



Equity markets for the most part enjoyed gains last week as investors took heart from better than expected US Pending Home Sales and at the tail-end of the week a much stronger than expected Non-Farm Payroll number. The one disappointment however was that while the major markets gained on average 3%, the FTSE continued its recent trend of under-performance, adding just 0.4%. One of the reasons for this under-performance and the repeated failure of the FTSE to break above the pivotal 4,500 level was undoubtedly the political uncertainty which dominated, but also another key factor must be the level of equity issuance that has hit the market so far this year. Up until last Friday the level of equity issuance in the UK market was \$46bn, and that number swelled to \$53.4bn following Rio Tinto's rights announcement. In the US the corresponding number is \$100bn while in Europe the figure is \$37bn. With such a level of re-equitisation occurring, the large levels of cash that fund managers had built up is finding a ready-made home. This in part helps explain why, despite all the talk of 'Green Shoots' and the moderation in the rate of economic decline, equity markets have not put in a more aggressive move higher. With no corporate news releases due until after the Independence Day Holiday in July, the macro data releases will continue to dictate market movements. Any further signs of economic stability and slowdown in the pace of decline will help markets find further support at current levels. The key data releases in the coming week that could influence the direction of equity markets will be: **RICS House Price Index (Tues)**- the last two readings for UK house prices have been positive. Further sign of improvement will be welcome; **US Wholesale Inventories (Tues)**- any signs of re-stocking of inventory would be sign of better demand emerging; **US Retail Sales**- after two weak readings previously, a strong number would help allay fears of a consumer slowdown.

TRADING IDEAS, EARNINGS & PREVIEWS

DCC

Price: €15.33
P/E: 9.8x
Div: 4.1%
Target: €21.70
Buy

DCC is one of our top equity picks amongst the ISEQ constituents. Currently trading at just over 10x current year earnings, we see substantial upside, despite its recent strong performance. DCC has a diverse business mix that is in our view, under appreciated by the market. DCC's recent financial results were particularly strong, with the company growing earnings, despite very difficult operating conditions. In addition the company released the outcome of its strategy review. DCC has elected not to pursue material divestments, given the current low pricing for assets in the market. DCC Energy which contributes over half of the groups operating profit is broadening its geographic profile with the recent acquisition of Shell's oil distribution business in Denmark. This opens up new opportunities for a business that has shown very strong returns on capital over a number of years. DCC Sercom is also performing robustly, despite a weak economic environment. While some parts of DCC's business are facing headwinds, we are confident that management will deliver on its goal of earnings that are broadly in-line with previous years, on a constant currency basis. Due to DCC's large exposure to its operations in the UK, moves in Sterling exchange rates can have a significant effect on earnings. DCC would benefit from a stronger British pound. We are increasing our price target on DCC to €21.70, which is based on a multiple of 14x our current year expected earnings of €1.55.

Kerry Group

Price: €15.90
P/E: 10x
Div: 1.5%
Target: €19.90
Buy

Kerry Group has recovered from recent lows experienced after the IMS released at the AGM in May. In the recent up-date trading volumes are weaker than what they anticipated and on a like-for like basis (LFL) revenues have fallen by 3.5% year to date. Despite this, group trading margins increased by 40bps over the same period helped by restructuring and efficiency programmes. The group has achieved higher margins during a period of high commodity prices and a weak consumer. Trading volumes in both Food & Ingredients and Consumer Foods have both fallen, but margins increased in both areas. The diversity of its product range and its geographic presence are reasons for the strength of Kerry Group. The addition of Breeo Foods will add to the product range of the group and gives it significant presence in the chilled cabinet in Irish shops. The recent re-financing of debt facilities by the group could be in preparation for opportune acquisitions of weaker competitors. We believe the appreciation of GBP against the EUR since March will not reverse over the course of the year and with 55% of the group's food business denominated in GBP, this will be a significant positive for the group. Earnings guidance is in a range of 160-165c and was reiterated recently by management. We believe it will be at the higher end of this range and reiterate our price target of €19.90. The group will release interim results on the 25th of August.

CRH

Price: €16.91
P/E: 12x
Div: 3.8%
Target: €19.00
Buy

CRH recently issued a trading statement for the first four months of the year. The group pointed out that trading conditions had been extremely challenging impacted by weak economic activity and poor weather conditions. As a result EPS estimates for CRH for 2009 have declined by 5% to €1.30. On a long-term view we continue to like CRH as a strong recovery play and it will benefit from the stimulus infrastructure projects that are about to commence in the US. However, given the stock is currently trading at 14x 2009 earnings with no growth expected this year and 2010, we expect many of its markets will remain under pressure for the foreseeable future. We would be trading buyers of the stock at c. €16.00 which would place the group at 12x 2009 earnings. CRH will issue a further trading statement on July 7th.

Vodafone

Price: 112p
P/E: 8x
Div: 6.5%
Target: 150p
Buy

Shares in Vodafone continue to underperform the market due to some negative sentiment towards the company. While we do acknowledge that in the short-term the group's share price may not outperform we view the weakness as an excellent opportunity to build up a long-term position in the company. Vodafone reported full year results and provided guidance for its fiscal year 2010. Full year 2009 results broadly came in slightly ahead of expectations. In relation to 2010 the company guided free cash flow of £6.0bn - £6.5bn (2009 result £5.7bn) and for operating profit of £11bn -£11.8bn (2009 £11.8bn). Despite the solid guidance in the current environment we believe that shares in Vodafone were harshly treated falling by 9% on the back of concerns relating to the group's margin performance. However the company did indicate it expects margins to stabilise next year. While we are obviously disappointed by the falling share price we believe that the fundamentals of the company remain in tact. The company continues to focus on cost savings initiatives and is ahead of schedule in relation to its current £1bn cost savings program. We believe that the company's valuation at 7.8x forward earnings and EV/EBITDA of c. 6x with a return on equity of c. 10% to be compelling and are happy to maintain our buy recommendation on the stock.

IN&M

Price: €0.26
P/E: 3.8x
Target: €0.45
Speculative Buy

Independent News & Media (INM) held a conference call for bond holders on Friday. The company continues to put up a fight with bondholders threatening that if restructuring was to go through the courts all stakeholders will lose out. The company has put forward a revised proposal to bondholders broadly based on the original proposal last week without providing any further details on the conference call. Bondholders continue to remain displeased that the 2% increase in coupon payment they would receive is not compensation enough for the risk that they are taking are receiving. With the extended deadline of June 26th approaching quickly, negotiations are a critical stage at the moment. We believe that the company will eventually come to an agreement with bondholders which possibly be in the form of a debt to equity swap. We rate INM as a speculative buy

Earnings Week Ahead

Mon: Air France (Traffic), Air Berlin (Traffic), UBC Media Grp (Prelim).
Tues: Pall Corp(Q3),Finnair(Traffic),IG Group(Trade), Oxford Instruments(Prelim).
 Latchways(Prelim), Iberia (Traffic), EDF (S/holders).
Wed: Aminex (S/holders), Halfords (Prelim),PZ Cussons(Trade),Iberdrola (Sholders)
 Antofagasta(AGM), Soco International(AGM), Brown Forman (Q4).
Thurs:ESI Group (Q1), Home Retail(Trade), Premier Farnell (Q1),
 France Telecom(Sholders),National Semiconductor(Q4),Del MonteFoods(Q4).
Fri: Independent News & Media (Sholders).

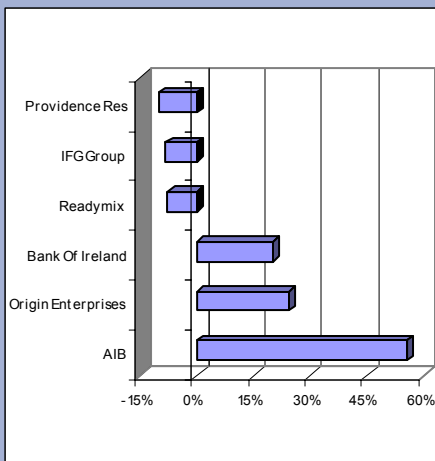
Economic Week Ahead

Mon: Sentix Investor Confid(09:30), Ger Factory Orders(11:00).
Tues: UK RICS Hse PriceBal(00:01), GerTrade Bal(07:00),Ger Imports/Exports(07:00)
 DCLG UK Hse Prices(09:30),Ger Ind. Production (11:00),
 US Wholesale Inventories (15:00), US ABC Consumer Confid(22:00).
Wed: Ger CPI(07:00),UK Total Trade Bal&Industrial Prod(09:30),US Trade Bal(13:00)
 US MBA Mgage Apps(12:00), US Mthly Budget & Beige Book(19:00).
Thurs: ECB Mthly Report(09:00),US Advance Retail Sales& Jobless Claims(13:30),
 US Business Inventories (15:00).
Fri: EU Ind. Prod(10:00), US Import Price Index, Uni Michigan Confid (15:00).

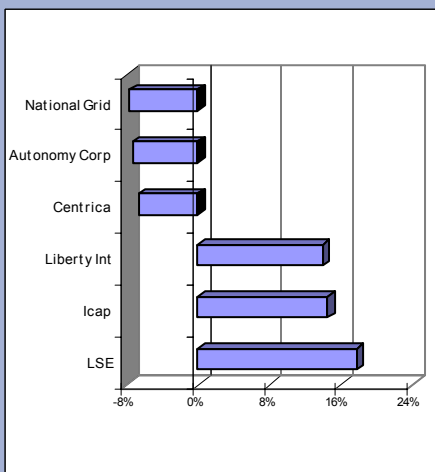
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
01/06/09-05/06/09

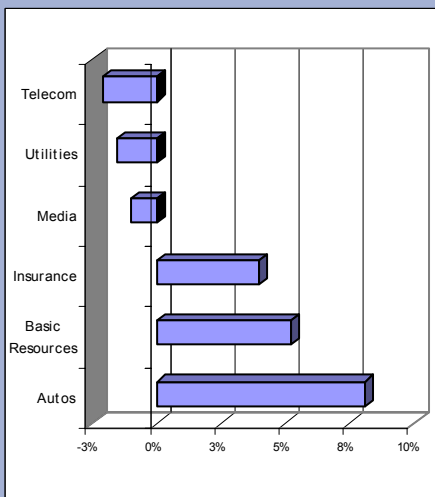
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	-2.2%	Lion capital sells its 4 million shares of Aryzta
BP	-0.4%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	-2.6%	Trading update indicates conditions remain challenging
DCC	53.5%	Game group results point to continued resilience in computer game market
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	-2.3%	Peer Intel posts better than expected Q1 results.
IL&P	124.4%	Speculation surrounding restructuring of the group persist.
IN&M	-34.4%	Awaiting details on bond refinancing
J&J	-7.1%	J&J reports resilient Q1 earnings.
JPMorgan	12.4%	JPMorgan successfully issues \$3bn non-government guaranteed bond at T+350bps.
Microsoft	13.5%	Micosoft will deliver \$1.5bn annual saving by the middle of 2010 through 5000 headcount reduction.
Vodafone	-19.0%	Vodafone posts results in line with expectations

What it says in the 'Sundays'

Company	Paper	Headline
Irish Economy	S.Bus Post	Black day for Fianna Fáil
Ryanair	S.Bus Post	Ryanair 'besieged' to pick up slack from other operators
Anglo Irish	S. Tribune	Anglo Irish Bank considers selling off its British commercial property loan book
Aer Lingus	S.Times	Aer Lingus's wings clipped by stae legacy
BA	S.Times	BA pilots face pay cut

Corporate Visits

COMPANY

PRESENTATION DATE

Paddy Power 10th June



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	2,932	9.6%	25.2%	2.8	13.9
FTSE	4,439	-0.5%	0.1%	4.8	29.7
DAX	5,077	3.3%	5.6%	4.3	26.7
OW	8,763	2.2%	-0.1%	3.4	21.7
500	940	1.2%	4.1%	2.9	14.8
NAS	1,849	6.3%	17.3%	1.0	28.2
EUROTO	2,146	1.7%	3.0%	4.6	13.7
NIKKEI	9,768	3.6%	10.2%	2.0	73.8

Sector	Weekly move%	YTD move %
Autos	8.19	13.66
Basic Resources	5.21	50.68
Insurance	4.01	-3.60
Industrials	3.16	10.09
Financial Services	2.86	18.46
Chemicals	2.83	11.13
Oil & Gas	2.62	14.53
Construction & Materials	2.26	9.01
Personal & Household Goods	1.13	6.66
Food&Bev	1.06	-0.06
Retail	0.99	15.26
Travel & Leisure	0.52	5.59
Technology	0.23	12.50
Healthcare	-0.07	-8.62
Banks	-0.21	21.00
Media	-1.00	-2.04
Utilities	-1.51	-10.12
Telecom	-2.08	-11.46

Commodities

	Current	Change YTD
Crude	67.48	24.23%
Gold	948.71	7.8%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR USD	1.384	-1.4%	1.40
EUR GBP	0.872	-8.7%	0.93
EUR JPY	136.51	7.1%	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%	1.28%	1.00%
UK	0.50%	1.25%	0.50%
US	0.00% - 0.25%	0.65%	0.0% - 0.25%



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