



Equity markets continued their miserable run for the year with declines of 6% plus being recorded last week as the economic and corporate outlook continued to deteriorate. While the economic data releases did not surprise to the downside, equally the data did little to suggest that the prospects for a recovery in global growth were improving. The weakest link in the economic newsflow continued to be the jobs data with unemployment across all major economies continuing to increase at a steady pace, thereby undermining the potential for a consumer-driven recovery. The tone in equity markets was not helped by further weakness in the banking system, while the latest area of concern for investors was the insurance sector as weak equity and bond markets raised concerns about the sectors solvency levels. Equity markets continue to seek direction from the authorities who continue to act in a unilateral basis on the banking issue. The US in particular is under the spotlight as the Obama administration continues to demonstrate a lack of leadership over the issue. The coming week is relatively light on economic data releases, so the main focus for equity markets will continue to be the banking and insurance sectors and in particular the US auto sector and GE which continues to attempt to reassure markets that its finance arm is solvent. So long as these and the broader issues concerning the banking sector persist, equity markets will remain susceptible to further weakness.

TRADING IDEAS, EARNINGS & PREVIEWS

UK Financials

Over the weekend, Lloyds Banking Group announced it has agreed terms with the UK government on its involvement in the Asset Protection Scheme (APS). As part of the agreement, Lloyds will convert £4bn of its preference shares in ordinary equity through an open offer and placing. The offer will be priced at 38.43p per share and if the UK government take all the shares, their stake in the bank moves from 43% to 65%. Under the APS, Lloyds will move £250bn of assets into the scheme and will retain the first loss of 10% on them with any losses above this amount shared between the bank and the government. The majority of the assets will come from HBOS at 83% with 58% of the total assets from corporate and commercial loans. The fee will be £15.6bn or 6.24% of the assets covered. This will be paid for by the issuance of B-class shares similar to the recent deal with RBS. The shares can be converted into ordinary shares at 115p and are mandatorily convertible if Lloyd's shares trade for 20-days in any 30-day trading period equal to or above 150p. If the B shares are converted into ordinary shares by the UK government and the government takes up all of the ordinary share issue to repay the preference shares, their holding will increase to 77%. As part of the deal, the bank has agreed set targets to increase lending into certain sectors of the economy.

Capital ratios for the bank will now increase significantly with core tier 1 increasing to 14.5% due to the new B shares and the reduction of Risk Weighted Assets (RWA). The percentage of the loan book included in the deal is higher than RBS and Lloyds seem to have moved all of its problems loans into the scheme to clean the balance sheet. The deal is more expensive than RBS, but the potential dilution is not as high and Lloyds can continue to bring forward tax losses.

Tullow Oil

Price: 780p
P/E: 31x
Div: 0.8%
Target: 900p
Buy

Tullow will release full year results on Wednesday. The company previously guided on operational performance including production back in January. As a result the focus for the market will be an update progress on the development for Ugandan discoveries, and further details on drilling in Ghana. Following the commitment to a commercialisation of assets in Uganda, further details on development, as well as an update on the drilling schedule in the area, especially Ngassa, could be significant. This morning Tullow has confirmed the completion of its \$2bn loan facility with a number of leading banks. The company also announced a successful drilling result from the Tweneboa prospect. Initial testing was positive, with 21m of oil located. Further appraisal testing will be required to ascertain the extent of the discovery.

Ryanair

Price: €2.86
P/E: 12x
Target: €3.65

Fundamental View: Despite a difficult operating environment, we expect Ryanair to report strong operating performance for the year ending March 2010. As the lowest fixed cost operator in a price sensitive consumer environment, Ryanair has a huge advantage over its peers. Ryanair came under pressure in 2008 as a result of the spike in energy prices, and Ryanair's failure to hedge. For the coming year, Ryanair has hedged 75% of Q1 & Q2, and 50% of Q3 fuel requirements at \$65 a barrel. This is significantly lower than hedging levels for the bulk of its peers. As a result Ryanair will enjoy a further significant advantage in the coming year. Traffic figures out this week showed declining passenger numbers for Ryanair's peers, while Ryanair increased passenger numbers and load factors.

Next Catalyst: Ryanair is currently trading at attractive levels, with key support levels at €2.80 and €2.52. We are happy to initiate trading longs, and fundamental buys at current levels. Peer Aer Lingus releases full year results on Wednesday.

Buy

Anglo American- Cheap on valuation, but not cheap enough to buy, due to poor operational performance, and cost inflation.

Rio Tinto- Management credibility under pressure. Shareholder opposition to Chinalcoa deal remains. A resolution would be a major positive catalyst.

Miners

Xstrata- Success of recent rights issue overshadowed by the purchase of assets from major shareholder Glencar.

Vedanta- Well managed Indian miner with a massive exposure to emerging markets. High reward, but very high risk

BHP Billiton- Our preferred in the sector due to diversity and balance sheet strength.

Kazakhmys- Kazakhstan based copper miner. Potential for huge gains, on renewed demand for copper

Lonmin- South African based Platinum miner. Likely to loss making in the current year.

C&C

Price: €1.15
P/E: 4.3x
Target: €1.60

Fundamental View: Following on from the trading statement and strategy update from new management, we have seen a significant uplift in stock price. The trading statement contained few surprises, with revenue down 13%, and adjusted operating profit of €90m. The company is introducing a new pear cider this month, which could potentially consist of 20-30% of total cider volumes.

As predicted, the company reduced its dividend further. C&C will pay a full year dividend of €0.09 for 2008, and target €0.06 in 2009. This is an attractive yield, but given the numerous revisions to this dividend, we would caution against buying C&C stock for the dividend only.

Next Catalyst: The coverage of C&C following from the results has led to a strong rally in the share price with C&C trading up 20% on the week. Technically, the stock is back in the €1.05-1.40 trading range. However, given the scope of the moves in the last week, plus the lack of near term positive catalysts, stock may struggle to move higher from here in the short term.

Buy

Oil ETC's

Buy

For clients interested in taking position in commodity markets, ETC's offer an attractive alternative to futures, as they do not need to be rolled from month to month and the availability of smaller trades (min size is one share). ETC's aim to track commodity moves by taking passive futures positions and depositing cash. For oil, there are numerous ETC's available, including long, short, leveraged, and contracts based on forward futures. Price moves in ETC's are affected by 3 variables.

1. Moves in the spot price of crude oil 2. Deposit interest on cash 3. Roll yield. This is the affect of rolling from one futures contract to another as they expire and can be negative when the futures curve is in contango. (Longer dated prices higher than current prices) Oil futures are currently in contango.

BMW & Daimler

Over the last year we have recommended selling shares in European automakers with BMW and Daimler being our top short picks. Today we are recommending closing short positions in both stocks on the back of press speculation that both companies are considering a tie up which would see them jointly purchase parts and materials at cheaper prices. The report also suggests that both companies have discussed taking 7 percent stakes in each other. With potential corporate activity on the cards we are taking both companies off our sell list.

Earnings Week Ahead

Mon: Aryzta(H1), Continental(Q4), Bovis Homes(Prelim), BRIT Insurance(Prelim)

Cookson(Prelim), Finnair (Traffic), Land Securities (S/holders)

Tues: ESI Group(Sales), E.ON (Final), Audi (Q4), Close Bros(Interim),

Antofagasta (Prelim), Soco International(Prelim).

Wed: AerLingus(Prelim), Tullow Oil(Final), D.Lufthansa(Q4), Savills(Prelim),

Pall Corp(Q2), Nat. Semiconductor(Q3), Staples(Q4), Bulgari(Q4).

Thurs: Volkswagen(Q4), Iberia(Traffic), Morrisons(Prelim), Standard Life(Prelim)

Aeroports de Paris (Final), Carrefour (Q4).

Fri: ENI SpA (Final), JD Weatherspoon (Interim), SAS (AGM).

Economic Week Ahead

Mon: EU Sentix Investor Conf. (09:30).

Tues: UK RICS House Price Balance(00:01), Ger Trade Bal & CPI(07:00), Ger Current A/C & Ger Imports & Exports (07:00), UK Ind. Prod(09:30), US Wholesale Inventories(14:00), US ABC Consumer Confid (21:00).

Wed: UK Total Trade Balance(09:30), Ger Factory Orders(11:00), UK MBA M'gage Apps (11:00).

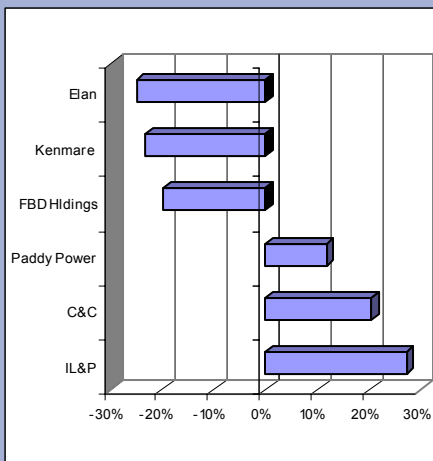
Thurs: ECB Monthly Report(09:00), EU Ind Prod (10:00), Ger Ind Prod(11:00), US Advance Retail Sales (12:30), US Business Inventories (14:00).

Fri: EU Labour Costs (10:00), US Trade Bal & Import Price Index(12:30), US Uni Michigan Confidence (14:00).

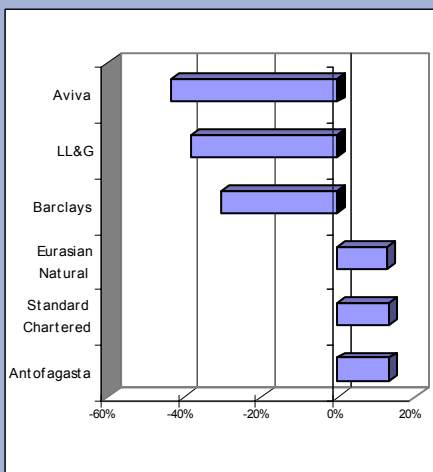
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/
Worst Performers
02/03/09-06/03/09

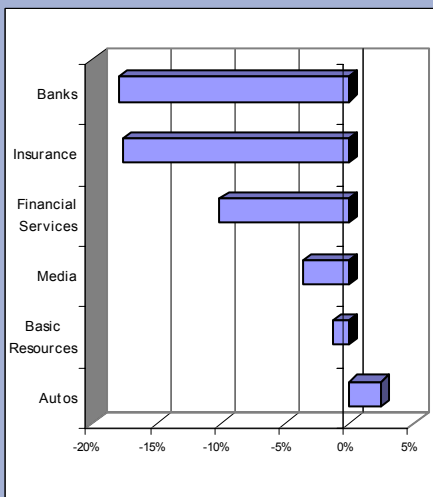
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	-29.3%	Aryzta reports half year results ahead of market expectations.
BP	-21.1%	BP indicate it will continue to invest in future production and pay dividends despite falling oil price.
CRH	-21.2%	CRH announce a 2 for 7 rights issue in conjunction with its full year results.
E.ON	-28.7%	E.On says it is looking to buy back €4.25bn of bonds to make more efficient use of cash.
Hewlett-Packard	-28.0%	HP reports first quarter net income slightly below expectations.
IL&P	-49.0%	Negative sentiment towards the Irish economy persist.
IN&M	-70.2%	Concerns over its ability to pay down its debt.
J&J	-20.4%	Johnson & Johnson reports fourth quarter earnings of \$2.71bn, compared with \$2.37bn a year earlier.
JPMorgan	-51.3%	Goldman Sachs adds JP Morgan to conviction buy list.
Microsoft	-22.4%	Microsoft discloses its plans for marketing its next generation windows operating system.
Paddy Power	-8.5%	Paddy Power reports a better than expected set of full year results.
Vodafone	-15.1%	Peer Deutsche Telekom reports fourth quarter loss.

What it says in the 'Sundays'

Company	Paper	Headline
Bank of Ireland	S.Tribune	Goggin to hang around until 2010 despite plans for a summer exit
Irish Economy	S.Tribune	Moody's questions State plans on home seizures
IN&M	S. Buss Post	Independent granted banks charge over three key titles
Vodafone	S.Times	Buy - cost cutting should maintain margins
CRH	S.Times	Well supported rights issue a reward for its conservatism

Corporate Visits

COMPANY

PRESENTATION DATE

Irish Life & Permanent	12th March
Kerry Group	11th March



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield	P/E09
ISEQ	1950	-6.0%	-16.8%	6.4%	6.1
FTSE 100	3531	-7.8%	-20.4%	6.0%	14.3
DAX	3666	-4.6%	-23.8%	7.0%	15.0
Dow Jones	6627	-6.2%	-24.5%	4.7%	8.1
S&P 500	683	-7.0%	-24.3%	4.1%	10.2
Nasdaq	1294	-6.1%	-18.0%	1.6%	16.9
EuroStoxx 50	1629	-8.0%	-21.8%	7.5%	11.2
Nikkei 225	7173	-5.2%	-19.0%	3.1%	21.9

Sector	Weekly move%	YTD move %
Autos	2.50	-23.57
Basic Resources	-1.30	-8.50
Media	-3.61	-9.48
Construction & Materials	-3.88	-22.84
Healthcare	-4.73	-15.83
Telecom	-4.79	-11.70
Chemicals	-5.21	-13.55
Utilities	-5.98	-21.47
Technology	-6.00	-16.20
Industrials	-6.10	-16.47
Personal & Household Goods	-6.14	-9.903
Food&Bev	-6.84	-12.87
Oil & Gas	-7.66	-10.86
Travel & Leisure	-7.98	-16.47
Retail	-8.58	-7.153
Financial Services	-10.08	-26.53
Insurance	-17.63	-42.61
Banks	-17.99	-38.85

Commodities

	Current	Change YTD
Crude Oil	\$45.52	2.1%
Gold spot	\$939.35	6.8%

Exchange Rates

	Current	YTD Change	Year End (est)
EUR-USD	1.265	-13.3%	1.40
EUR-GBP	0.898	-6.1%	0.93
EUR-JPY	124.36	-2.4%	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%	1.73%	1.50%
UK	1.0%	1.95%	1.00%
US	0.00% - 0.25%	1.29%	0.0% - 0.25%



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