

Last week we suggested that if the US housing data showed any positive trend that markets could break higher through key levels before facing renewed selling pressure. Following the release of better than expected Existing Home Sales, markets attempted to move higher however the US market diverged from other global markets and broke into higher territory, spurred by the announcement of the Public Private Partnership Investment Programme by US Treasury Secretary Geithner. While the proposed programme aimed at removing Legacy (toxic) Loans and Legacy Securities is far from perfect and it will take some time to measure the effectiveness of the plan, it has at least filled a vacuum in an area of great concern for the markets. While markets did encounter some profit taking at the end of last week, they still retain the potential to move higher into quarter-end on Tuesday. The week ahead is quiet on corporate news flow (Q1 results will commence in early April), so the focus will once again be on economic data, with housing stats again most likely to move the market. Following better than expected housing numbers over the last three weeks the Case Shiller Home Price Index (Tues) will be critical to see if prices have stabilised while the Pending Home Sales (Wed) will also be watched. Also this week the ECB are expected to cut interest rates by 50 basis points to 1%, however expectations of news on Quantitative Easing measures may be premature. Friday sees the US Non-Farm Payroll data which will show that another 650,000 jobs were lost in March. While clearly an important number it will take a significant deviation from this consensus estimate to radically move markets. Our bias therefore is for further strength into quarter-end before encountering some profit-taking.

TRADING IDEAS, EARNINGS & PREVIEWS

Vodafone

Price: 117p
P/E: 8.3x
Div: 6.5%
Target: 155p
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 telecom sector is due to its strong cash generative business and 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. Vodafone has also been able to successfully issue £2.9bn in debt since November with its most recent fixed issuance at 6.25% a reasonable level in the current environment. While revenue growth has slowed substantially the group's focus on removing costs will lessen the effects on EPS. Vodafone's valuation looks attractive with the group trading at 8.8x 2010 earnings and an EV/EBITDA of 6x. 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 is due to report full year results May 19th

CRH

Price: €15.86
P/E: 11x
Div: 4.0%
Target: €19.00
Buy

Fundamental View: We are recommending clients take profits on CRH given that shares in the company have risen by 23% over the last three weeks. We continue to like CRH as a long-term recovery play within the construction sector. The group's recent €1.24bn capital raising through a rights issue further enhances the group's balance sheet and will give the company room to acquire assets from some of its highly leveraged peers that need to reduce debt. However given the recent run in the group's share price on the back of its successful capital raising and some better than expected economic data out of the US, any negative news flow from the US could lead to some weakness in the group's share price.

Next catalyst: CRH's AGM will take place on May 6th

Thomson Reuters

Price: £15.40
P/E: 13.0x
Div: 4.5%
Target: £10.00
Sell

Fundamental View: Last week we reinitiated our short trading call on Thomson Reuters ahead of the last period (30/03/09) in which the largest shareholder the Woodbridge group (Thomson Family) will complete its exchange of shares from the Canadian line to the London line. On 27/02/09, the Woodbridge group announced that it was going to exchange up to 10 million shares in the Canadian line for an equivalent amount in the London line of the group leading to the technical squeeze in the share price. Overall, shares in Thomson Reuters have held up well despite the global downturn. However we believe that Thomson Reuters will begin to start feeling pressure on earnings now as its markets division (c. 60% of group revenue) comes under pressure on the cancellation of Reuters contracts at financial firms. **We recommend setting a stop-losses on all short trades.**

Next Catalyst: Thomson Reuters is due to report first quarter results on May 7th

E.ON

Price: €21.00
P/E: 9x
Div: 7.5%
Target: €31.00
Buy

Fundamental View: Shares in E.ON have rebounded strongly since it reported earnings on March 11th. E.ON is our top pick in the Utilities sector given its diversified operations with an increasing focus on wind energy and relatively underleveraged balance sheet when compared to its peer group with a debt to equity ratio of c. 60%. The group is also highly cash generative and paying a dividend yield of c. 7%. The group full year dividend of €1.50 is due to trade ex. on May 7th.

Next Catalyst: E.ON is due host its AGM on May 6th and report first quarter results on May 13th.

Mining Sector Update

The mining sector is likely to present attractive trading opportunities, both long and short, in the coming year. Recent sector strength reflects a stabilization of commodity prices, as well as the broader market rally, but a short term pullback is certainly possible given the extent of the gains, and the still weak economic environment.

Rio Tinto: Opposition to Chinalco remains, although management are alluding to a potential "Plan B". The \$7.3bn convertible bond issue, and a asset sale is larger than necessary to preserve balance sheet integrity, in our view. The proposed sale of its stake in top assets at the bottom of the cycle prices would be disappointing. We favor a rights issue, mixed with selected asset sales as an alternative, and see it as a more likely scenario than the Chinalco deal.

Technical View: Technically, the stock is currently threatening to break its short term uptrend. A move through £23.19, would suggest a move towards support at £21.16.

BHP Billiton: Strongest in sector, from both balance sheet and diversity of operations. Also benefits from a lower than average cost profile. We expect BHP to outperform throughout the cycle. Opportunities for acquisitions at attractive prices are likely to present themselves in the coming months.

Technical View: Short term uptrend is broken, with momentum turning bearish. Support is at £12.39, and after that at £11.05.

Kazakhmys: Kazakhstan based copper miner. Kazakhmys has made significant gains on recent surge in copper prices. Copper prices are being driven by re-stocking of Chinese inventories, as opposed to an economic rebound, and as such are likely to be relatively short term in nature. More potential near term upside, assuming copper prices can continue to ascend.

Technical View: Long term technical view is positive, but a short term double top formation may be forming. Breaking the neckline at £3.47 would suggest a move below £3.00.

ThirdForce Update

Following press speculation over the weekend, ThirdForce has confirmed that it has received an approach for the entire issued share capital of the company at €0.08 in cash from certain members of ThirdForce management team and Board, which may or may not lead to an offering being made for the company. The Board has appointed a committee of Independent Directors, which is formed by the independent directors Eimer McGovern, Alan Maguire, Mike Newton, Carol Clark and Edwin Robinson.

Earnings Week Ahead

Mon: Stlves(Interim), Asterand(Prelim), Headlam Grp(Prelim), Air Berlin(Q4).
Tues: Marks&Spencer (Trade), Bellway(Interim), Cairn Energy (Prelim), Kazakhmys(Prelim), Apollo Grp(Q2), SAS AB(AGM), Fortis(FINAL).
Wed: AGI Therapeutics (Prelim), Volvo(AGM), Ford Motors(Sales), GM(Sales).
Thurs: BTG (Trade), Zurich Fin.Serv.(AGM), Micron Tech.(Q2).
Fri: Ryanair(Traffic), United Drug (IMS), BA (Traffic), MAN AG(S/holders), Merck (AGM), RBS(AGM).

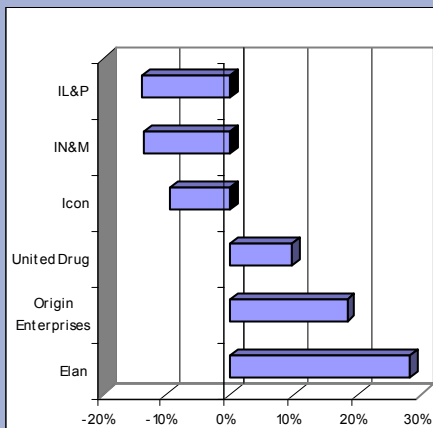
Economic Week Ahead

Mon: UK Net Consumer Credit & M'gage Approvals(09:30), UK M4 Approvals(09:30), EU Consumer Confid(10:00), Dallas Fed Manuf(15:30)
Tues: UK GfK Consumer Confid(00:01), Ger ILO Unemployment(07:00), EU CPI(10:00) S&P Case Schiller(14:00), Chicago PMI(14:45), US Consumer Confid(15:00).
Wed: Irl Unemployment & Live Register (11:00), Ger&EU PMI Manuf (09:00), UK PMI Manuf (09:30), EU Unemployment(10:00), US MBA M'gage Apps(12:00) US ADP Employment(13:15), US ISM Manuf & Pending Home Sales(15:00).
Thurs: UK PMI Constr.(09:30), ECB Announces Rates(12:45), US Jobless Claims(13:30) US Factory Orders(15:00).
Fri: Ger&EU PMI Serv(09:00), UK PMI Serv(09:30), US NonFarm Payrolls(13:30).

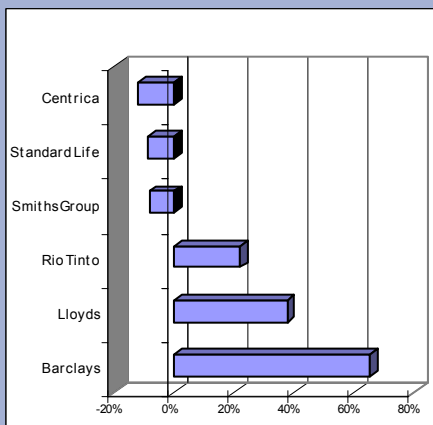
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
26/03/09-30/03/09

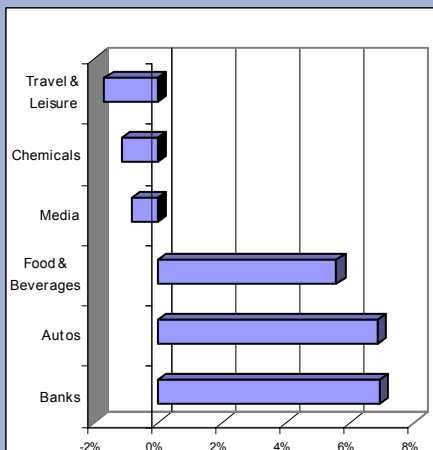
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE

Company	YTD	Relevant news
Aryzta	-26.3%	Goldman Sachs raises Aryzta to Buy from Neutral.
BP	-9.4%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	-8.5%	US data shows some improvement
E.ON	-25.5%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	-8.4%	HP reports first quarter net income slightly below expectations.
IL&P	-28.7%	Reports suggest that the Irish government will implement 'bad bank' option.
IN&M	-61.9%	IN&M appoints advisers in respect to the proposed engagement with holders of the outstanding bond.
J&J	-11.7%	Johnson & Johnson reports fourth quarter earnings of \$2.71bn, compared with \$2.37bn a year earlier.
JPMorgan	-11.6%	Merrill Lynch raises its recommendation to Buy with price target of \$40.
Microsoft	-6.3%	Microsoft discloses its plans for marketing its next generation windows operating system.
Paddy Power	-7.4%	888 holdings continues to lose market share.
Vodafone	-16.3%	Vodafone and Telefonica in infrastructure deal.

What it says in the 'Sundays'

Company	Paper	Headline
Irish Economy	S.Independent	Lenihan to cut cost of political pension
Aer Lingus	S.Tribune	Mannion survives at crucial Aer Lingus board meeting
Irish Economy	S.Bus Post	Income levies to be doubled
Irish Economy	S.Tribune	Public pension levy could be in breach of EU accounting rules
Irish Financials	S.Bus Post	Lenihan gives green light to new 'bad bank'

Corporate Visits

COMPANY

PRESENTATION DATE

AIB	1st April
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Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2167	1.0%	-7.5%	6.1%	6.3
FTSE 100	3899	1.5%	-12.1%	5.4%	16.8
DAX	4204	3.3%	-12.6%	6.3%	15.7
Dow Jones	7776	6.8%	-11.4%	4.0%	14.4
S&P 500	816	6.1%	-9.6%	3.4%	12.2
Nasdaq	1545	6.1%	-2.0%	1.3%	21.2
EuroStoxx 50	1823	3.2%	-12.5%	6.7%	13.0
Nikkei 225	8627	8.6%	-2.6%	2.3%	25.8

Sector	Weekly move%	YTD move %
Banks	6.92	-14.72
Autos	6.88	-8.41
Food&Bev	5.60	-11.1
Basic Resources	4.06	7.77
Insurance	3.77	-24.20
Oil & Gas	2.36	-1.93
Technology	2.29	-4.6
Healthcare	2.24	-13.16
Financial Services	2.06	-11.55
Industrials	1.86	-9.53
Retail	1.53	-1.16
Construction & Materials	1.38	-12.93
Personal & Household Goods	0.85	-8.92
Telecom	0.52	-10.97
Utilities	0.48	-18.08
Media	-0.83	-8.481
Chemicals	-1.11	-6.89
Travel & Leisure	-1.67	-13.06

Commodities

	Current	Change YTD
Crude Oil	\$52.38	17.4%
Gold spot	\$923.15	5.0%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.329	-8.96%	1.40
EUR-GBP	0.928	-2.9%	0.93
EUR-JPY	130.06	-2.1%	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%	1.52%	1.50%
UK	1.0%	1.67%	1.00%
US	0.00% - 0.25%	1.21%	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