

From: [REDACTED]
Sent: Wed 9/24/2014 9:53:26 AM
Subject: Early Tour 9.24.14

Good Morning ... European Markets mixed +/- 50 bps (Russia +1.04%, Greece -1.02%) ... NKY -0.24%, SHCOMP +1.47%, HSI +0.37%, KOSPI +0.33%, TWSE +0.15%, ASX -0.74%

EUR 1.2847 (unch) JPY 108.58 (+0.28%) EUR/JPY 139.49 (-0.29%) AUD +0.37% NZD +0.25% RUB +0.60% US 10yr 2.533%

Futures: Dow +20, Nasdaq +6, S&P +3 DXY \$84.69 (+3c) Crude \$91.52 (-3c) Gold \$1224.00 (+\$2.00) Copper +0.03% Silver -0.47% Nat Gas +0.52%

Asia was mixed overnight with China A-Shares the clear outperformer. Brokers led gains on local press reports that the Shanghai-Hong Kong connect pilot program may include over 50 brokers while other reports highlighted retail investors opened 2171 accounts during the week. Rails also rallied after Li Keqiang said China wants to participate in Russia's high-speed rail development as well as their current rail network. Japan was lower as it came back online following yesterday's holiday and the Yen strengthened back to the mid-108 levels. Softbank (-3.5%) continues to weigh following the Alibaba IPO. Australia underperformed with banks leading declines on concerns of regulatory changes after the RBA said it might take additional steps to tighten bank lending. European markets opened heavy again following the ugly US close yesterday (very big S&P futures volume in the last 10min of trading yesterday), but have since rallied and now mixed on the session. Greece underperforms -1.02% as its 10yr spread is widening out. Germany's IFO Business Climate Index sees its 5th consecutive decline to 104.7 in September (est 105.8 and prior 106.3). Very little single-stock news flow today. TNT Express -11.2% after scrapping its 2015 guidance. And Bed Bath & Beyond +7.0% after the close on better numbers. SPA's +3 handles = 1975.30 last.

MBA Mortgage Applications @ 7am, New Home Sales @ 10am

ACN,PAYX,KBH reporting pre-open / JBL,FUL,WOR #'s after close

- Bed Bath & Beyond topped estimates as eps/comps/profit & sales higher (trading +7.0%)
- Starbucks to buy remainder 60.5% stake of its Japanese operations for ~\$913.5M
- GrafTech Intl cut 2014 Ebitda, operating cash flow & capex (new restructuring) (trading -23%)
- Steelcase profit rose in Q2 on higher revenues in the Americas (eps view below) (trading higher)
- AAR Corp earnings light (eps/revs missed) & guidance below ests (trading -3.5%)

- KCG to cut workforce by 4% sees completion by early Oct (had 1,229 employees at yr end)
- The SEC is investigating whether returns were artificially inflated for an ETF at PIMCO ([WSJ](#))
- Maple Leaf Foods (MFI CN): activist holder West Face Capital out of the name ([Globe & Mail](#))
- TNT Express overall conditions in Europe have deteriorated, scraps 2015 guidance (trading -11.2%)
- Adecco sales +5.0% organically in July/Aug, Sep seasonal pick up slightly weaker (trading -3.6%)
- United Utilities (UU/ LN) trading statement inline with company 6-month expectations (trading +0.98%)
- RBS: Citizens Financial Group IPO in the US priced below the range at \$21.50/share (trading -0.78%)
- Building Materials/Construction: U.S. ABI index dipped to 53.0 in August from 55.8 in July

Leading European Sectors: Oil & Gas +0.50%, Telco +0.48%, Healthcare +0.38%
Lagging European Sectors: Media -0.56%, Autos/Parts -0.51%, Construction -0.46%

Secondaries (announced/priced): SDLP, GLOP, MMLP, LAND, NVGS, EVHC, SCTY (convert), BGEO LN

IPO's: Citizens Financial Group (CFG) priced @ \$21.50/share (below range), Smart & Final (SFS) priced @ \$12/share, CyberArk (CYBR) priced @ \$16/share, Medley Management (MDLY) priced @ \$18/share, Rocket Internet price range set €35.50-€42.50 (books covered within range), XXL NO books covered within range (books close Oct 7)

US Key Research:

- B. Riley initiates FARM (buy), CS initiates RNA (neut) and SRPT (op), Brean initiates WGBS (buy)
- GS downgrades MDVN/ASNA & upgrades SAGE/WX (buy), Exane initiates ALV (op)
- Citi initiates STT (buy) and BK/NTRS (neut), JPM upgrades MRVL, JPM downgrades MS
- Piper initiates CLGX/FNF/RLGY (ow) & FAF/FNFV (neut), MS upgrades RIO, UBS downgrades ERIC
- Wells downgrades TRS & initiates HP/NBR/PTEN (op) and CAM/FTI/NOV/PNG (mp)

- Wells assumes BHI/CJES/HAL/SLB (op) and ESV/HERO/NE/RDC/WFT (mp) and DO/RIG/TDW (up)
- Topeka initiates IMS (buy), William Blair upgrades FCN

Europe Key Research:

- MS upgrades RIO LN, Exane downgrades EKTAB SS, Kepler initiates NHY NO (b) & SIK VX (reduce)
- Commerzbank upgrades MRK GY, Barclays strategy downgrades EM & upgrades Japan, Natixis downgrades IAM FP
- Barclays reinstates ELPE GA (ew), Berenberg downgrades TATE LN, BofA remains cautious Greek Banks
- UBS upgrades TATE LN & downgrades ERICB SS, JPM downgrades TATE LN & THR BB, Jefferies downgrades UNA NA
- UBS adds FRES LN to most preferred list & removes POLY LN from least preferred list, DB downgrades OGKE RX
- Citi downgrades RMV LN, Exane initiates ALIV SS (op), Bernstein upgrades REL LN, Macquarie downgrades TSCO LN
- Davy upgrades WOS LN, Beka upgrades EBRO SM, Equinet downgrades VIH GY, Citi initiates ZPLA LN (n)
- Canaccord upgrades AKSO NO, Citi upgrades JPR LN & TNI LN and resumes COB LN (n), LBBW downgrades ASML NA
- Macquarie upgrades NYR BB, Oddo upgrades ALPHY FP, Warburg initiates INH GR (buy), SocGen downgrades TATE LN

Reporting Pre-Open: ACN, PAYX, KBH, GAGA, TENX, MTN

Reporting Post-Close: JBL, FUL, WOR

Economic Data: MBA Mortgages @ 7am, New Home Sales @ 10am

DOE energy inventories @ 10:30am, Treasury auction in 5yr notes @ 1pm (\$35B)

Fed Speakers: Mester @ 12:15pm (Cleveland), Evans @ 1pm (Washington)

Conferences: CS Global Steel & Mining (London), Baader Investment Conference (Munich), GS/Berenberg German conference (Munich)

Analyst/Investor Days: MDCO, BRCD, ACTA, CBB, NWL

Non-Deal Roadshows: ABCO, ACI, ADS, ALQA, ALSN, AMC, ARRS, ATHN, BC, BLOX, CEMP, CME, CONE, CRNCY, CYBX, DVN, EARS, EEFT, EGLT, ELLI, ENDP, RCFS, FNSR, GGG, HIBB, HILL, HQY, INAP, IPCM, KNX, MET, MOVE, MPW, MSCC, OREX, OSUR, PTCT, PWR, RIBT, RXDX, SAGE, SKUL, SOL, TXN, UA, WYY, ZSPH, CCRN

Shareholder Meetings: WFT, SNYR, CMSB

Equity/Mixed Shelves: N/A

Other Newspaper Articles & Stories

WSJ cautious: Freddie Mac (FMCC), Fannie Mae (FNMA) [WSJ](#)

- U.S. Reports Significant Damage in Syria Strikes [WSJ](#)
- Pimco ETF Draws Probe by SEC [WSJ](#)
- Treasury-Bill Yield Tips Into Negative Territory [WSJ](#)
- Citizens Financial IPO Prices Under Range [WSJ](#)
- Websites Are Wary of Facebook Tracking [WSJ](#)
- In the Philippines, a Dream of Green City [WSJ](#)
- In Germany, Amazon Keeps Unions at Bay [WSJ](#)
- Can Jack Lew Add? [WSJ](#)

- U.S. Is Behind Most ISIS Strikes, Military Officials Say [NYT](#)
- For High School Football Coaches and Fans, a New Digital Blitz [NYT](#)
- Hedge Funds Are Still Finding Love, Just Not at Calpers [NYT](#)
- SEC probes Pimco ETF over pricing irregularities [FT](#)
- US says attacks on Isis could last years [FT](#)
- Miliband vows to tap the 'privileged few' for £2.5bn boost to NHS funds [FT](#)
- India over the moon after Mars satellite success [FT](#)
- David Cameron says Queen 'purred' at Scottish referendum result [FT](#)
- Sarkozy, President Bling-Bling of France, heeds a nation's call [FT](#)
- Commodities: Cereal excess [FT](#)
- Curbs on tax inversions fail to convince [FT](#)
- Ebola cases could hit 1.4m by January, say researchers [FT](#)
- No hard landing yet in China [FT](#)
- Barack Obama's halfhearted swipe at tax inversion [FT](#)
- Mobile gaming: missing the jackpot [Lex](#)
- Yara/CF Industries: reap what you sow [Lex](#)
- Philips: ex uno, plures [Lex](#)
- Tate & Lyle: hard to swallow [Lex](#)
- Recall for MPs on Friday to approve RAF strikes against Isis [The Times](#)
- London tops poll as world's most expensive city [The Times](#)
- Start-ups lack growth needed for sustained recovery [The Times](#)
- We've forgotten one member of the UK family [The Times](#)
- James Moore: Dear George, pay rises are the answer to reducing our deficit [Independent](#)
- James Moore: Don't bet on Congress tackling bad marriages [Independent](#)
- Now's the time to get the public finances in order so the next recession won't hurt as much as the last one [Independent](#)
- More than a quarter of mortgage borrowers at risk if rates rise [Independent](#)

- Statins increase weight and blood sugar and raise diabetes risk, study finds [Telegraph](#)
- Why Labour's Mansion Tax shows that it has lost touch with financial reality [Telegraph](#)
- New Zealand shows the UK how tax cuts can revive our economy [Telegraph](#)
- Germany's Ukip threatens to paralyse eurozone rescue efforts [Telegraph](#)
- Google may face \$6bn EU anti-trust fine [Guardian](#)
- Super funds: banks need results, not arguments over union 'gravy trains' [Guardian](#)
- Insurers and price comparison sites face shake up after car insurance market investigation [CityAM](#)
- Walkers ranch raccoon crisps add flavour to campaign - Brand Index [CityAM](#)
- Labour's misdiagnosis: A larger state is not the way to raise living standards [CityAM](#)
- In charts: Here's what the government's public sector borrowing figures actually mean [CityAM](#)

Key Events This Week

Thursday: Rosh Hashanah holiday today & tomorrow, Kansas City Fed, Aug Durable Goods, Services Flash PMI Sept, Earnings (MU, NKE)

Friday: Q2 GDP, Michigan Consumer Confidence, China Industrial Profits August, Earnings (FINL)

Key Events on the Horizon

Oct 2 – ECB publishing details of ABS purchases

Oct 5 – Brazil presidential election

Oct 6 – T+2 settlement across EEA countries (plus Switzerland) is implemented (trades on Oct 6 settle on Oct 8) (note Spain will not convert until ~ Q4 2015)

Oct – ECB "Comprehensive Assessment" results for European Banks (mid-October)

Oct 29 – FOMC rate announcement (expected to officially announce the end of monthly bond purchases at this meeting)

Nov 4 – US mid-term elections

Nov 9 – Potential referendum on independence in Catalonia (Spanish PM Rajoy will likely try to block vote from happening)

[REDACTED] | 680 Washington Blvd | Stamford, CT 06901 |



This e-mail and any files transmitted with it are confidential and intended only for the person or entity to which it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this e-mail and any attachment(s) is strictly prohibited. If you have received this e-mail in error please immediately notify the sender at 203-302-7300 or by replying to this e-mail and delete the e-mail and any attachment(s) from your system. Nothing herein shall be construed as a financial promotion to any person or persons, or a solicitation or recommendation to buy or sell any security or other investment or to engage in any trading strategy. Information presented is from sources believed to be reliable, but is not guaranteed to be accurate or complete. This information should not be taken as an offer nor as a solicitation of an offer to buy or sell securities or other financial instruments. Email transmission cannot be guaranteed to be secure, timely or

error free. Tourmaline Partners, LLC may review and store both incoming and outgoing messages. Use by other than the intended recipients is prohibited.