



The performances from equity markets last week given the potential headwinds they faced from a number of quarters was fairly impressive. True, the only market to really break the long respected resistance level was the FTSE, the relatively steady performances from the US and European indices is deserving of respect. Amongst the headwinds the markets encountered last week were disappointing results from some US regional banks, among them AIB's associate M&T, as credit concerns persisted, a mixed set of results from the 'real economy' stocks and in particular the most downbeat of assessments from the IMF on the global economy. The focus for markets in the coming week will be on: **US Bank Stress Testing**: this will reveal a lot about the health of the US banking system. The 19 banks being tested have until 28th April to contest the test findings and details of the results will be released to the market on 4th May. Until we get these official results rumour and speculation will persist. **Earnings releases**: there are 5 Dow constituents and almost 1/3rd of the S&P 500 reporting this week along with a large number of UK and European companies. Of the companies that have reported so far 60% have beaten consensus forecasts (which in truth were very low) compared to 55% in Q4; **Swine Flu**: the increase in the number of cases for Swine Flu over the weekend has raised concerns that this virus will be difficult to contain. This will be negative for travel and leisure companies but positive for pharmaceuticals. **Case-Shiller House Price Index**: this survey of house prices covering 20 regions in the US will give the market some sign as to the pricing pattern within the US housing market. The hopes are that the declines seen over the last year in US house prices are moderating and possibly showing signs of a bottom

TRADING IDEAS, EARNINGS & PREVIEWS

IN&M

Price: €0.24
P/E: 6x
Div: 0%
Target: €0.45

Buy

Independent News & Media (INM) is due to report full year results on April 30th. The main focus however will be on any further updates in relation to the group's current debt refinancing difficulties. In March the company reported that it had been unsuccessful in raising a private subordinated bond, however it did comment that talks with its banks in relation to its €200m bond that is due at the end of May had been 'purposeful'. If INM fails to re-negotiated terms then the company will have to issue new equity which will heavily dilute shareholders. In relation to the group's earnings, INM has already said that it expects to report EPS for 2008 of c. 12c and that it will not pay a final dividend. In relation to 2009, the group predicted that ad revenue would decline by 4%-6%. We view this as optimistic and would expect ad revenue to be down by double digit percentage figures on 2008. We maintain our neutral rating on the stock pre-results, however if the company is successful in renegotiating its current debt problems with banks the share price could rise close to our price target. On a risk/reward basis a trade pre results looks attractive. We also note Denis O'Brien's comments over the weekend that there is a 50-50 chance of the €200m bond due at the end of May been refinanced by the results due this week. **Note** : this is a high risk trade.

Vodafone

Price: 124p
P/E: 8x
Div: 6.7%
Target: 155p

Buy

Last week shares in Vodafone fell by 5% following two of its peers Deutsche Telekom and Telianonera both issuing profit warning. While both companies issue negative outlooks they don't have the same business profile of Vodafone which is purely focussed on mobile and expansion into emerging markets. Vodafone has also been aggressively cutting costs which will help keep earnings stable. In the current environment balance sheet strength is critical. Vodafone remains one of the most under-leveraged telecom companies with a debt to equity ratio of c. 40% and net debt / EBITDA of 2x. Vodafone's fundamentals are attractive at 9x 2010 earnings and providing a dividend yield in excess of 6% which is covered 3x on a cash flow per share basis. Vodafone is due to report full year results May 19th.

We continue to recommend building long-term positions in US corporates. Below are two of the companies that we follow and reported earnings last week. We reiterate our buy rating on both companies. **MSFT**: On 23/04/2009, Microsoft reported fiscal third quarter EPS of \$0.39 that met analyst expectations. Revenue declined by 6% to \$13.65bn. Microsoft is aggressively cutting its costs base and has already announced that it expects to save c. \$1.5bn a year which was higher than analyst expectations for the stock going into next year. The group also indicated that its Windows 7 product is on track for release by the end of this year, which we view as a significant catalyst **JNJ**: On 14/04/2009, J&J reported first quarter EPS of \$1.26 beating analyst expectations of \$1.22. Global revenue declined by 7.2% to \$15bn. J&J also confirmed its previous earnings guidance for 2009 and expects EPS to be in the range of \$4.45 - \$4.55, broadly flat with last year's profit. We view this as an extremely positive result given the current difficult operating environment. J&J offers an attractive dividend yield of 3.9%

US earnings season

Aviva

Price: 277p
P/E : 8.3x
Div: 7.9%

Neutral

Aviva released an Interim Management Statement (IMS) this morning providing an up-date on Q1. Life and Pension Sales were higher than expected at £9.6bn compared to consensus of £8.6bn. Worldwide life and pension sales were down 2% compared to Q4, but Europe has increased by 16% in the same period. Management guided the general insurance business is performing well, and the group remains on track to deliver a combined operating ratio of 98% or less for the year. The key focus by the market was on the capital position of the group. The IGD capital surplus was £2bn at the end of Q4 and market consensus was for a range between £1.5-1.7bn at the end of Q1. The capital position was much stronger than this at £2.5bn at the end of Q1, once the final dividend was paid. The capital position was helped by a number of different factors such as the higher take up of scrip dividend than expected, adding £200m to the capital position. An issuance of hybrid debt and an outsourcing agreement with Swiss Re added £400m of extra capital. Capital was also helped by lower UK sales and changes in pricing on bulk annuities and reduction in commissions on bonds/pensions. These changes resulted in the UK business consuming a third less capital than the same period in 2008. The IMS indicates the capital issues faced by Aviva are being tackled by management and the capital position is moving to a level in-line with its other UK peers. Details on the loan portfolio show that values have not moved significantly from the 103% LTV as at year end, a positive outcome. Sales through its Bancassurance partnerships have performed well in the quarter recording a 15% increase in sales. We are removing our SELL rating on the stock due to the large increase in the capital position announced today. We still believe the stock will under-perform peers such as Prudential due to its lack of geographical diversity and the measures being implemented to restore the capital position. Restoring the capital base will be achieved by reducing the level of business written in the UK, putting pressure on earnings

GSK

Price: 1044p
P/E : 8.3x
Div: 7.9%
Target: 900p

Sell

Two weeks ago, we downgraded GlaxoSmithKline (GSK) to a sell rating with a £9.00 price target. Last week, the company released a disappointing set of Q1 results. An EPS of 26.3p, excluding exceptional items, was short of market expectations of 28.9p. GSK was impacted by generic competition during the period for five of its products, resulting in a drop in sales of £450m compared with the same quarter last year. We expect GSK to continue to focus its expansionary efforts away from its core pharmaceutical business, due to the weak fundamentals of the sector. GSK's recent acquisition of Steifel, maker of skin treatment consumer products fits with this strategy. We expect concerns over generic competition, patent expiries, and government reduction of health care spend to send GSK share price lower in the coming months. GlaxoSmithKline is set to benefit from the current outbreak of Swine Flu, with sales of flu drug Relenza expected to increase significantly. While positive for GSK, it does not compensate for the overall weakness in the companies core business. We recommend a stop loss of £11.05 on GSK.

Mining Sector Update

Last week, BHP released production and exploration figures for Q3, ending 31st of March. Q3 output was lower than output from the last quarter of the 2008 calendar year, reflecting the effect of capacity cuts on production. . On outlook, BHP stated that medium term market conditions were likely to remain uncertain. BHP has begun to sell some of its iron ore output in the spot markets in addition to long term contracts. 28% of BHP's iron ore output is now sold in the spot market, at prices which are about 35% lower than those of long term contracts. In the last couple of weeks, copper has pulled back after its recent strong rally. Despite double digit declines in both Q408 and Q109 from China for copper, the Chinese State Reserves Bureau (SRB) continues to be a buyer of the industrial metal. The SRB has partially compensated for falling demand in Western economies, with its purchase of about 300,000 tons of the metal. This has led to almost 20% decline from the recent peak in copper inventories. Copper has a positive long term fundamental profiles, but may suffer in the short term, if SRB purchasing slows down.

Earnings Week Ahead

Mon: Verizon (Q1),Audi(Q1),Scania(Q1),Aviva (Trade).
Tues: ICON(Q1),Valero(Q1),Pfizer(Q1),Sun Microsystems(Q3),Bristol Myers(Q1), US Steel(Q1), Finnair(Q1),Daimler(Q1),Deutsche Bank(Q1),BP(Q1).
Wed: AIB(AGM),FBD Hldgs(Trade),Grafton Grp(AGM),Moody's(Q1),Wyeth(Q1), Starbucks(Q2),France Telecom(Q1),Renault(Sales),Hypo Real Est(Final), Bayer(Q1),VW(Q1),Siemens(Q2),RD Shell(Q1),Santander(Q1),HVM(Trade).
Thurs: Ind.News&Media(Q1),Exxon Mobil(Q1),Kellogg(Q1),Motorola(Q1),BASF(Q1), Dow Chemical(Q1),Lufthansa(Q1),Proctor&Gamble(Q3),MAN(Q1),BGGrp(Q1) S.Life(Trade),BSkyB(Q3),Smith&Nephew(Q1),Shire(Q1),Astrazeneca(Q1).
Fri: Chevron(Q1),Mastercard(Q1),Rentokil(Trade),Allergan(Q1).

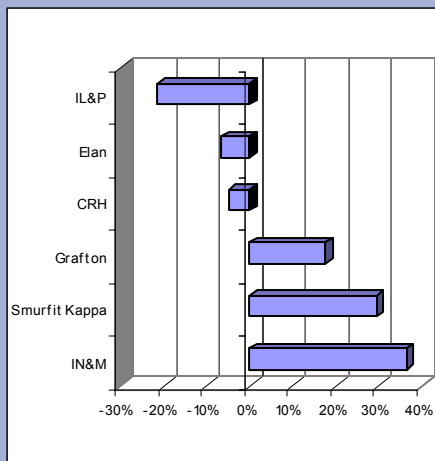
Economic Week Ahead

Mon: Ger GFK Consumer Confid(07:10), US Dallas Fed(15:30).
Tues: US Case Schiller(14:00), Ger CPI, US Consumer Confid&Richmond Fed(15:00)
Wed: Irl Live Reg.Unemployment Rate&Trade Bal(11:00),FOMC RateDecision(18:15) EU ConsumerConfid(10:00),US GDP&PCE Core(13:30).
Thurs: Ger ILO Unemployment(07:00),EU CPI&Unemployment(10:00), US Jobless Claims & Personal Income(13:30),US Chicago PMI(14:45).
Fri: Irl Retail Sales(11:00), UK Net Consumer Credit,PMI Manuf&M4 Money(09:30) US Uni Michigan Survey, ISM Manuf. & Factory Orders(15:00).

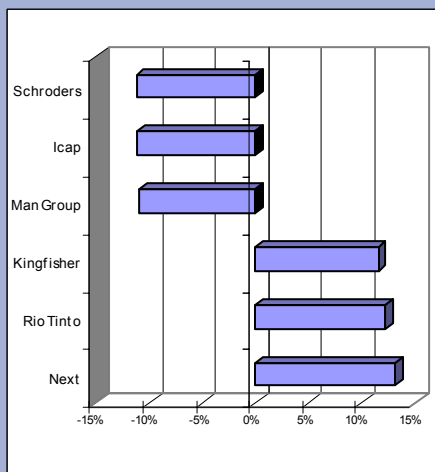
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
20/04/09-24/04/09

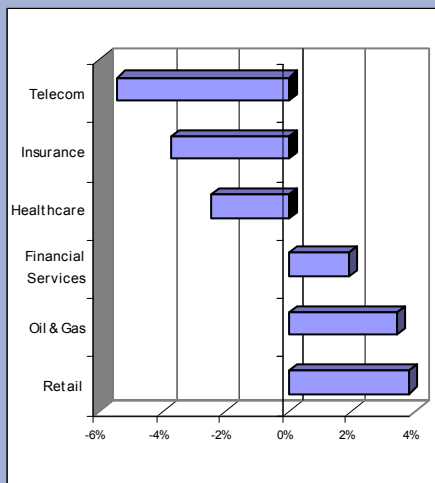
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	-10.0%	Lion capital sells its 4 million shares of Aryzta
BP	-9.0%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	-5.8%	US data continues to show some improvement
DCC	27.6%	Game group results point to continued resilience in computer game market
E.ON	-15.9%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	-1.8%	Peer Intel posts better than expected Q1 results.
IL&P	7.6%	Details of Nama announced within supplementary budget
IN&M	-37.9%	Ahead of results due this week.
J&J	-14.3%	J&J reports resilient Q1 earnings.
JPMorgan	6.0%	JPMorgan successfully issues \$3bn non-government guaranteed bond at T+350bps.
Microsoft	5.4%	Micosoft will deliver \$1.5bn annual saving by the middle of 2010 through 5000 headcount reduction.
Vodafone	-11.9%	Ahead of Verizon communications results today.

What it says in the 'Sundays'

Company	Paper	Headline
Irish Financials	S.Bus Post	Nama may exclude smaller developer loans
IN&M	S.Bus Post	INM shareholders left waiting for news on results
Irish Financials	S.Tribune	EBS offers to be test case for NAMA
Tesco	S.Tribune	Tesco to open fewer new stores amid grocery market downturn
Aer Lingus	S. Independent	Rivals and private equity eye up stake in €400m Aer Lingus

Corporate Visits

COMPANY

PRESENTATION DATE

Paddy Power

10th June



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2421	-1.2%	3.3%	4.8%	7.1
FTSE 100	4156	1.5%	-6.3%	5.0%	17.3
DAX	4674	-0.1%	-2.8%	5.7%	17.7
Dow Jones	8076	-0.7%	-8.0%	3.8%	16.1
S&P 500	866	-0.4%	-4.1%	3.3%	13.4
Nasdaq	1694	1.3%	7.4%	1.2%	24.4
EuroStoxx 50	1982	-0.7%	-4.9%	5.7%	11.6
Nikkei 225	8708	-2.2%	-1.7%	2.2%	28.1

Sector	Weekly move%	YTD move %
Retail	3.84	12.04
Oil & Gas	3.44	2.03
Basic Resources	1.89	26.38
Construction & Materials	1.79	5.16
Personal & Household Goods	1.63	1.50
Travel & Leisure	1.23	4.97
Industrials	0.74	4.36
Chemicals	-0.06	2.01
Media	-0.47	-1.07
Financial Services	-0.47	6.71
Autos	-0.60	8.52
Technology	-1.07	12.02
Food&Bev	-1.31	-8.43
Banks	-1.35	6.11
Utilities	-1.52	-15.42
Healthcare	-2.47	-12.70
Insurance	-3.70	-14.16
Telecom	-5.41	-9.60

Commodities

	Current	Change YTD
Crude Oil	\$51.55	15.6%
Gold spot	\$913.20	3.8%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.324	-9.2%	1.40
EUR-GBP	0.902	-5.6%	0.93
EUR-JPY	128.66	1.0%	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	1.25%	1.39%	1.00%
UK	0.50%	1.49%	0.50%
US	0.00% - 0.25%	1.07%	0.0% - 0.25%



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