



After weeks of trading within ranges that went back to November, equity markets finally succumbed to the stream of negative newsflow on the economic and banking fronts which resulted in the Dow breaking its November lows, the Dax sitting on its November support and the FTSE, S&P and NASDAQ all moving towards their lows. The economic data from both sides of the Atlantic was disappointing to those who felt that last months US Retail Sales numbers as well the improvement in the ISM reading were the precursors to the start of a recovery. Last weeks data however from Europe saw declines in the key PMI reading while in the US the Philly Fed and New York Empire readings were considerably weaker than expected particularly with the employment components. Adding to the pressure on equities was the market's disappointment with the President Obama's stimulus and housing packages, while the delay in delivering a bank rescue plan also added to the nervousness. Unfortunately for investors the newsflow from the banking sector has shown no sign of improvement, typified by the HBoS losses and the risk of further liquidity needs at RBS, while in the US the prospect of CitiGroup and Bank of America being nationalised intensified. The main beneficiary of this unrest in equity markets was gold which gained 6% on the week, while bonds also benefitted somewhat as investors sought safe havens for their cash. Unfortunately this pattern of equity volatility and a flight to quality is likely to continue in the coming week which will see further US housing data and perhaps more crucially Fed Chairman Bernanke testifying to Congress on Tuesday.

TRADING IDEAS, EARNINGS & PREVIEWS

UK banks Results preview

RBS is expected to announce a full year loss of over £27bn on Thursday, based on the recent preannouncement from the company. £20bn relates to impairments on goodwill, and about £7bn of underlying loss. Core Tier 1 for RBS will be 6.9% following the conversion of £5bn of government preference shares into ordinary equity. New CEO Stephen Hester, is expected to outline a strategy to further cut costs and delever RBS's operations. It has been reported that RBS may announce the disposal of some of its Asian assets as part of the deleveraging efforts. The market will also be looking for additional details on the UK government's asset guarantee scheme. Lloyds banking group has also pre-announced the key details of its results ahead of the results on Friday. Lloyds TSB had a PBT of £0.8bn, underlying of £2.4bn, with a £1.3bn writedown. Meanwhile, HBOS had a loss before tax of £11bn, £4bn of which was write-downs, and £8.5 of corporate impairment charges.

Tullow Oil

Price: 687p
P/E: 37x
Div: 0.85
Target: 900p
Buy

Fundamental View: We are reiterating last weeks call on Tullow. The company is heading into what is likely to be a transformational year for the UK based oil explorer. 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. Results from Tweneboa, a neighboring prospect to Jubilee, are expected towards the end of February, start of March. Tullow has a 49.95% working interest in the Tweneboa prospect, versus a 36.4% stake in the Jubilee field, Tweneboa potentially holds 500-750m barrels of oil, compared with an estimated 1-1.2bn for Jubilee.

Siemens

Price: €44.57
P/E: 8.6x
Div: 3.6%
Target: €37.41
Sell

Fundamental View: Given the continuing decline in economic activity, globally, we expect further downward pressure on Siemens over the coming year. While Siemens has declined over 13% since our initial call on February 9th, the stock price can still move substantially lower. Although Siemens is a well run and diversified company, we believe that earnings expectations are still too high for the coming year. In January, the group posted an optimistic outlook for the rest of the year. We expect that management forecasts are too optimistic, and expect the company to disappoint in the coming year.

Next Catalyst: Siemens is due to issue second quarter results on April 24th. Additionally, we would expect any further equity market weakness to force Siemens stock price lower. We are lowering our price target on Siemens to €37.41, taking into account recent weakness in economic indicators, and technical levels. We recommend the use of stop-losses with all short trades.

CRH

Price: €15.21
P/E: 7.4
Div: 3.7%
Target: €22.00
Buy

Fundamental View: Speculation persists that CRH is considering a €1bn rights issue. The first thing to point out is that CRH does not require a rights issue at the moment, however it would allow the company to take advantage of market distresses and seek opportunistic acquisitions. The group has the strongest balance sheet in the sector with EBITDA/Interest cover of c. 7x and well ahead of its covenant level of 4.5x. Forecasted net debt / EBITDA is also low at c. 2.38x. The last time CRH announced an equity raising was in 2001 raising funds to pay down debt and fund acquisitions. The group did not require to raise funds at that time also. The equity raising was in the form of a 1 – 4 rights issue issued at 50% discount to its share price. We would view a similar discounted issuance as c. 17% dilutive to EPS if the company was to raise the reported €1bn. While uncertainty will remain over the rights issue we would view the possibility of taking advantage of opportunistic acquisitions as a positive and remain buyers of the stock at current levels. An attractive entry is sub €15, due to the next support level at €14.85

Next Catalyst: CRH is due to report full year results on March 3rd.

Vodafone

Price: 125p
P/E: 9.2x
Div: 6.11%
Target: 150p
Buy

Fundamental View: In the current environment a key focus for investors is on balance sheet strength. One reason for Vodafone being our top pick in the sector is because it has one of the lowest leveraged balance sheets in the sector with a debt to equity ratio of 44% and net debt / EBITDA of c. 2x a solid position in the current environment. Vodafone has also been able to issue £2.9bn in debt since November with its most recent fixed issuance at 6.25% a reasonable level in the current environment. We expect Vodafone's total debt which currently stands at c. £33bn to remain stable (ex-currency effects) and to be reduced over time as Capex decreases and free cash flow generation remains strong. Vodafone's valuation looks attractive with the group trading at 8.8x 2010 earnings and an EV/EBITDA of 6x. Our new price target of 155p (140p previously) is based on the company trading at 10x its fiscal full-year 2010 EPS of 15.5p. The group also provides an attractive dividend yield of 6% which is covered c. 3x on a cash flow per share basis.

Next Catalyst: Vodafone will release full year results on the 24th March.

Warren Buffet Seeks fixed income

Last week Warren Buffet's Berkshire Hathaway cut his holdings of both ConocoPhillips and Procter & Gamble by 4.8% and 9% respectively, choosing to place more emphasis on fixed income investments. Buffet has already purchased \$8bn in preferred securities of General Electric and Goldman Sachs in the last six months and is now negotiating private deals to buy up more corporate debt. He has made deals to buy debt of Wallboard manufacturer USG, motorcycle maker Harley Davidson, Luxury jeweller Tiffany and Sealed Air corp, the maker of Bubble Wrap shipping products. The yields on which are as high as 15%. With the value of Berkshire's US stock holdings dropping 26% over three months to \$51.9bn as of December 31st, it seems Buffet is now seeking alternative investment opportunities in the form of fixed income securities.

Earnings Week Ahead

Economic Week Ahead

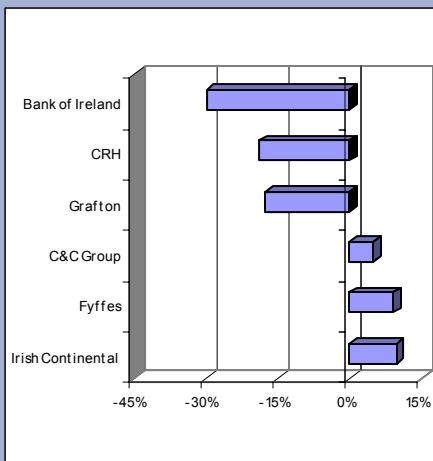
Mon: ICON (Q4), Assoc British Foods (Trade), Hammerson (Prelim).
Tues: Forest Oil(Q4),Heinz (Q3),Home Depot(Q4),Macys(Q4), Volvo (Prelim), Kery Grp (Prelim), Deutsche Bourse (Prelim), T.Reuters(Q4).
Wed: Limited Brands(Q4), Washington Post(Q4), Barratt Dev. (Int), Cadbury (Prelim), Tomkins (Prelim).
Thurs: Dell(Q4), Gap(Q4),Kohls Corp(Q4), Nasdaq OMX(Q4), Dexia(Q4), Allianz(Q4), BASF(Q4), Deutsche Post(Q4), Telefonica (Final), Hays (Int), RBS (Prelim), Brit. American Tobacco (Prelim), National Express (Prelim).
Fri: HBOS(Prelim), Deutsche Telekom(Q4), Grafton Grp(Prelim), Iberia(Q4), Qualceram Shires(Prelim), Llyods(Prelim), William Hill(Prelim).

Mon:
Tues: EU&Ger Business Climate (09:00), EU Ind. New Orders(10:00), US Case Schiller(14:00),US Consumer Confid(15:00),Richmond Fed(15:00)
Wed: Ger GDP, Imports&Exports(07:00), UK GDP, Imports&Exports(09:30), US MBA Mgage Apps(12:00), US Existing Home Sales(15:00).
Thurs: Ger Unemployment(08:00), EU M3 (09:00), EU Consumer Confid(10:00), US Durable Goods &Jobless Claims (13:30). Ger CPI.
Fri: Irl Trade Bal (11:00), EU CPI (10:00), US GDP(13:30).

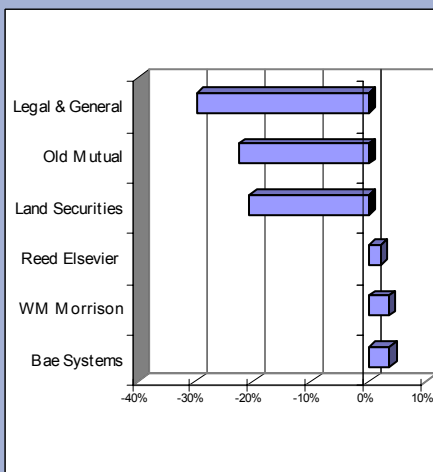
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
16/02/09-20/02/09

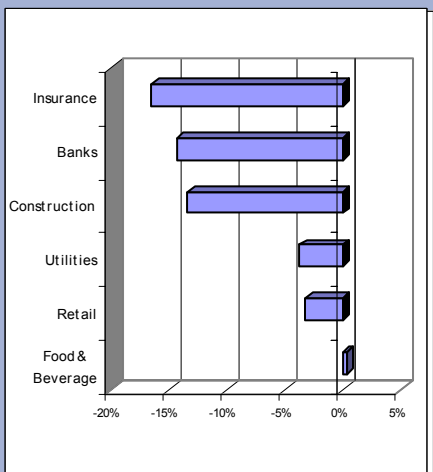
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	-22.1%	Peer Premier foods sells its speciality bakery group.
BP	-12.1%	Press reports suggest BP have implemented a pay freeze.
CRH	-14.7%	Speculation over rights issue continues
E.ON	-24.0%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	-14.7%	HP reports first quarter net income slightly below expectations. .
IL&P	-31.8%	IL&P raises €1bn in bond offering.
IN&M	-59.5%	Concerns over its ability to pay down its debt.
J&J	-8.0%	Johnson & Johnson reports fourth quarter earnings of \$2.71bn, compared with \$2.37bn a year earlier.
JPMorgan	-38.6%	Goldman Sachs adds JP Morgan to conviction buy list.
Microsoft	-7.4%	Microsoft discloses its plans for marketing its next generation windows operating system.
Paddy Power	-21.1%	Ladbrokes posts full year results ahead of expectations
Vodafone	-9.7%	Speculation mounts over proposed job cuts at Vodafone's UK operations.

What it says in the 'Sundays'

Company	Paper	Headline
Irish Banks	S.Tribune	Revealed: the internal Anglo report that wasn't published
IL&P	S.Tribune	Murphy now pole position for top job at IL&P/EBS
IL&P	S. Business Post	IL&P refused Bowler resignation
Anglo Irish Bank	S. Business Post	Quinn's Anglo losses as high as €2bn
IL&P	S. Times	RBS to split its operations into 'good' and 'bad' bank

Corporate Visits

COMPANY

PRESENTATION DATE

Irish Life & Permanent 19th March



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2077	-11.4%	-11.4%	8.1%	4.6
FTSE 100	3889	-7.2%	-12.3%	6.2%	8.8
DAX	4015	-9.0%	-16.5%	6.2%	10.8
Dow Jones	7366	-6.2%	-16.1%	4.3%	10.3
S&P 500	770	-6.9%	-14.7%	3.8%	23.1
Nasdaq	1441	-6.0%	-8.6%	1.4%	109.59
EuroStoxx 50	1814	-7.7%	-12.9%	6.9%	9.5
Nikkei 225	7416	-4.7%	-16.3%	3.0%	23.5

Sector	Weekly move%	YTD move %
Food&Bev	0.34	-5.29
Retail	-3.21	2.477
Utilities	-3.65	-13.36
Healthcare	-4.02	-4.762
Media	-4.21	-6.296
Travel & Leisure	-5.01	-7.293
Telecom	-5.07	-8.342
Personal & Household Goods	-5.18	-2.945
Chemicals	-6.39	-6.338
Oil & Gas	-7.18	-1.007
Industrials	-8.42	-8.076
Financial Services	-9.02	-16.49
Technology	-9.19	-7.713
Basic Resources	-11.65	-2.822
Autos	-12.73	-16.51
Construction & Materials	-13.38	-16.70
Banks	-14.30	-27.46
Insurance	-16.49	-28.95

Commodities

	Current	Change YTD
Crude Oil	\$40.03	-10.2%
Gold spot	\$992.90	12.9%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.283	-12.1%	1.40
EUR-GBP	0.889	-7.0%	0.93
EUR-JPY	119.68	-6.1%	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%	1.88%	1.50%
UK	1.0%	2.07%	1.00%
US	0.00% - 0.25%	1.25%	0.0% - 0.25%



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DOLMEN SECURITIES LTD

75 St. Stephen's Green, Dublin 2, Ireland. Tel : +353 1 633 3800/1890 400 300
45 South Mall, Cork, Ireland Tel : +353 21 422 2122
Theatre Court, Mallow St, Limerick, Ireland. Tel : +353 61 436 500

E-mail: info@dsl.ie
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie