

**From:** Ike Groff  
**Sent:** Thur 9/11/2014 9:58:01 AM  
**Subject:** Early Tour 9.11.14

Good Morning ... European Markets mixed +/- 30 bps (Spain -0.43%, Denmark +0.61%, Ireland +0.53%)  
... NKY +0.76%, SHCOMP -0.29%, HSI -0.17%, KOSPI -0.74%, TWSE -0.37%, ASX -0.51%

EUR 1.2928 (+0.08%) JPY 106.97 (-0.10%) EUR/JPY 138.29 (+0.18%) GBP 1.6263 (+0.32%)  
RUB -0.21% NZD -0.54%

US 10yr 2.514% Spain 10yr 2.21% Italy 10yr 2.37% Portugal 10yr 3.18% Germany 10yr  
1.034%

Futures: Dow -32, Nasdaq -6, S&P -4 DXY \$84.20 (-9c) Crude \$91.20 (-47c) Gold \$1246.50  
(+\$1.20) Copper -1.3% Silver -0.51% Nat Gas -0.33%

Asian markets finished mixed with major indices +/-80 bps. Japan outperformed on continued Yen weakness with the currency climbing above the 107 level in the PM session. Australian unemployment in August fell to 6.1% (vs est 6.3% and 6.4% prior) as the number of people employed spiked to 121k vs estimate of +15k. Hong Kong and China are lower after the inflation data came in lighter than expected: China August CPI +2.0% (est +2.2%) & PPI -1.2% (est -1.1%). Korea underperformed after trading resumed for the first time since Friday. The KOSPI gapped down in the closing auction on heavy MOC selling related to quadruple witching. European markets are mixed in choppy trading this morning with volumes tracking about 80% of average. German & French inflation date out this morning inline with expectations. The Survation poll out last night on the Scottish referendum showed the "No" campaign ahead of the "Yes" by 47.6% to 42.4% in contrast to last weekend's YouGov poll. UK bookmaker Betfair says the "No" vote is trading at 80% probability. Meanwhile in Spain, the Catalonia regional president Artur Mas is seizing the moment and says that they are determined to approve a referendum law and that European government will accept the Catalan results in November if the Scots vote "Yes" (Catalonia is ~ 20% of Spanish economy). Obama outlined his strategy to defeat ISIS last evening which included authorizing airstrikes in Syria for the first and sending 475 more military advisers to Iraq although details beyond that were vague (and he tried to reassure the public that these efforts are very different from the ground wars in Iraq & Afghanistan and more like the counter-terrorism campaigns in Somalia & Yemen). Initial jobless claims due out later this morning. SPA's -4 handles = 1990.90 last.

\*\*\*Initial Jobless Claims @ 8:30am, Monthly Budget Statement @ 2pm\*\*\*

- Restoration Hardware eps slightly better but revs miss on 7-week Source Book timing shift (trading - 5.0%)

- Twitter to sell \$1.3B in convertible debt offering in 2 \$650M pieces (5yr & 7yr maturity)
- JDS Uniphase to separate into two public companies after push from Sandell Asset (trading +12.0%)
- Medivation received FDA approval for additional pre-chemo indication for Xtandi (trading +1.5%)
- Ocado solid numbers, Q3 retail sales growth ahead of estimates, reaffirms outlook (trading +4.1%)
- Morrisons underlying profit down, raise DPS +5% to 4.03p, maintained guidance (trading -0.45%)
- Ashmore AUM inline with estimates, PBT light due to FX, outlook cautious (trading -6.2%)
- Next #'s touch shy of ests, no special div announced as expected, guidance unch (trading -1.39%)
- Telefonica mandatory convert announced and delta placing, ests of €550M of stock (trading -2.0%)
- Ziggo: Liberty Global extends Ziggo offer period pending EU approval (trading +0.05%)
- Nokia: press reports that Microsoft will end Nokia/Windows phone branding (trading +1.08%)
- Go-Ahead unit wins UK South Eastern rail contract extension thru June 2018 (trading +0.87%)
- Home Retail Q2 Argos LFL's down but margins slightly up, guidance maintained (trading -6.7%)
- Air France investor day, unit costs to be down, ebitdar growth to be up in 8-10% range (trading +2.8%)
- RBS contingency plans in event of a Scottish 'Yes' including re-domiciling to England (trading +1.3%)
- Gameloft earnings generally inline after the big profit warning at the end of July (trading +2.1%)
- Gazprom Q1 profit falls -41% on fx loss and Ukrainian natural gas debt (OGZD LI trading -0.12%)

**Leading European Sectors:** Trav/Les +0.73%, Insurance +0.51%, Fin Services +0.49%  
**Lagging European Sectors:** Autos/Parts -0.44%, Food/Bev -0.24%, Construction -0.12%

EOPN cuts rev forecast – HFC \$500M buyback – MW eps beat

WTSL eps missed – GOGO T-Mobile pact – FIVE comps missed

**Secondaries (announced/priced):** NBR (block), PVTB, INVE, CYBR, SCL CN, TEF SM (convert), LSE LN rights begin trading (LSEN LN is ticker), NYR BB rights offering

**IPO's:** Virobay (VBAY) files \$50M IPO through Piper Jaffray, JMP Securities, Cantor Fitzgerald and Summer Street, Scatec Solar IPO launches today (SCATEC NO) (price range NOK 28-36)

**US Key Research:**

- Barcap initiates NSM/OCN (ew) & WAC (uw), Canaccord initiates TWTR/YNDX (buy), JMP initiates GMED (op)
- Cowen initiates CPE/GDP/SYRG/PBR/LNR AU (op) & MPO (mp), Mizuho initiates HTA/HR (neut)
- DB initiates ATHL/EGN (buy) & RSPP (hold), DB initiates CBOE/CME (buy) & ICE/NDAQ (hold)
- GS downgrades ESRX & upgrades OCR (buy) & initiates PMC (neut), Jefferies initiates LYV (buy)
- MS upgrades TS (ow) & initiates TEL (ow) and APH/ST (ew), Stifel initiates NES/NAL CN (buy) & GRH (hold)
- PacCrest downgrades EOPN, Roth initiates PANW (buy), Brean initiates JD (buy), B Riley upgrades WTSL
- Sterne Agee initiates EW (buy) and MDT (neut) & downgrades M, RBC upgrades JDSU, JPM upgrades JLL/WCC

**Europe Key Research:**

- Berenberg downgrades SAN FP, Numis initiates LSE LN (hold), Oddo upgrades SW FP, CS upgrades VOD SJ
- Danske upgrades GETIB SS, BofA upgrades CRH ID & SL/ LN, CS positive ITV LN and upgrades TT/ LN
- Peel Hunt upgrades MONY LN, JPM downgrades TLSN SS, GS upgrades TRYG DC, Citi upgrades G IM
- Espirito upgrades (ILD FP, DTE GY, SIE GY), Baader upgrades VOE AV , SNS downgrades HEIA NA
- HSBC downgrades WMH LN, BofA initiates SEPL LN (buy), JPM upgrades ORA FP, DB upgrades KIO SJ
- JPM downgrades DG FP, Berenberg initiates EDEN FP (sell), UBS upgrades MONC IM, MS upgrades DIXY RU
- RBC u/g (ENEL IM & RWE GY) & d/g (CNA LN, EDP PL, ELE SM, TRN IM, ENG SM, GAS SM, VIE FP, NG/ LN)

- MS upgrades NYR BB, Numis upgrades ADM LN & downgrades DLG LN, Macquarie downgrades VIV FP
- ShoreCap downgrades STHR LN, Nomura initiates WDI GY (buy), Macquarie upgrades TIT IM, Canaccord upgrades PGS NO
- ABN upgrades VASTN NA, Liberum initiates BUR LN (buy) & JIL LN (buy), MS upgrades NORD LN & resumes POLY LN (ew)
- Swedbank initiates COMH SS (reduce), Canaccord downgrades ASHM LN, Numis upgrades HFG LN
- MS upgrades BPTY LN, N+1 Singer downgrades RST LN, Westhouse downgrades KAZ LN, CS initiates YAR NO (n)

**Reporting Pre-Open:** KR, FLWS, BRC, XNY, LULU, MBUU, PTSX, RSH, RFIL

**Reporting Post-Close:** CHKE, GNBC, ICD, PCYG, SPKE, ULTA

**Economic Data:** Jobless Claims @ 8:30am, Bloomberg Consumer Comfort @ 9:45am, Monthly Treasury Budget Statement @ 2pm

EIA natural gas storage change @ 10:30am, Treasury auction in 30yr bonds @ 1pm (\$13B)

**Conferences:** DB Tech (NYC), Bofa Real Estate (NYC), GS Communicopia (NYC)

**Conferences:** Bofa Energy (NYC), MS Power & Utility (London), UBS Best of Americas (London)

**Analyst/Investor Days:** NES1V FH, ATR, COO, BBT, TRAK, ABCO, ZU

**Non-Deal Roadshows:** ABB, AMC, BOKF, BRDR, CNX, CR, CRL, CSGP, CY, DAIO, DG, DG, DY, ECL, EIG, FLML, FORM, GCO, HILL, HIVE, IG, INCY, MITL, MMYT, MTSC, MTSI, NDLS, NEOG, NRZ, NS, PCRX, PRAA, PRO, PZG, QTWO, RM, RPTP, RUTH, SIMO, SIRI, STXS, SXCP, TRIB, TSRO, USG, VTNR, VTSS, VVTV, WAGE, WSM, XLRN, XPO

**Shareholder Meetings:** LNG, OXBT, HRB, MCZ

**Equity/Mixed Shelves:** IMMY (\$75M), ARPI (\$1B)

### ***Other Newspaper Articles & Stories***

WSJ positive: Microsoft (MSFT) [WSJ](#)

WSJ negative: Family Dollar (FDO) [WSJ](#)

- Obama Vows to 'Destroy' Militants [WSJ](#)
- President Clears Strikes Within Syria [WSJ](#)
- Currency Markets Start Jumping [WSJ](#)
- SEC Targets Timing of Insiders' Trade Notices [WSJ](#)
- Thank the Fed for That Lower Deficit [WSJ](#)
- Will Stores Warm to Apple Pay? [WSJ](#)
- Culture Clash: Minecraft Fans Fear Microsoft [WSJ](#)
- Ferrari Chairman Quits [WSJ](#)
- Catalan Independence Activists Challenge Government on Vote [WSJ](#)
- Washington Trading Probe Broadens to Hedge Funds [WSJ](#)
- Kerry Meets With Iraqi Leaders on Extremist Threat [WSJ](#)
- Obama Vows Long Effort to Rout Militants [NYT](#)
- Looks to Dispel Fears of Repeating Wars in Iraq and Afghanistan [NYT](#)
- Apple Pay Tries to Solve a Problem That Really Isn't a Problem [NYT](#)
- With New Apple Products, a Privacy Challenge [NYT](#)
- Alibaba Is Bringing Luxury, Fast, to China's Middle Class [NYT](#)
- Scottish independence: New poll eases pressure on No camp [FT](#)
- JPMorgan tells clearers to build bigger buffers [FT](#)
- RBS warns it would relocate to England if Scots vote Yes [FT](#)
- UK wins key EU Commission job of financial services commissioner [FT](#)

- 'Cheesegrater' melts into cluster of City's tall buildings [FT](#)
- Catalonia: Another country [FT](#)
- More to life than liveable cities [FT](#)
- Bitcoin company Coinbase to launch eurozone consumer service [FT](#)
- Luxury goods: on sale [Lex](#)
- Lex in depth: Alibaba [Lex](#)
- Apple: The dials are turning [Lex](#)
- US banks: Relentless regulation [Lex](#)
- French Malaise, From Louis XVI to Hollande [WSJ](#)
- House sales 'at risk' amid legal shortage [The Times](#)
- Serving a success story in a pint glass [The Times](#)
- Cheap oil is price worth paying for Saudis, says bank [The Times](#)
- After Véronique Laury, just what is the City's problem with women? [Independent](#)
- More than a million rush to change bank accounts through easier switching service [Independent](#)
- Digby Jones: Business leader says Britain fails to support struggling companies [Independent](#)
- Only Germany is holding together as separatists threaten to rip Europe apart [Telegraph](#)
- In defence of financial jargon and gobbledeygook [Telegraph](#)
- France to miss EU budget deficit target [Guardian](#)
- Britain's wage crisis can't go on [Guardian](#)
- Fashion entrepreneurs: How to find a factory to make your products [Guardian](#)
- Devo max is a cheap last-gasp offer – but a federal UK may be the happy result [CityAM](#)
- Why there's nothing anti green about airport expansion [CityAM](#)

### **Key Events This Week**

Friday: Business Inventories, Aug Retail Sales, Aug Import Price Index, Michigan Confidence, Bank of Korea rate decision, Kuroda speaks, Eurozone IP July, Earnings (DRI, SABA)

### ***Key Events on the Horizon***

Sep 18 – Scotland's referendum on Independence, Alibaba IPO tentative pricing date (1<sup>st</sup> day of trading Sep 19), TLTRO results

Sep 19 – Euro Stoxx 50 and Stoxx Europe 50 changes on the close (NOK1V FH in, CRH ID out) (PRU LN & BT/A LN in, ERICB SS & TSCO LN out), FTSE 100 changes on close (DLG LN & DC/ LN replacing BDEV LN & REX LN)

Sep 22 – European Banks could get preliminary stress test results starting on this date

Oct 2 – ECB publishing details of ABS purchases

Oct 5 – Brazil presidential election

Oct 6 – T+2 settlement across Europe is implemented (trades on Oct 6 settle on Oct 8)

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

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)

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