on what is a three and half day trading week in the US with the Thanksgiving holiday on Thursday followed by a half day trading on Friday. Watch for position squaring which may impact equities, Euro/USD and gold although we continue to favour buying dips in all three. We are recommending clients being market neutral with sector preference this week favouring allocations in commodity, pharmaceutical and insurance names. Our top pick in the mining sector is BHP Billiton and in the pharmaceutical sector is GlaxoSmithKline and in the insurance sector Aviva is our preferred play. Weakness in the technology sector may afford a long awaited buying opportunity. The absence of specific catalysts may leave the banking sector flat. We expect economic data next week, which is primarily consumer focused, with Consumer confidence and Thanksgiving sales feedback to be mixed and the first revision to third quarter US GDP is expected to revised lower. Comments on 'Black Friday' (the day after Thanksgiving), traditionally the largest shopping day of the year in the US, will provide a key insight into the consumer. Earnings from US retailers have been mixed over the last number of weeks. We expect a softer tone to the consumer outlook which should re-inforce the view that interest rates will be kept at historically low levels for an extended period of time.

TRADING IDEAS, EARNINGS & PREVIEWS

Vodafone
Price: 134p
P/E: 9x
Div: 6%
Target: 150p
Buy

Shares in Vodafone have returned close to our entry level of 132p. Our positive stance towards the company remains unchanged. Vodafone recently reported a strong set of interim results and also reiterated earnings guidance. The company also reiterated its full-year earnings guidance and also that it is to take a further £1bn out of its cost base by 2012 on top of the £1bn that it has already taken out. Encouragingly Vodafone's European markets have shown signs of stabilisation and while its emerging markets are coming under margin pressure, they still remain a key growth area for the company. In India for example, Vodafone added 14 million clients to its business and we see India as a key growth area for the company. Shares in Vodafone also provide a well covered dividend yield in excess of 6%. **Next Catalyst:** Vodafone will issue an trading statement on February 3rd. **Optimum entry level :** 132p.

Intel
Price: $19.23
P/E: 13x
Div: 3.0%
Target: $23
Buy

After a strong start to the week following announcing a 13% increase to its quarter dividend, shares in Intel closed lower following a downgrade from an investment bank in addition to disappointing results from PC maker Dell. It should be noted however that Dell has been losing market share to Hewlett-Packard who had recently raised its revenue outlook. In addition, Microsoft CEO Steve Ballmer also reiterated that sales of Windows 7 have continued to outpace any of its previous operating systems. While Dell's disappointing results are a concern we see this as company specific and we retain our positive stance towards Intel. We believe the sizeable increase in the dividend should be taken as a significant positive as the company remains optimistic on the outlook for its products. Intel recently reported results and provided guidance that were well ahead of expectations on the improved outlook for PC and notebook demand. **Next Catalyst** : Intel will report fourth quarter results on January 14th. **Optimum entry level :** Sub $19.00

Ryanair
Price: €2.86
P/E: 16x
Div: 0%
Target: €3.20
Buy

We believe our Ryanair investment thesis remains valid and continue to recommend clients buy the stock at current levels. Although the airline is continuing to pursue market share at the expense of cash generation, we believe there is at least an acceptance within the group that in the event of higher oil prices, there is the need to raise fares. This we expect in addition to support from capacity continuing to exit the market as competitors retrench or consolidate, will help limit the damage to its bottom line. We also note last week Ryanair again reiterated that no progress is being made on its Boeing deal. This would result in the airline significantly scaling back its capacity growth plans as soon as 2011 and has the potential to limit its cost growth and raise average fares. On an EV/EBITDA basis the group is trading on forward multiple of c.8x. While we do acknowledge it is facing headwinds including the prospect of rising fuel prices, we believe a multiple of 9, which is in line with its historical average, better reflects its earnings potential. This is likely to be its trough year earnings and it has one of the strongest balance sheet in the sector with c.2.5bln of cash. Applying this multiple gives a price target of €3.20. **Next Catalyst** : Boeing deal resolution expected first week of December. **Optimum entry level :** Current levels

IL&P
Price: €3.49
Div: 0%
Target: €5.55
Buy

IPM released an interim management statement last week, with the main disappointment relating to the increase of the Irish Life capital base invested in property. This could potentially move from 20% of the Life capital base to circa 50% by next year. This increases the volatility in the capital base of the life business and may make it more difficult for the Life company to release capital up to the bank. In the medium term we remain positive on the group, but we believe there will be short term weakness in the stock into year end. **Optimum entry level :** €3.15

Aviva
Price: 395p
P/E: 7x
Div: 6%
Target: 520p
Buy

We remain positive on the insurance sector and Aviva is our preferred in the sector. The capital issues are now removed as a negative weight on the stock and recent comments by the group indicate they are able to pass on low single digit price increases in the UK economy. The combined ratio is on target to be at 98% for the full year with a chance it could be slightly better than this level. We remain positive on the insurance sector and we are buyers of Aviva due to the discount it is trading at compared to its peers plus the good dividend yield. The stock pays a dividend yield of 6% that is well covered. **Optimum entry level :** 390p

GSK
Price: 1253p
P/E: 10x
Div: 5%
Target: 1325p
Buy

We are comfortable initiating long positions in GSK at current levels given the group's strong balance sheet, earnings visibility and well covered dividend. In addition to this, GSK has moved to counteract the threat of generic competition by acquiring stakes in generic drug makers with a focus in emerging markets such as India and Africa. Drug sales are expected to grow at mid-teens percentage through 2013 compared to low single-digits for mature markets. With the group providing a well covered 2010 dividend yield of c. 5% we see the stock as providing a safe stable return for clients. **Optimum entry level :** Current levels

EUR/USD Outlook

Recent weeks have provided some clarity on the outlook for US interest rates. In a key note speech last week US Federal Reserve chairman Ben Bernanke painted a less than positive outlook for the US economy into 2010. Bernanke highlighted concerns that the high unemployment level and low capacity utilisation could constrain growth into 2010. Prospects for a rate hike out of the Fed next year are now remote with early 2011 more likely. This is in contrast to the ECB where in the recent policy meeting Jean Claude Trichet talked up the growth prospects for the Eurozone. In addition he confirmed that at their next meeting in December he would outline the method that the bank would employ to remove the liquidity measures that they have had to put in place in recent months. With relative positive growth prospects between the two economies now skewed towards the Euro zone, the ECB removing liquidity from the system and the long term concerns about the US federal budget deficits persisting we are revising our 3 month outlook for EUR/USD to 1.55

Earnings Week Ahead

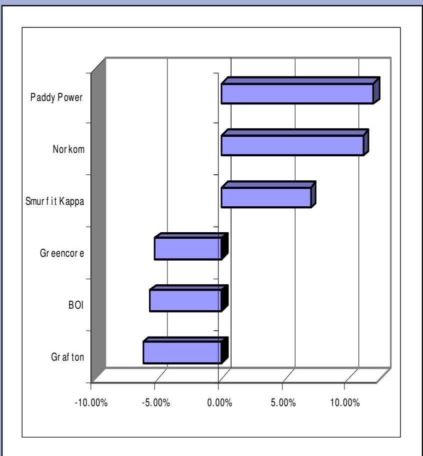
Mon: EDF (S'Holders),Analog Devices(Q4),HP(Q4),Tyson Foods(Q4).
Tues: BSS Group(Int),Severn Trent(Int),SSL Intl(Int),Generali(EGM),Heinz(Q2), Medtronic(Q2), Hormel Foods(Q4).
Wed: Remy Cointreau(Q2),Porsche(Final),3U Holdings(Q3), Greencore(Prelim), Trintech(Q3), Acergy(Trade),French Connection(Trade),WS Atkins(Int), Tiffany (Q3), Deere & Co(Q4), United Utilities(Int),Britvic(Prelim),ING(EGM).
Thurs: Assura Grp(Int), DSG Intl(Int), Daily Mail&Gen Trust(Prelim), Antofogasta(Q3), IN&M(EGM), Llyods(Meeting), Mitchells & Butlers(Prelim).
Fri: Thyssenkrupp (Final), Carphone Warehouse(Int),Vectura(Int),VP Plc(Int).

Economic Week Ahead

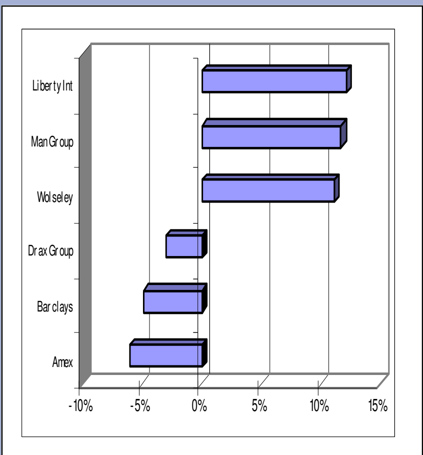
Mon: Ger&EU PMI(08:30/09:00), Chicago Fed(13:30), US Exist. Home Sales(15:00).
Tues: Ger GDP, Govt Spending, Imports/Exports(07:00),Ger IFO(09:00), EU Industrial New Orders(10:00), US GDP, PCE, Personal Consumption(13:30) US Case Shiller(14:00), US Cons Confid&Richmond Fed&Hse Price(15:00).
Wed: Ger GfK ConsConfid(07:00),UK GDP, Imports/Exports(09:30), US Personal Income, Durable Goods, Jobless Claims(13:30), Fed Mins(19:00), US Uni Michigan & New Home Sales(15:00).
Thurs: Eurozone M3(09:00), US Consumer Price Index.
Fri: EU Business Climate Indicator & Consumer Confid(10:00).

Last Weeks Best/ Worst Performers

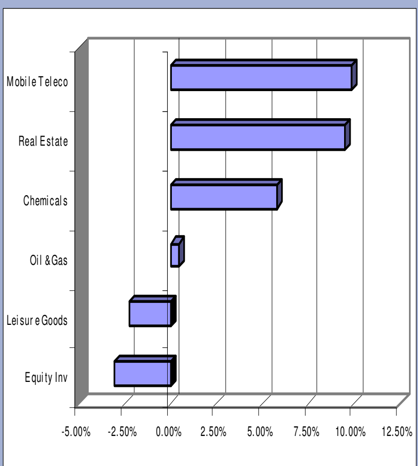
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen
WEEKLY UPDATE

Company	YTD	Relevant news
Aryzta	13.5%	UBS raises Aryzta price target by 8%
BP	11.1%	BP-TNK Joint Venture announces Russian Chief Executive
CRH	6.68%	Q4 EBITDA expected to be weaker than Q3
DCC	86.8%	Positive gaming read-through from Microsoft results
E.ON	-5.1%	HSBC raises the stock to overweight from under-weight
Hewlett-Packard	37.9%	Q3 results slightly ahead of consensus estimates
IL&P	126.1%	Increases impaired loans provisions
IN&M	-59.5%	Bondholders accept restructuring
J&J	4.2%	Q3 results inline with expectations
JPMorgan	34.7%	Finalises approach for Cazenove
Microsoft	52.4%	Report blockbuster Q3 results
Vodafone	-2.6%	Q3 results show solid revenues

What it says in the 'Sundays'

Company	Paper	Headline
UK Economy	FT Weekend	Nationwide lashes out at rescued banks
Heritage Oil	S Telegraph	To announce £1bn sale of its Ugandan oilfields
Irish Economy	S. Business Post	Nama directors to get SPV board majority
Anglo Irish Bank	S. Tribune	Banks forced to pay end of year bonuses
JP Morgan	S. Telegraph	RBS hopes to dump €7bn with Nama

Corporate Visits

COMPANY	PRESENTATION DATE
ICG	1st of December

Last Weeks Moves

Equities

Equities	Level	Change WTD	Change YTD	Div Yield
ISEQ	2,876	-3.7%	22.7%	1.7
FTSE	5,251	-0.8%	18.4%	3.5
DAX	5,663	-0.4%	17.7%	3.6
DOW	10,318	0.5%	17.6%	2.7
S&P	1,091	-0.1%	20.9%	2.3
NASDAQ	2,146	-1.0%	36.1%	0.9
EUROSTOXX	2,468	-1.7%	18.4%	3.7
NIKKEI	9498	-2.8%	7.2%	1.7

Sector

Sector	Weekly move%	YTD move %
Basic Resources	3.19	89.01
Banks	2.03	53.02
Chemicals	2.01	35.96
Industrials	1.61	32.78
Retail	1.05	31.46
Construction & Materials	1.88	30.31
Financial Services	1.63	29.96
Personal & Household Goods	1.35	29.57
Food&Bev	0.82	24.01
Oil & Gas	1.24	20.12
Autos	2.34	18.20
Technology	0.87	18.05
Insurance	1.58	12.13
Media	1.01	11.32
Travel & Leisure	1.03	8.63
Telecom	0.83	7.93
Healthcare	0.85	6.37
Utilities	0.30	-4.25

Commodities

	Current	Change YTD
Crude	76.35	71.6%
Gold	1118	20.0%

Exchange Rates

	Current	YTD Change	Year End (est)
eur usd	1.486	1.9%	1.55
eur gbp	0.901	-5.8%	0.85
eurjpy	132.06	3.6%	4.1%

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%	0.26%	0.0% - 0.25%

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