



Equity markets continued their seven week rally as investors continued to welcome earning releases that beat consensus estimates. While the estimates for the current earnings season were possibly too pessimistic, the fact that there have been very few really 'ugly' releases has helped instill some much needed confidence into the market. To date 70% of the companies that have reported have beaten estimates. Also helping sentiment were some better economic releases which are perhaps indicating that a bottoming process is taking place. While the recent market rally has been very welcome it would appear that it may need to pause for breath as volumes over the last week have been lower than one would like. Also the breadth of the rally has been quite narrow with short-covering in the most shorted sectors of the market contributing to the majority of the gains. We therefore see the potential for some profit-taking before the market moves higher again. The coming week will see further earnings releases in all markets and as well as these investors will focus on the following: **The ECB Policy meeting:** EZ interest rates are expected to be cut by 0.25% to 1%, but also details on a Quantitative Easing plan may be announced. **US bank Stress Tests results:** Deferred from Monday to Thursday, this will detail how much additional capital the weakest US banks require. **US Non-Farm Payrolls:** This will be the most critical economic release of the week as markets look for evidence that the rate of job losses is moderating.

TRADING IDEAS, EARNINGS & PREVIEWS

Thomson

Reuters

Price: 1816p
P/E: 16x
Div: 5%
Target: 1000p
Sell

Thomson Reuters is due to report first quarter results on May 7th and we expect the company to provide a cautious outlook particularly at its markets division which makes up close to 60% of revenue and is highly exposed to the financial sector. With the negative outlook provided recently by financial recruitment consultants Hays and Michael Page we believe that there will be the net decline in financial services jobs which will weigh on earnings going forward. Despite the difficult outlook facing the company, the shares have performed well, however our view remains that the company is overvalued at current levels trading at c. 16x forward earnings.

CRH

Price: €20.57
P/E: 13.8x
Div: 3.5%
Target: €19.00
Take Profits

CRH's shares are up 18% year to date and 39% since the group's rights issue announcement at the beginning of March (rights adjusted). Following the strong run in CRH's share price we are recommending clients take profits from the recent rights issue. The company remains our top pick in the construction sector, however with the strong run in the group's share price on the back of better than expected economic data we expect there may be some pull back in its share price. CRH is due to issue a trading update on Wednesday May 6th in conjunction with its AGM. At the group's full year results in March the company did not provide specific earnings guidance, however they did indicate that 2009 will be 'extremely challenging'. While we have seen an improvement in economic data, we believe that CRH will issue a cautionary tone on Wednesday.

With the ECB certain to reduce interest rates to 1% and to announce they will be left there for an extended period of time, deposit rates will fall lower. Deposit rates offered from the domestic Irish banks range between 1.80% and 4.65% out to 1-year. These rates can only fall further as the banking system stabilises in the next number of months and banks reduce the rates paid on deposit. An alternative for investors is to look at companies that are paying high dividend yields. Caution has to be exercised in selection of such stocks as investors experienced large falls in dividend income in 2008 particularly for holders of the banks. For investors wanting to take advantage of some of the attractive dividend yields on equities, we have highlighted two below, E.ON and Vodafone. Instead of analysing these on the basis of dividend covered by net profit, we have examined the level of dividend cover based on Free Cash Flow or Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). Vodafone's current dividend yield is 6.1% and is well covered on an EBITDA per share basis at 3x. Vodafone will be reporting full year results on May 19th and is expected to announce a final dividend of 5.3p an increase of 6.2% year on year, in addition to the 2.57p already paid in November. In relation to E.ON, on a EBITDA per share basis, E.ON's dividend is also covered c. 3x with the stock currently yielding 5.8%. Note that E.ON's full year 2008 dividend of €1.50 per share will trade ex on May 7th.

Top Pick high yielding stocks

Tullow

Price: 850p
P/E: 48x
Div: 0.77%
Target: 1050p

Buy

Tullow has underperformed against the integrated majors in recent weeks. We see this trend reversing as focus once again returns to Tullow's portfolio of high quality, exploratory and developmental assets. Drilling results from Nsoga in Uganda are due within the next couple of weeks. In isolation, Nsogo isn't particularly significant, but a positive result de-risks nearby prospects, and potentially opens up an Nsoga-Leopard cascade, that would be similar to the nearby Giraffe-Buffalo cascade. Tullow are also expected to release drilling results from the Ngassa-2 well in the next 4 weeks. Ngassa-1 was abandoned early in 2008, following unanticipated borehole instability. The potential resources in Ngassa are estimated at between 500-600 million boe. In our view, Tullow is likely to pursue a farm-out of its Ugandan licenses later this year. Drilling results are likely to drive Tullow's share price in the near term. While Ngassa could have a large impact on our NAV estimates, Nsogo is unlikely to have the same effect. We anticipate that M&A activity in the sector is likely to increase in the second half of the current year, as the majors look to secure future reserves at low valuations.

Mining Sector Update

XSTRATA: The medium outlook for this stock remains very bullish, with its 20 & 40 day MAs having just completed a bullish crossover. Today price has broken above prior range resistance at 630 very convincingly, and is currently sitting on 698 resistance. A daily close above 698 opens up a move to 816 resistance, and a close below 698 may result in a retracement back to 630 support - at which point we would be looking to go long the stock on short term weakness.

BILLITON: BHP has broken its previous short term price channel at 1444 this morning. This completes a bullish flag pattern and points to a medium term and points to a medium term move to 1743 resistance. Initially, a test of next resistance at 1559 now looks inevitable. Longer term momentum also remains bullish with its 20, 40 & 100 day MAs continuing to trend steadily higher. We are buyers of the stock on a daily close above the 1559 resistance level; with an upside target set at 1743.

KAZ: Kazakhmys continues to break higher, creating higher highs after each period of consolidation. Weekly charts also remain very bullish. This morning price has gapped above 598 prior resistance - which now acts as support. A close above here today confirms a breakout and opens up a move to next resistance at 843. Should the stock correct back to the breakout area and subsequently bounce; we will look to initiate longs targeting a move to 843 over the medium term.

RIO: Rio's accelerating uptrend continues to dominate price action. Key resistance to watch this week is between 3125 & 3195. A strong daily close above this area implies that next meaningful resistance lies at 4419. The stock's recent 20, 40 & 100 day MA triple crossover continues to provide strong medium/long term momentum behind the current uptrend. The risk will remain to the upside until 2499 trend support is broken.

Earnings Week Ahead

Mon: TNT(Q1),Loews(Q1),Vulcan Materials(Q1),Tyson Foods(Q2).
Tues: Danske Bank(Q1),Air Berlin(Traffic),Deutsche Postbank(Q1),Adidas(Q1), Hypo Real Estate(Q1),Swiss Life(Q1),UBS(Q1),Aberdeen A.Mgmt(Interim), Xstrata(AGM),Kraft Foods(Q1),Emerson(Q2),Walt Disney(Q2),Forest Oil(Q1)
Wed: Carlsberg(Q1),BNP Paribas(Q1),JCDecaux(Q1),Lafarge(Q1),Total(Q1), BMW(Q1),Deutsche Post(Q1),CRH(Trade)United Drug(Interim),Adecco (Q1),BA(Traffic),Cisco Systems(Q3).
Thurs: InBev(Q1),Axa(Sales),SocGen(Q1),Hiedelberg Cement(Q1),SwissRe(Q1), Zurich(Q1),Barclays(Q1),Diageo(Trade),TRIL(Q1),Unilever(Q1),Randgold(Q1) CBS Corp(Q1),Dynergy(Q1),RowanCo(Q1),NASDAQ OMX(Q1),DRHorton(Q2)
Fri: PUMA(Q1),Smurfit Kappa(Q1),RBS(Trade),Edison(Q1),T Clarke(Trade).

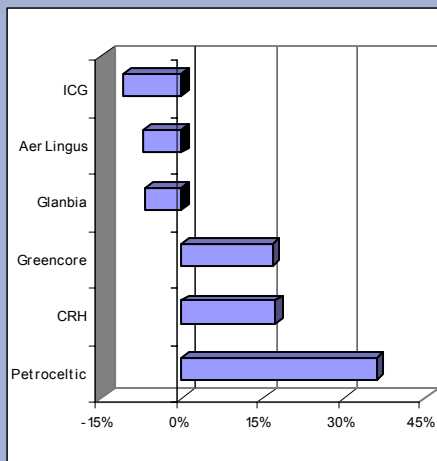
Economic Week Ahead

Mon: Ger Retail Sales&PMI Manuf(07:00&08:55), EU PMI Manuf(09:00), EU Sentix Confid(09:30),US Pending Home Sales&Constr.Spending(15:00).
Tues: PMI Constr(09:30),EU PPI(10:00), ISM NonManuf(15:00).
Wed: UK N'wide Confid(00:01),Ger EU&UK PMI Services(09:00&09:30), EU Retail Sales(10:00),MBA M'gage Apps(12:00), ADP Employment(13:15).
Thurs: Ger Factory Orders(11:00),BoE Announces Rates(12:00), ECB Announce Rates(12:45),US Jobless Claims(13:30),US Cons.Credit(20:00)
Fri: Ger Trade Bal(07:00),Ger Imports/Exports(07:00),UK PPI(09:30), Ger Industrial Prod(11:00), US NonFarm Payrolls(13:30).

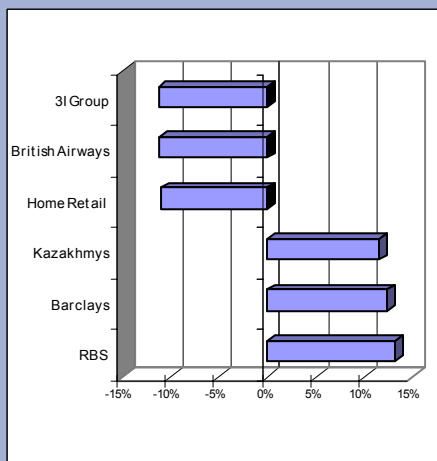
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
27/04/09-30/04/09

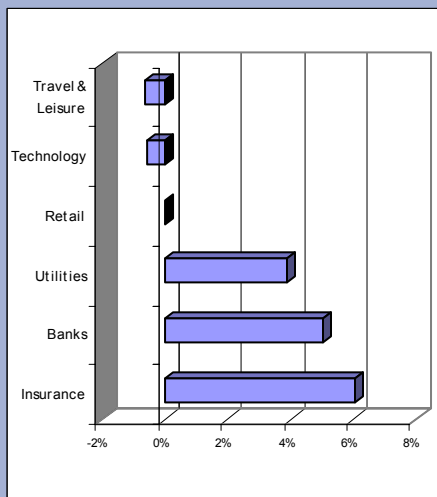
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE

Company	YTD	Relevant news
Aryzta	-4.0%	Lion capital sells its 4 million shares of Aryzta
BP	-7.7%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	11.3%	US data continues to show some improvement
DCC	31.0%	Game group results point to continued resilience in computer game market
E.ON	-9.8%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	-1.3%	Peer Intel posts better than expected Q1 results.
IL&P	22.9%	Details of Nama announced within supplementary budget
IN&M	-38.1%	Awaiting details on bond refinancing
J&J	-12.8%	J&J reports resilient Q1 earnings.
JPMorgan	3.1%	JPMorgan successfully issues \$3bn non-government guaranteed bond at T+350bps.
Microsoft	2.7%	Micosoft will deliver \$1.5bn annual saving by the middle of 2010 through 5000 headcount reduction.
Vodafone	-9.6%	Verizon communications post results ahead of expectations.

What it says in the 'Sundays'

Company	Paper	Headline
Irish Financials	S.Bus Post	Anglo tells Dept of Finance it needs fresh capital
Irish Economy	S.Bus Post	Deficit soars almost €6bn
Aer Lingus	S. Independent	Aer Lingus could soon be running on empty
Irish Banks	S.Tribune	Nationwide repossessions doubled from 2007 to €7m
AIB	S.Tribune	Sixty AIB board meetings led to Sheehy exit

Corporate Visits

COMPANY

PRESENTATION DATE

Paddy Power 10th June



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2,622	8.3%	11.9%	4.2	8.4
FTSE	4,243	2.1%	-4.3%	4.7	21.0
DAX	4,769	2.0%	-0.8%	5.5	20.6
OW	8,212	1.7%	-6.4%	3.6	17.6
500	878	1.3%	-2.8%	3.1	14.5
NAS	1,719	1.5%	9.0%	1.1	27.5
EUROTO	2,027	2.3%	-2.7%	5.5	13.1
NIKKEI	8,977	3.1%	1.3%	2.1	45.7

Sector	Weekly move%	YTD move %
Insurance	6.09	-8.93
Banks	5.03	11.45
Utilities	3.89	-12.12
Construction & Materials	3.55	8.90
Healthcare	2.95	-10.12
Media	2.68	1.58
Financial Services	2.11	8.97
Oil & Gas	1.71	3.78
Food&Bev	1.67	-6.90
Personal & Household Goods	1.03	2.55
Chemicals	0.95	2.98
Industrials	0.86	5.26
Autos	0.55	9.13
Telecom	0.38	-9.26
Basic Resources	0.24	26.69
Retail	-0.02	12.02
Technology	-0.57	11.38
Travel & Leisure	-0.65	4.29

Commodities

	Current	Change YTD
crude	53.20	19.3%
gold	886.55	0.8%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR USD	1.327	-9.0%	1.40
EUR GBP	0.889	-7.0%	0.93
EUR JPY	131.54	3.2%	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%	1.34%	1.00%
UK	0.50%	1.44%	0.50%
US	0.00% - 0.25%	0.99%	0.0% - 0.25%



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