



We remain positive in our outlook for equity markets following on from the individual statements from the Fed, the Bank of England and the ECB where all indicated interest rates will be lower for longer than previously anticipated. Withdrawal of monetary stimuli is not the same as higher rates and debt markets have generally freed up in recent months so such a withdrawal may not have as adverse an impact as some suggest. Markets shrugged of a US unemployment rate of 10.2% announced on Friday. Warren Buffett's purchase of Burlington Northern for \$34bn highlights the potential for M&A. Results on the week from an international standpoint were positive and the focus for investor must be on those sectors demonstrating earnings growth. The resumption of dollar weakness and commodity strength assisted in the strength of specific sectors. Our preference remains for pharmaceuticals, telecommunications, basic resources, oil and technology companies. This week we are particularly positive on technology stocks, as we have been for the last year, and consider comments from Cisco's CEO John Chamber's that the US is firmly back on track as a major positive. Chambers was one of the first CEO's to warn in relation to the global economic downturn back in 2007. The key results next week for the UK markets will be from Vodafone and Barclays, while in the US, results from general retailers Macys, JCPenny and Nordstrom may give some indication of the outlook for the crucial Thanksgiving holiday sales season and the mindset of the all important US consumer. In Ireland we specifically await CRH's interim management statement.

TRADING IDEAS, EARNINGS & PREVIEWS

CRH

Price: € 17.90
P/E: 15x
Div: 3.6%
Target: €20.30
Buy

CRH is due to issue an interim management statement on Tuesday. Given the disappointing results and outlooks from some of its peers it is likely that CRH may also err on the cautious side. As a result we recommend buying into CRH following the trading statement on any overly negative reaction to the group's share price. Our concerns lie around comments from Lafarge that it does not see a pick up until the second half of 2010, later than it originally expected. In addition, we are also concerned by some of the comments from CRH's peers in the US that indicate projects related to the stimulus package have been slow in coming through. While short-term this is a negative, on the positive side these funds will be allocated and CRH will be a major beneficiary of this. Overall CRH is in a good position given its strong balance sheet when compared to some of its over leveraged peers. We will also be looking for a further update on the group's acquisition strategy.

Intel

Price: \$19.00
P/E: 13x
Div: 3%
Target: \$23
Buy

Technology remains one of our preferred sectors for a number of reasons including; global diversity (with increasing exposure to emerging markets), innovative products and strength of balance sheet. As a result we view the recent pull back in Intel's share price as an excellent buying opportunity. Intel's CEO Paul Otellini has been very realistic over the economic downturn providing reasonable forecasts throughout. At the group's recent third quarter results where earnings and guidance came in well ahead of expectations, Otellini provided further evidence of a further stabilisation in the demand for PCs. In addition, the release of Windows 7 by Microsoft should be also seen as a positive catalyst for the PC market. Microsoft's CEO last week said that sales of Windows 7 had been progressing 'fantastically' well. The next main catalyst for Intel will be when PC makers Dell (19th November) and Hewlett-Packard (23rd November) report earnings results.

Vodafone

Price: 135p
P/E: 9x
Div: 6%
Target: 150p
Buy

Vodafone is due to report interim results on November the 10th. We expect the company to provide evidence of a stabilisation in revenue throughout Europe. We also expect the group's emerging market divisions to have shown further signs growth despite concerns around pricing competition in particular in India. Costs will also be in focus and we expect Vodafone to have maintained its prudent stance of cutting costs to help increase cash flow generation. As a result we expect that Vodafone will at least be able to reiterate its full-year guidance of generating free-cash flow in the region of £6bn-£6.5bn. We also expect Vodafone to signal a 5% increase in its dividend. Shares in Vodafone provide a well covered dividend yield of c. 6%.

Barclays

Price: 340p
P/E: 11x
Div: 2.2%
Target: 415p
Buy

Barclays is due to release an Interim Management Statement (IMS) on Tuesday. In a recent statement the bank guided Q3 PBT is consistent with the levels experienced in the first half of the year. Investment Banking (IB) earnings have continued to be strong with Deutsche Bank and BNP Paribas reporting strong results supported by IB earnings. There is the potential for the restructuring of the group with Corporate Banking moving into BarCap allowing for greater crossover of sales between the two business units. Barclays still trades at a discount to its European peers and is currently at 1.1x estimated 2009 Tangible Net Asset Value (TNAV), with European peers at 1.4-1.5x. The group has avoided Government involvement and has a strong core equity tier 1 of 8.8%. We remain a buyer of Barclays and believe it will deliver an upbeat IMS on Wednesday, a positive catalyst for the share price.

Aviva

Price: 400p
P/E: 6.5x
Div: 6%
Target: 440p
Buy

Aviva released an IMS last week and reported Life & Pensions sales that were weaker than expected. The lower sales were offset by the much stronger capital position of the group than expected. Another positive was the fact new business margins remained constant at 2.1%, highlighting Aviva is not willing to write business just for market share. Embedded Value increased to 520p per share helped by stronger equity markets, lower credit spreads and positive FX moves. Management have guided the outlook for the remainder of the year to be good and we believe this will continue into 2010. The dividend remains well supported and the stock yields 6%. We remain positive on the insurance sector and we are buyers of Aviva due to the discount it is trading at compared to its peers plus the good dividend yield. Updates from peers such as RSA last week were positive and even Munich Re, who missed earnings estimates for Q3 still guided full year profits of between €2.2 to 2.5bn. This would mean a combined ratio of sub 95%. Insurers such as Aviva are strongly correlated to the market and based on our view for stronger equity markets this week, being long Aviva is a good way to play a rally in the market.

GSK

Price: 1225p
P/E: 10x
Div: 5%
Target: 1325p
Buy

GlaxoSmithKline (GSK) recently reported a strong set of third quarter results which saw net profits increase by 30% to £1.34bn, EPS advance to 28.5p from 25.5p a year earlier, while revenue increased by 15% to £6.76bn. This strong, forecast-beating performance, was driven by a strong sales of its swine flu vaccine Relenza, and rounded off a very strong performance from the pharmaceutical sector as a whole. In an environment where improved earnings in other sectors have been largely driven by cost-cutting, the pharmaceutical sector and GSK in particular, have demonstrated an ability to derive increased earnings from top-line growth. With the company taking steps to minimise the impact of generic competition through strategic partnerships in the faster growing emerging markets, concerns about the company's future growth prospects have reduced significantly. At the current price of 1215p the stock trades on 10.5x 2010 earnings and yields 5.3%. This represents excellent value given the positive earnings momentum the sector is currently displaying. The next catalyst for GSK is the upcoming phase 3 approval for its Lupus drug. The recent weakness in the share price provides investors with an excellent entry level with a potential 9% upside to our 12 month price target of 1325p. We re-iterate our Buy recommendation on GSK.

Earnings Week Ahead

Mon: Finnair(Traffic),Veolia Environment(Q3),Allianz(Q3),Dyckerhoff(Q3), Inmarsat(Q3),PUMA(Q3),Fluor Corp(Q3).
Tues: Credit Agricole(Q3),Theoila(Q3),Lufthansa(Traffic),CRH(Trade),DCC(Int), Mclnerney(Trade),Unicredit(Q3),Barclays(Q3),Vodafone(Int),IHG(Q3), Imperial Tobacco(Prelim), MBIA(Q3), Progressive Corp(Q3).
Wed: E.On(Q3),Hypo Real Estate(Q3),Smurfit Kappa(Q3),ING(Q3),Holcim(Q3), Sainsbury(Int),Applied Materials(Q4),Macys(Q3),Walt Disney(Q4).
Thurs:Anheuser-Busch(Q3),EDF(Q3),Vallourec(Q3),Vivendi(Q3),Iberia(Q3), Centrica(Trade),3i Group(Int),Aveva(Int),Ladbrokes(Trade),BT Grp(Q2) SIG(Trade),WH Smith(Trade), Wal Mart Stores(Q3),Paddy Power(Int).
Fri: Dexia(Q3),KBC Groep(Q3),Bauer(Q3),JC Penney(Q3),IN&M (EGM).

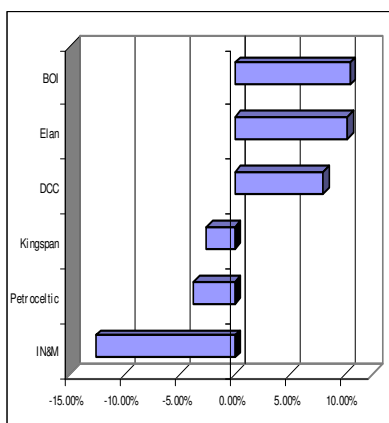
Economic Week Ahead

Mon: Ger Trade Bal, Current A/C, Imports&Exports(07:00),Ger Ind.Production(11:00)
Tues:RICS UK Hse Price(00:01),Ger CPI(07:00), Ger&EU ZEW Survey(10:00), UK Total Trade Bal(09:30), US ABC Consumer Confidence(22:00).
Wed:UK Jobless Claims Change(09:30), UK ILO Unemployment(09:30).
Thurs:ECB Mthly Report(09:00),EU Ind.Prod(10:00),US MBA M'gagge Apps(12:00), US Jobless Claims(13:30), US Mthly Budget Statement(19:00).
Fri: Ger GDP(07:00),EU CPI & GDP(10:00), US Trade Balance (13:30), US Import Price Index(13:30), US Uni Michigan Confidence(15:00).

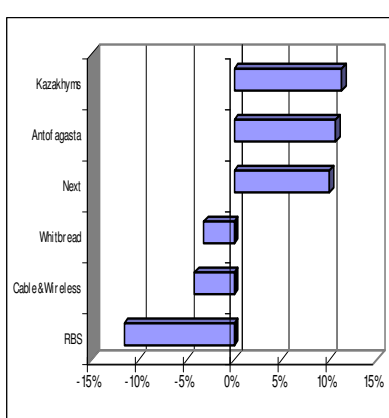
DOLMEN STOCKBROKERS Traders Update

Last Weeks Best/ Worst Performers

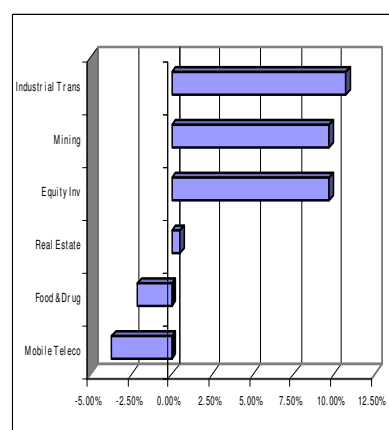
ISEQ



FTSE



Sector changes WTD



Dolmen Dozen

WEEKLY UPDATE



Company	YTD	Relevant news
Aryzta	15.4%	UBS raises Aryzta price target by 8%
BP	11.7%	BP reports better than expected Q3 results due to strong up stream performance and a drop unit cost
CRH	8.63%	Peer Cemex predicts drop in cement shipments
DCC	89.9%	Positive gaming read-through from Microsoft results
E.ON	-7.1%	HSBC raises the stock to overweight from underweight
Hewlett-Packard	35.5%	Q3 results slightly ahead of consensus estimates
IL&P	221.6%	Indo reports mutuals start talks without Irish Life
IN&M	-54.9%	Sees a stabilisation in ad revenues
J&J	0.79%	Q3 results inline with expectations
JPMorgan	37.9%	Q3 Fixed income commodity and currencies trading outperforms
Microsoft	46.7%	Report blockbuster Q3 results

What it says in the 'Sundays'

Company	Paper	Headline
UK Financials	FT Weekend	Kraft set for hostile move on Cadbury
Irish Nationwide	Sunday Tribune	Nationwide risk running out of capital reserves
Bol	S. Business Post	Bol makes loss of €343 million on assets sale
AIB	S. Business Post	O'Connor to take control at AIB
UK Economy	S. Telegraph	Geithner slaps down Brown's "global tax"

Corporate Visits

COMPANY

PRESENTATION DATE

Bank of Ireland

6th of October



Last Weeks Moves

Equities	Level	Change WTD	Change YTD	Div Yield
ISEQ	2,971	3.6%	22.4%	1.8
FTSE	5,142	1.9%	13.8%	3.7
DAX	5,488	1.3%	12.6%	3.9
DOW	10,023	3.2%	10.7%	2.9
S&P	1,069	3.2%	14.7%	2.4
NASDAQ	2,112	3.3%	29.7%	0.9
EUROSTOXX	2,782	2.1%	15.6%	3.9
NIKKEI	10,035	-2.5%	13.3%	1.6

Sector	Weekly move%	YTD move %
Basic Resources	2.55	77.03
Banks	1.39	51.83
Retail	1.04	30.88
Industrials	1.20	30.83
Chemicals	1.23	28.86
Personal & Household Goods	0.87	28.34
Construction & Materials	1.26	28.32
Financial Services	1.52	27.69
Food&Bev	0.68	22.50
Oil & Gas	1.31	20.45
Technology	0.99	17.59
Autos	0.95	16.81
Insurance	2.31	12.12
Media	0.89	11.92
Travel & Leisure	0.99	9.76
Telecom	0.83	8.27
Healthcare	1.15	4.92
Utilities	1.13	-6.08

Commodities

	Current	Change YTD
Crude	76.00	72.6%
Gold	1105	18.9%

Exchange Rates

	Current	YTD Change	Year End (est)
eur usd	1.495	0.9%	1.40
eur gbp	0.895	-6.4%	0.85
eurjpy	134	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%



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