



Profit taking was the order of the day last week. Driven by perceived government intervention in the banking sector, a small reversal in the recent dollar and sterling sell off and by global commodities pausing for breath. Weak sectors therefore included financials, oil and extractive sectors. Ireland suffered with investors perceived as taking profits in both the banks and Irish debt possibly over confusing messages re NAMA. Concerns over the strength of the recovery in corporate profitability will be further addressed this week as bell weather stocks in the construction, technology, insurance and retail sectors will be reporting. This will set the trend for equities for the week but clients should also be attentive to the Federal Reserve, Bank of England and ECB all of whom meet and may provide guidance on the when and how of withdrawing monetary stimulus. This focus on monetary policy was in part a consequence of rate increases by the Australian and Norwegian authorities. The financial and consumer sectors will be very sensitive to such monetary comments with the best case being a longer exit combined with perceptions of having found a base in unemployment levels. A speedier exit without confirmation of economic recovery nor offsetting fiscal stimulus would be negative. We expect the bias in equity markets for the coming week to be broadly defensive until greater clarity on monetary policy is provided but our longer term view remains equity positive and so the correction should be used as a buying opportunity particularly in those sectors with greatest earnings visibility, technology, pharmaceuticals, basic resources and oils with selective buying opportunities in the financial sector.

TRADING IDEAS, EARNINGS & PREVIEWS

Irish Financials

Irish Life & Permanent remains our preferred Irish financial and we recommend buying on any weakness. Of the two clearing banks, Bank of Ireland remains our preferred play due to the less risky nature of its loan book. We believe that BoI will be less effected by the concerns around the break up of ING by the European Commission. Part of the reason for the heavy selling in BoI is a result of press reports that Harris Associates have been selling down their stake in the bank. We remain comfortable with BoI at current levels. BoI is due to release interim results on Wednesday.

Vodafone : We continue to like Vodafone as a solid defensive stock. Both peers Telefonica and France Telecom have reiterated earnings guidance recently and provides a positive read across for Vodafone. Vodafone's strong emerging market growth will be a major driver of earnings into the future. **Optimum entry level** : 130p **Next Catalyst** : Interim results November 10th.

Tesco : Tesco has outperformed over the last few weeks as investors have begun to shift into more defensive names. Tesco remains our preferred pick in the UK retail sector given its low cost product offering and international exposure. We also expect the group's newly named Tesco Bank to provide a boost to earnings in the years to come given the brand loyalty associated with the company. **Optimum entry level** : 386p , **Next Catalyst** : Trading update December

GlaxoSmithKline (GSK) : Like the majority of earnings reports from healthcare companies, GSK did not disappoint with profits boosted by its swine flu vaccine Relenza. On valuation terms we believe the stock is very attractive at current levels providing a well covered dividend yield of c. 5%. **Optimum entry level** : 1230p , **Next Catalyst** : Upcoming phase 3 approval for Lupus drug

Core Stock Calls

Microsoft : Technology remains one of our preferred sectors with Microsoft one of our top picks. The group's fiscal first quarter results came in well ahead of expectations and we expect the release of Windows 7 to have a major positive effect on earnings. With c. \$30bn of net cash, Microsoft has one of the strongest corporate balance sheets in the world. **Optimum entry level** : \$26.60 , **Next catalyst** : Analyst briefing 18th November.

General Electric (GE): We maintain General Electric on our US recovery list. The shares have underperformed with the stock being treated in some way as a financial share. GE benefits from a well diversified portfolio from financial to healthcare operations and we see the recent weakness as a buying opportunity. **Optimal entry level** : \$13.40 **Next Catalyst** : Goldman Sachs Industrial conference November 5th.

Intel : Following Intel's strong set of 3Q results and better than expected earnings and guidance shares, in the group have declined from \$21.50 to \$19.11. We view the pull back as excellent buying opportunity given it too will benefit from the release of Windows 7 and continued expansion in emerging markets. **Optimal entry level** : \$19.05 **Next Catalyst** : 4Q 14/01/09

CRH : A number of CRH's peers report this week including; Vulcan Materials (after the US close today), Martin Marietta (tomorrow) HeidelbergCement (Wednesday) & Lafarge (Friday). We believe that the outlook statements released by the companies will indicate a stabilisation in the materials/construction sector. **Optimal entry level** : €16.50 **Next Catalyst** : Trading Statement (November 10th)

Ryanair

Price: € 2.80
P/E: 12x
Div: 0.0%
Target: €4.00
Buy

Ryanair has released its half year results this morning and it has posted net profit of €387m, below consensus forecasts of €415m. This can be primarily attributed to very weak ancillary revenues, down 13% per passenger year on year. Average fares declined by 20% in to €41 on the back of 15% increase in traffic to 36m passengers, while unit costs declined by 5%. Going forward the group expects average fares to decline by 20% over the remaining two quarters and it has reiterated that it expects full year net profit to come in at the lower end of the €200m - €300m range. It has also restated the news from its investor day that little or no progress has been made on negotiations with Boeing over a new aircraft deal and that failure to agree terms will result in the group significantly scaling back its growth strategy after 2012. While we acknowledge that the share price may be the subject of weakness of the coming period, as consensus estimates comes down to meet weaker than expected ancillary spend, we remain positive on the group and believe it will emerge even stronger when markets recover. We will be issuing a detailed note with our revised estimates tomorrow.

Short DAX

This week we are recommending that our clients looking to hedge their European equity exposure should consider a short position in the DAX. We feel that this strategy will protect clients against what could be potentially be a volatile week with all the major central banks meeting. The timing of the removal of economic stimulus is now high on the agenda and US non farm payrolls and ISM figures will add a further dimension of risk to the first week of November. Given the DAX's constitution, it is particularly vulnerable to either a weakening in the economic environment or renewed risk aversion in equity markets. Automakers currently account for a 8.2% in the index and are particularly vulnerable to lower consumer confidence data readings. Materials producers account for over 19% of the index, financials account for almost 21% and over 10% of the index is made up of industrial companies. All of which are vulnerable to weak economic data. Short positions in the DAX can be initiated through either future contracts or Deutsche Bank ETF (Ticker: XSDX GR).

Earnings Week Ahead

Mon: Ryanair(Q2),Q2),TNT(Q3),Loews Corp(Q3),Vulcon Materials(Q3).
Tues: IN&M(EGM),BMW(Q3),Dankse Bank(Q3),Swiss Re(Q3),UBS(Q3),
AssocBritishFoods(Prelim),Fraft Foods(Q3),Marathon Oil(Q3),Mastercard(Q3),
Viacom(Q3),Emerson(Q4),Rockwell Collins(Q4),Cablevision Systems(Q3).
Wed: Carlsberg(Q3),JCDecaux(Q3),SocGen(Q3),Total(Q3),BoI(Interim),Aviva(Q3),
Heidelberg Cement(Q3),adidas(Q3),Pulte Homes(Q3),Cisco(Q1),Qualcom(Q4)
M&S(Interim),Legal&General(Q3),JD Wetherspoon(Trade),Time Warner(Q3).
Thurs:L'Oreal(Q3),BNP Paribas(Q3),Commerzbank(Q3),Deutsche Telekom(Q3),
Telecom Italia(Q3),SAS(Q3),Adecco(Q3),Zurich(Q3),Vedanta(H1),ManGrp(Int)
BTG(Int),Unilever(Q3),Segro(Trade),NasdaqOMX(Q3), Starbucks(Q4).
Fri: Lafarge(Q3),BA(Traffic),Tate&Lyle(Int),Smith&Nephew(Q3),Rentokil(Q3).

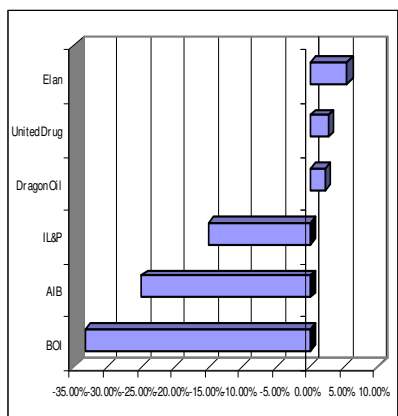
Economic Week Ahead

Mon: Ger,EU & UK PMI Manuf(09:00 & 09:30),US ISM Manuf(15:00),
Pending Home Sales(15:00),Construction Spending(15:00).
Tues:UK PMI Constr(09:30),US Factory Orders(15:00).
Wed:Ger,EC&UK PMIServices(09:00&09:30),EU PPI(10:00),US MBA M'gage Apps
US ADP Employment(13:15),US ISMNon-Manuf(15:00),FOMCRateDecision(19:00)
Thurs:UK Ind.&Manuf Prod(09:30),EU RetailSales(10:00),BoE RateDecision(12:00)
ECB Rate Announcement(12:45),US Jobless Claims(13:30).
Fri: UP PPI(09:30),Ger Factory Orders(11:00),US NonFarm Payrolls(13:30),
US Wholesale Inventories(15:00),US Consumer Credit(22:00).

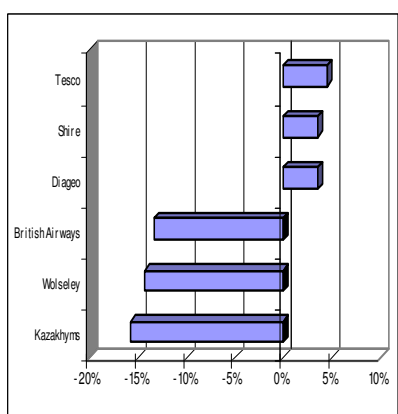
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/ Worst Performers

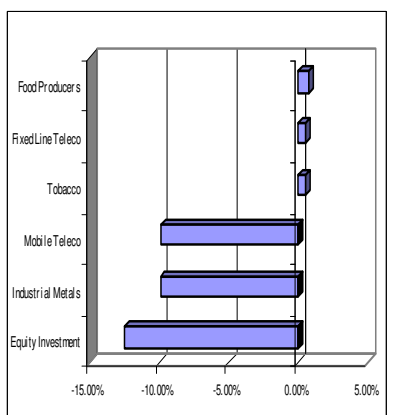
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	13.3%	UBS raises Aryzta price target by 8%
BP	9.7%	BP reports better than expected Q3 results due to strong up stream performance and a drop unit cost
CRH	1.85%	Peer Cemex predicts drop in cement shipments
DCC	69.9%	Positive gaming read-through from Microsoft results
E.ON	-8.9%	HSBC raises the stock to overweight from underweight
Hewlett-Packard	30.8%	Q3 results slightly ahead of consensus estimates
IL&P	213.7%	Indo reports mutuals start talks without Irish Life
IN&M	-51.9%	Sees a stabilisation in ad revenues
J&J	-1.3%	Q3 results inline with expectations
JPMorgan	32.5%	Q3 Fixed income commodity and currencies trading outperforms
Microsoft	42.6%	Report blockbuster Q3 results

What it says in the 'Sundays'

Company	Paper	Headline
UK Financials	FT Weekend	RBS lands deal to quit toxic asset scheme
Nama	S. Business Post	Commission cracks down on Nama's remit
Nama	S. Tribune	Government seeks to avoid bank recap in 2009
UK Financials	S. Times	UK will up RBS stake to 84%
UK Financials	S. Telegraph	RBS fights to keep US retail bank

Corporate Visits

COMPANY

PRESENTATION DATE

Cove Energy 8th October



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield
ISEQ	2,867	-8.9%	22.4%	1.8
FTSE	5,045	-3.8%	13.8%	3.7
DAX	5,415	-5.7%	12.6%	3.9
DOW	9,713	-2.6%	10.7%	2.9
S&P	1,036	-4.1%	14.7%	2.4
NASDAQ	2,045	-5.1%	29.7%	0.9
EUROSTOXX	2,410	-2.6%	15.6%	3.9
NIKKEI	10,035	-2.4%	13.3%	1.6

Sector	Weekly move%	YTD move %
Basic Resources	0.21	63.07
Banks	-0.28	46.94
Industrials	-0.11	26.02
Personal & Household Goods	-0.55	24.14
Financial Services	-0.63	23.52
Chemicals	0.82	23.48
Retail	-0.70	23.28
Construction & Materials	1.02	22.31
Food&Bev	-0.18	21.65
Oil & Gas	0.13	16.44
Technology	-0.11	15.06
Autos	0.57	13.85
Media	-0.10	8.13
Insurance	-0.45	7.89
Telecom	-0.30	5.81
Travel & Leisure	-0.57	4.11
Healthcare	-0.52	3.97
Utilities	-0.41	-7.76

Commodities

	Current	Change YTD
Crude	77.00	72.6%
Gold	1045.40	18.9%

Exchange Rates

	Current	YTD Change	Year End (est)
eur usd	1.472	0.9%	1.40
eur gbp	0.895	-6.4%	0.85
eurjpy	132.59	4.1%	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%	0.72%	1.00%
UK	0.50%	0.59%	0.50%
US	0.00% - 0.25%	0.28%	0.0% - 0.25%



Regulatory Information

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes in order to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgment as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. The income you get from your investment may go down as well as up. Figures quoted are estimates only, they are not a reliable guide to the future performance of this investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report is the property of Dolmen and may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments / derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in the companies they publish research, views and recommendations on. Accordingly analysts involved in the production of this report may have positions in any securities herein. Dolmen ensures that all staff dealing is undertaken in strict compliance with Dolmen's internal staff dealing procedures. Therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Oliver Gilvarry, David Dunk, Stephen Taylor and Edward Keeling are responsible for the production of this report. Oliver Gilvarry is Head of Research and David Dunk, Stephen Taylor and Edward Keeling are equity analysts.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.

Dolmen Stockbrokers, 75 St. Stephen's Green, Dublin 2, Ireland.



DOLMEN SECURITIES LTD

75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland
Theatre Court, Mallow St, Limerick, Ireland.

Tel : +353 1 633 3800/1890 400 300
Tel : +353 21 422 2122
Tel : +353 61 436 500

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