



Equity markets traded in a choppy fashion last week as opinion was divided amongst investors about the strength of the economic recovery. This uncertainty was typified by the release of mixed economic data which saw US Durable Goods orders increase by greater than expected, but yet US Housing and Weekly Jobs data both showed weaker than expected readings, while the Fed struck a relatively cautious tone in its post meeting statement. The commodity sector which has been the best performing sector year-to-date saw profit-taking as underlying commodity prices retreated from their recent highs, although the re-emergence of M&A talk in the sector following Xstrata's approach to Anglo American stabilised mining stocks later in the week. We still believe that the key event for markets will be the release of Q2 earnings in July, and so as we enter a week which sees Wall Street closed on Friday for the Independence Holiday, we expect the recent range-bound performance of equity markets to continue. While equity indices may remain range-bound there is still the potential for individual sectors and stocks to out-perform. The focus for investors should continue to be on those sectors that demonstrate strong financial fundamentals which will provide scope for M&A. These sectors include Basic Resources, Oil & Gas and Technology. The key focus for markets in the coming week will be on: US Non-Farm Payrolls (Thurs) where the unemployment rate will be watched carefully; S&P/Case Shiller Home Price Index (Tues) which will show the trend in house prices in the 20 biggest metropolitan areas in the US; and the ECB meeting (Thurs) when further clarity on future interest policy or non-conventional measures may emerge.

TRADING IDEAS, EARNINGS & PREVIEWS

CRH

Price: €16.49
P/E: 11x
Div: 3.8%
Target: €19.00
Buy

Shares in CRH declined by 10% last week underperforming the market by 8%. There was little in the way of stock specific news flow other than some weaker than expected new home sales data, while weakness in the dollar may put some pressure on its US denominated earnings, where the company generates c. 46% of its revenue. CRH is due to issue a trading statement on July 7th for the six month period ending June 30th. We expect the company to make cautious comments in relation to trading for the period. However, we expect the company to reiterate its previous comments that it expects to be a beneficiary of the US stimulus package as the pace of infrastructure projects increases in the second half of the year. As a result, we believe there is potential for earnings upgrades towards the latter part of the year and into 2010 that will also lead to multiple expansion and drive its share price. In addition, CRH benefits from having one of the strongest balance sheets amongst its peers that was further boosted by its recent successful rights issue where it raised €1.24bn. The capital raise has provided CRH with an increased war-chest and will allow it to make opportunistic acquisitions at attractive valuations. CRH provides a well covered dividend yield in excess of 4%. The company is due to issue a trading update on July 7th for the six month period ending June 30th 2009.

Intel

Price: \$16.29
P/E: 18x
Div: 3.4%
Target: \$21.00
Buy

We are today adding Intel to our list of US preferred technology stocks that includes Microsoft and Cisco. Last week, Intel announced a strategic partnership with Nokia under which the two companies will focus on developing new chip architectures and software, and a new class of Intel-based mobile computing devices. The alliance marks Intel's first major foray into the mobile market to further diversify away from PCs and notebooks. At the group's last results, CEO Paul Otellini, indicated that the first quarter had marked a bottom in demand for PCs and notebooks a clear indication that demand was beginning to stabilise. Intel is well diversified geographically generating 80% of its revenue outside of the US with over 50% generated from the Asia Pacific region. Intel also benefits from a strong balance sheet with c. \$9bn of net cash. As economic data improves towards the latter part of this year and into 2010, we believe that Intel is well placed to benefit. Intel is due to report second quarter results on July 14th.

C&C

Price: €2.51
P/E: 12x
Div: 2.6%
Target: €2.65
Buy

Last Friday, UK drinks industry data showed a continued outperformance by the overall off-trade cider market, with a 3.4% increase in volume, and an 8.5% increase in value. C&C's performance was somewhat mixed. Volume growth outperformed, with a 21.9% increase. However the value of sales increased by only 1.3%. In comparison, Heineken increased volumes by 10.8% and value of sales by 18.6%. Of note is that C&C is once more selling at a slight premium to Heineken, which is in-line with management strategy. Initial indications suggest that the pear roll-out is proceeding well, although the long term viability of the product is uncertain. The key for management remains the stabilization of volumes in both key markets in the current year. The key near term catalyst for C&C is likely to be related to summer weather, with a good summer likely to see increased marketing efforts and volumes for C&C. Buy on weakness.

Tullow Oil

Price: 921p
Div: 0.6%
Target: 1050p
Buy

Last week, Sinopec, a Chinese state owned Oil Company offered to pay, C\$8.3bn for Swiss based oil company, Addax. This represents the largest Chinese external investment in the oil sector, to date. The likelihood of further acquisitions by Chinese state oil companies is very high. Addax is active in West Africa, and Kurdistan, with both exploration, and production operations. The price paid represents a 50% premium to the share price, prior to the additional announcement. The deal values Addax at about \$16 per barrel of proven and probable reserves. Given the differences between license terms, taxation terms, and exploration profiles, it can be difficult to compare the price paid, to other companies in the sector. We estimate that Tullow is currently trading close to \$16 per barrel of reserves, after taking into account the successful drilling so far this year. Given that Tullow has a strong pipeline of exploratory assets, its current reserves fail to reflect the potential of exploratory assets, and a takeover bid, would likely be significantly above current levels. However, a farm-out, or asset sale may be a more realistic scenario for Tullow due to its large size. We reiterate our buy on Tullow, noting the upcoming results from Ngassa-2, in Uganda. A positive result has the potential to add over 100p to our risk adjusted NAV. The Ngassa prospect could potentially hold between 500m-600m barrels of oil. Oil exploration is an uncertain business, and the upcoming drilling results will ensure Tullow's share price remains volatile. We are bullish on Tullow on a twelve month view, but recommend investors with a long term profile to average into the stock, to reduce the effect of price volatility.

Airlines Update

British Airways announced last week that almost 7,000 employees have applied for voluntary pay cuts to reduce the costs of the flag carrier. The move will save BA an estimated £10m this year. However given that BA are expected to incur a £200m operating loss in the current year, and have a pension deficit of almost £3bn, BA will struggle given the current operating environment. Recent comments from CEO Willie Walsh, suggest that the worst of the recession is still ahead for the industry. Our short call on BA has worked very well so far, with the stock down 16% from our initial entry point of 155p. We would be happy to sell/short the stock on strength, with our 12 month price target of £1. While we are underweight the airline sector as a whole, Ryanair is our preferred in the sector, due to its low cost operating profile. Ryanair is increasing passenger numbers at the expense of the flag carriers. We rate Ryanair Neutral, but note that a short term long trade from about €3.25 does appear attractive at the moment. Our 12 month price target for Ryanair is €3.80.

Earnings Week Ahead

Mon: Asos (Prelim), Apollo (Q3), Premier Foods (Trade).
Tues: Telecom Italia (Q2), Diageo (Interim), Arriva (Trade), Drax (Trade), HMV (Prelim), Safestore (Interim), Endesa (S'holders), Sterling Energy (AGM), FSI Intl (Q3).
Wed: John Wood (Trade), M&S (Q1), IFG Grp (S'holders), Home Retail (AGM), Constellation Brands (Q1), General Mills (Q4).
Thurs: Donegal Creameries (AGM), NCC Group (Prelim), Game Group (AGM).
Fri: BA (Traffic), Bank of Ireland (AGM), Big Yellow (AGM), Tesco (AGM).

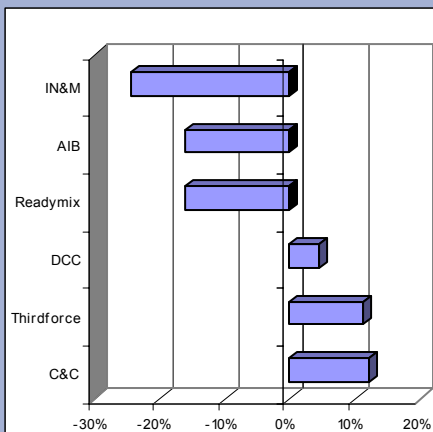
Economic Week Ahead

Mon: UK Consumer Credit & M'gage Approvals (09:30), UK M4 Money (09:30), US Chicago Fed (13:30), Dallas Fed (15:30).
Tues: Ger Retail Sales (07:00), Ger Unemployment (08:55), UK GDP & Current A/C (09:30), US Case Schiller (14:00), Chicago PMI (14:45), US Consumer Confidence (15:00).
Wed: Ger & EU PMI (09:00), UK PMI (09:30), US MBA M'gage Apps (12:00), US ISM Manuf. & Pending Home Sales (15:00), US ADP (13:15).
Thurs: UK PMI Constr (09:30), EU Unemployment (10:00), ECB Announce Rates (12:45), US Non-Farm Payrolls & Jobless Claims (13:30).
Fri: EU Retail Sales (10:00), Ger, EU & UK PMI Serv (09:00/09:30).

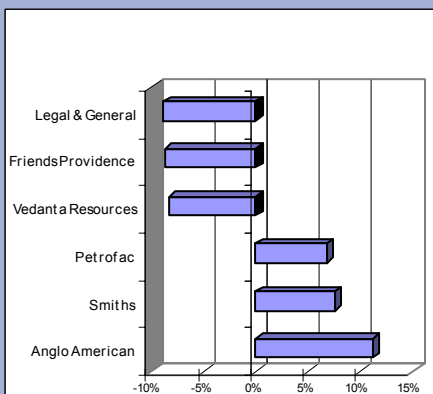
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
22/06/09-26/06/09

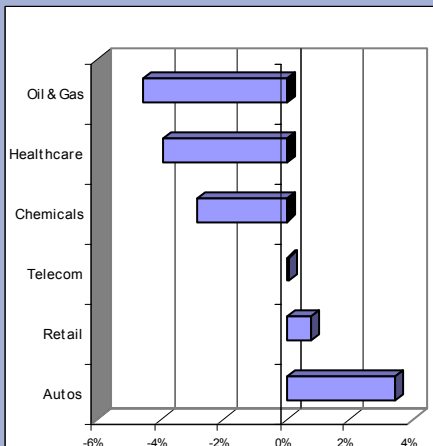
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	-1.2%	Reiterates earnings guidance.
BP	-10.0%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	-9.0%	Announces trading update will take place on July 7th.
DCC	40.2%	We remain positive on the group after meeting with management
E.ON	-13.0%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	4.7%	Formed joint venture with Alcatel Lucent
IL&P	98.1%	Speculation surrounding restructuring of the group persist.
IN&M	-39.0%	Confirms extension to standstill agreement with bondholders
J&J	-6.8%	J&J reports resilient Q1 earnings.
JPMorgan	8.4%	JPMorgan successfully issues \$3bn non-government guaranteed bond at T+350bps.
Microsoft	20.9%	Added to Goldman Sachs conviction buy list.
Vodafone	-16.4%	Press reports suggest Vodafone is considering offer for T-Mobile

What it says in the 'Sundays'

Company	Paper	Headline
Bank of Ireland	S. Tribune	Bank of Ireland scraps infrastructure funds due to lack of interest and funds.
Irish Economy	S. Tribune	Nama headache as developers transfer 'access' land in family names
Elan	S. Times	Novartis eyeing up Elan
Anglo American	S. Times	looking at alternatives to Xstrata merger proposal
Kerry	S. Independent	Expect the best at Kerry

Corporate Visits

COMPANY

PRESENTATION DATE

DCC 12th June



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2,691	-8.2%	14.9%	3.0	13.6
FTSE	4,241	-4.5%	-4.4%	4.9	34.1
DAX	4,766	-5.9%	-0.7%	4.3	26.8
DOW	8,438	-3.7%	-3.8%	3.4	11.2
500	919	-2.2%	1.8%	3.0	14.6
NAS	1,838	-0.6%	16.6%	1.0	28.2
EUROTO	2,088	-2.7%	0.2%	4.7	13.6
NIKKEI	9,877	1.1%	11.5%	1.9	

Sector	Weekly move%	YTD move %
Autos	3.43	7.75
Retail	0.79	14.99
Telecom	0.06	-7.16
Basic Resources	-0.07	38.20
Food&Bev	-0.13	2.49
Industrials	-1.00	4.74
Technology	-1.10	10.83
Personal & Household Goods	-1.12	5.65
Media	-1.20	-6.04
Construction & Materials	-1.61	3.3
Travel & Leisure	-1.91	-0.77
Utilities	-2.00	-11.61
Insurance	-2.15	-10.51
Banks	-2.33	16.70
Financial Services	-2.40	11.40
Chemicals	-2.82	2.47
Healthcare	-3.90	-7.06
Oil & Gas	-4.55	5.34

Commodities

	Current	Change YTD
Crude	69.16	55.10%
Gold	939.60	6.8%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR USD	1.406	-3.6%	1.40
EUR GBP	0.851	-11.0%	0.93
EUR JPY	133.87	5.1%	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%	1.11%	1.00%
UK	0.50%	1.20%	0.50%
US	0.00% - 0.25%	0.60%	0.0% - 0.25%



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