

**From:** [REDACTED]  
**Sent:** Thur 5/15/2014 9:51:28 AM  
**Subject:** Early Tour 5.15.14

Good Morning ... European Markets mixed +/- 40 bps (Greece -2.2%, Italy -1.1%) ... NKY -0.75%, HSI +0.66%, SHCOMP -1.12%, KOSPI -0.03%, TWSE +0.06%, ASX +0.26%

EUR 1.3660 (-0.40%) JPY 101.90 (unch) EUR/JPY 139.22 (-0.38%) RUB -0.21% CHF -0.54%  
US 10yr 2.5374%

Futures: **Dow -6, Nasdaq +1, S&P -1** DXY \$80.27 (+19c) Crude \$101.95 (-42c) Gold \$1303.80 (-\$2.10) Copper +0.17% Silver -0.33% Nat Gas -0.46%

Asian indices mostly lower overnight on light turnover. Shanghai underperformed as brokers weighed following reports that new trading account openings hit a 7yr low last week which is on pace for the least amount opened since 2007. Mainland developers also struggled on reports that banks are wary about foreclosure risks associated with first home buyers. Hong Kong, however, rallied for a sixth straight day with notable strength in Tencent (+5.8% and contributing 100+ points to the index) following earnings and 1:5 stock split. The Nikkei was lower although it ended at the best levels with earnings season still in focus and several results-related moves: Credit Saison -12.8%, Taiyo Yuden -7.88%, Sony -6.09%, SMFG -3.01%, and MUFG +1.05% in particular. Japan preliminary Q1 GDP was released ahead of the open and was better than expected (+5.9% vs est +4.2%). Indonesia was closed for a holiday but will re-open tomorrow.

European markets opened higher this morning as the EUR continues to pull back (EUR 1.3667 last -0.35% after ticking up at 1.40 only 5 days ago) as expectations increase for further ECB action. However, like the US yesterday, major indices were faded after the open and are now generally flat to down small on the session. Spanish daily *La Vanguardia* is out saying that the ECB will lower its key rate to 0.10% and take the deposit rate negative to -0.25%. ECB vice president Vito Constancio also spoke in Berlin earlier and reiterated they are "determined to act swiftly if required and do not rule out further monetary policy easing." European preliminary GDP #'s are out and are light across the board with the exception of Germany (see below). Luxury outperforms today led by Richemont +5.0% after it put up strong April sales and noted an improvement in Mainland China over the last 6 months (new buyback as well). Elsewhere in luxury: Tod's numbers were mixed and Moncler reports later today. The MSCI semi-annual review changes were announced last night after the close and will take effect on the close May 30 (all the changes can be found [here](#)). In the US, Cisco +7.0% after hours as it had a solid quarter and guidance with improvements in all key areas. And we will get some more retail & tech earnings today with WMT, KSS, CA reporting before the open and JWN, JCP, AMAT, ADSK numbers due after the close. US 10yr yield is down to 2.5374% and not too far from yesterday's low for the year (there was speculation around yesterday of a large asset allocation trade out of equities into bonds). SPA's -1 handle = 1884.40 last.

\*\*\*Empire Manufacturing / CPI / Jobless Claims @ 8:30am, April IP @ 9:15am\*\*\*

\*\*\*Philadelphia Fed & NAHB Housing Market Index (May) @ 10am, 13F's out \*\*\*

\*\*\*Yellen speaks to US Chamber of Commerce in Washington\*\*\*

- Cisco strong US sales helped beat estimates (gross margins topped) & outlook better (trading +7.0%)
- Vipshop Holdings eps/revs beat expectations & sees Q2 revs \$780-\$790M vs \$684M (trading +6.0%)
- Agilent profit fell 9.6% on charges related to planned spinoff & forecast below ests (trading -2.5%)
- SeaWorld Entertainment Q1 loss wider than ests & revenues missed (attendance off 13%) (trading -3.5%)
- Jack in the Box profit jumped as cut costs to offset slower sales (to pay div 20c/shr) (trading -2.5%)
- Murphy Oil in early stages of selling up to 30% of its Malaysian assets for more than \$2B ([WSJ](#))
- Richemont OP & margins inline, sales better, April strong (no China slowdown), new buyback (trading +5.0%)
- Tod's Q1 revs/ebitda slightly better, LFL's worse (-6.7%), can see challenges to FY ebitda (trading -2.9%)
- H&M April sales +17% versus consensus +10.1%, they no longer report like-for-like numbers (trading +2.0%)
- Vivendi Q1 adjusted net income beats estimates, sales inline, "prudent policy on m&a (trading +0.21%)
- Aegon Q1 beats estimates helped by deleveraging, ROE 8.4%, solvency ratio 212% end of Q1 (trading +1.5%)
- KBC Q1 better, revenues touch light, Irish impairment charges significantly reduced (trading -4.9%)
- LSE pretax beats estimates, revs inline, dividend raised, LCH synergies increased savings (trading +2.4%)
- Deutsche Post Q1 sales and ebit touch light, cash flow weaker, guidance confirmed (trading -3.1%)
- Telekom Austria: AMX starts public offer in cash for TKA AV (offer period today-July 10) (trading +0.46%)
- Aker (AKER NO) Q1 NAV falls 4.6% to NOK 22.9 billion, says Detnor issue inevitable (trading -0.22%)
- Merck revenues inline, ebitda beats by 2%, eps beats by 5%, guidance for 2014 inline (trading -

0.93%)

- Wirecard Q1 sales slightly below estimates, ebitda +33%, confirms FY ebitda forecast (trading - 0.19%)
- Vedanta FY sales miss estimates, ebitda touch better, raised dividend to 39c (inline) (trading - 1.3%)
- TalkTalk numbers inline, sees FY15 revenues above estimates, plans to grow dividend (trading +0.65%)
- Portugal Telecom Q1 ebitda falls 3.7% to €279 million, revs -3.9% y/y, net debt rises (trading - 1.0%)
- LEG Immobilien (LEG GY) Q1 FFO 1 rises 21.3% to €41 million, Commerzbank cuts to add (trading +0.15%)
- World Duty Free Q1 revenue and ebitda miss estimates, first 17-week sales +13.0% (trading - 2.4%)
- Salzgitter Q1 loss -€13.3 million vs -€17.1 million, margin pressure, confirms forecast (trading +0.68%)
- Dixons Retail & Carphone Warehouse all-share merger "Dixons Carphone" (CPW LN -1.7%) (DXNS LN -3.3%)
- Cairn Energy: milestone for Kraken & Catcher fields, in pact with BNP on 7yr debt facility (trading +0.11%)
- France Q1 preliminary GDP +0.0% q/q vs estimate +0.1% (+0.8% y/y vs estimate +0.9%)
- Germany Q1 preliminary GDP +0.8% q/q versus estimate +0.7% (+2.3% y/y versus estimate +2.2%)
- Netherlands Q1 preliminary GDP -1.4% q/q versus estimate +0.0% (-0.5% y/y versus estimate +1.2%)
- Italy Q1 preliminary GDP -0.1% q/q versus estimate +0.2% (-0.5% y/y versus estimate -0.1%)
- Portugal Q1 preliminary GDP -0.7% q/q versus estimate +0.1% (+1.2% y/y versus estimate +2.0%)

**Leading European Sectors:** Retail +0.83%, Autos/Parts +0.39%, Basic Res +0.38%  
**Lagging European Sectors:** Construction -0.81%, Trav/Les -0.64%, Tech -0.49%

STT raises dividend – ACXM \$310M acquisition – SWY div boost

XONE cuts gm view – RSGE missed rev ests – VOXX net sales miss

IM NA weak performance – KESBV FH April sales +1.3% - LAND LN #'s inline  
INF LN update disappoints – TLW LN mixed Kenya update – NG/ LN eps beats  
MERL LN comps better – AV/ LN Q1 better – TCG LN #'s better  
OML LN numbers better – MARS LN pretax inline – HIK LN strong start  
RTL LN update better – ZURN VX beats across board – G IM #'s better  
OPHR LN #'s good – PFL LN #'s poor – SZU GY cuts dividend

**Secondaries (announced/priced):** SIR, SRNE, DQ, LDR, DK, XRS (convert)

**IPO's (filed/priced):** Zendesk (ZEN) 11.1M shares priced at \$9 (midpt), Good Technology files \$100M IPO

#### **US Key Research:**

- Atlantic upgrades TWTR, FBR downgrades URBN, GS upgrades NMBL (buy)
- JPM downgrades VIP, Roth initiates MPET (buy), JPM initiates GSK (ow)
- BMO upgrades ACXM, JMP cuts MTGE, UBS cuts BEAV, Brean upgrades MILL
- B. Riley initiates CHKE (buy) & cuts VOXX, Stifel upgrades PKY (buy)
- GS adds RRC to Conviction Buy list & downgrades SWN, FBR cuts URBN

#### **Europe Key Research:**

- Berenberg initiates UK retail: ASC LN (buy), NXT LN (buy), SGP LN (buy), DEB LN (hold), MKS LN (hold)
- MS initiates GSK LN (ow), GS downgrades VOD LN, Cantor initiates ACL LN (buy), SEB upgrades NKT DC
- Bernstein downgrades RR/ LN, JPM upgrades AKE FP, CS downgrades AAL LN, SEB downgrades FLS DC (sell)
- Citi downgrades LMI LN, DB downgrades BIJ GY & upgrades INFI LN, DNB upgrades ARCHER NO
- ING downgrades EVS BB, Intermonte downgrades BLZ IM, Nordea downgrades LSG NO, SocGen

downgrades SRS IM

- Equita upgrades IP IM, Mediobanca upgrades IP IM, Commerzbank downgrades LEG GY, Numis upgrades KIE LN
- RBC downgrades CPG LN, FP FP, STL NO and upgrades BP/ LN, SocGen initiates FUM1V FH (sell)
- UBS adds IAP LN to least preferred list (sell)

**Reporting Pre-Open:** CA, KSS, WMT, AAP, ACAT, ADGE, ADHD, AMS, ATK, BASI, BDR, CGIX, CHLN, CNTY, CYRN, DANG, DLNG, EBIO, EDAP, ESCR, EVK, FLO, GPRC, GSOL, LGIH, MANU, MEA, MIL, PBH, PERI, PKE, QKLS, SABR, SAMG, SFXE, SGM, SYN, TGP, TK, TNK, TOO, TPI, UTSI, VSCP, ZX

**Reporting Post-Close:** ADSK, AMAT, JWN, ADAT, AMDA, ATEA, BLIN, BSQR, BVX, CCIH, CEP, COSI, DCIN, EGAS, GVP, JCP, KGJI, KOOL, OVRL, PAYC, RMKR, RNIN, SBSA, SMT, STRM, SYRX, TKOI, UPI, VJET, VRML, WYY, ZBB

**Economic Data:** Empire Manufacturing / CPI / Jobless Claims @ 8:30am, TIC Flows @ 9am, Industrial Production & Capacity Utilization @ 9:15am, Bloomberg Consumer Comfort @ 9:45am, Philadelphia Fed Business Outlook Survey / Mortgage Delinquencies / MBA Mortgage Foreclosures / NAHB Housing Market Index @ 10am

EIA natural gas storage change @ 10:30am

**Fed Speakers:** Dudley @ 8:30am (NY), Yellen @ 6:10pm (Washington)

**Conferences:** Bofa Metals, Mining & Steel (S. Beach, FL), Bofa Health Care (Las Vegas), Citi Energy And Utilities (Boston)

**Conferences:** CS Disruptive Technology (SF), JPM Homebuilding & Building Products (NYC), RBC Aerospace & Defense Investor Day (NYC)

**Conferences:** CS Regional Homebuilding (NYC), DB Semis 1x1's (SF), Stifel Luxury Summit (NYC)

**Analyst/Investor Days:** IBM, TRS, WMB, WPZ, ICLR, AYR, MCP, GST

**Non-Deal Roadshows:** ACW, ADUS, AKAM, ALXA, AOS, ATML, AWH, BBSI, BHE, BIOS, CHEF, CRTO, EEFT, GAIA, GRMN, HAYN, HON, ISSI, KMX, LAMR, LMNS, MET, MINI, MLHR, MMS, MYRG, NTGR, NVMI, OC, OFIX, PMCS, PSMI, PSTB, RBA, RCII, SFLY, SLAB, SLH, SONS, TSCO, TXTR, VDSI, VTSS, YELP

**Shareholder Meetings:** IVAC, PDS, CRI, NUVA, WLP, AAP, BTH, HHS, ACLS, ATRC, CPN, GALT, HERO, HHC, IRT, LH, MO, NYMT, OCN, RDN, RE, SIFI, WTS, AKAM, BCRH, ARRS, BIN, BKU, DFRG, FTR, HITT, KWK, MHGC, NBBC, SCI, WAC, H, HFC, HTZ, SNAK, CF, COHU, DF, EFII, ENV, GPRE, HST, INTX, JOE, LUV, MUR, NOV, PDM, TEN, ADTN, DXM, ELY, WAB, AE, AKR, MTH, SKUL, INFN, TBI, PES, PICO, RRTS, UCBI, CFX, ENTR, GOOG, IVAC

**Equity/Mixed Shelves:** RCPT, ANIP (\$250M)

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

WSJ cautious: IBM (IBM) [WSJ](#)

- China Inc. Moves Factory Floor to Africa [WSJ](#)
- ECB Ready To Act Fast Against Stagnation, Low Inflation [WSJ](#)
- Income Tax Yo-Yo Hits U.S. States [WSJ](#)
- Obama to Speed Infrastructure Permits, Highlights Highway Funding Squeeze [WSJ](#)
- Bill Clinton Says Wife's Health Is Great [WSJ](#)
- Fast-Food Protests Spread Overseas [NYT](#)
- Doubling Down on C.E.O. Pay [NYT](#)
- Why Hedge Funds Don't Worry About Carried Interest Tax Rules [NYT](#)
- France takes 'nuclear weapon' powers to block foreign takeovers [FT](#)
- Japan GDP growth trumps expectations at 5.9% [FT](#)
- Data protection agencies gain power from Google defeat [FT](#)
- Management clashes force out NY Times editor [FT](#)
- MoD's 'quantum compass' offers potential to replace GPS [FT](#)

- European Parliament's 'prince of darkness' awaits poll backlash [FT](#)
- Narendra Modi should stick to his pledge of toilets before temples [FT](#)
- Sanctions put squeeze on Russia loans [FT](#)
- Scots will be stopped from printing sterling [FT](#)
- Bonus clawback rules 'unenforceable', say bankers [FT](#)
- The EU ruling is wrong – Google should not erase the web's memory [FT](#)
- Victory for Le Pen will impose a heavy cost on Europe [FT](#)
- Norway's tips for taming barbarians at the gates of Brussels [FT](#)
- Why bond traders should watch World Cup [FT](#)
- BlackRock signals bond trading shake-up [FT](#)
- US retail: waiting for a discount [Lex](#)
- Elizabeth Arden: smells like teen spirit [Lex](#)
- Indian banks: transfer policy [Lex](#)
- Compass: pointing north [Lex](#)
- Classic British family brands stay top of the shops [The Times](#)
- Bank asks markets to cut it some slack [The Times](#)
- Pointing in the right direction [The Times](#)
- Short-term cures without heed to ethics have long-term side effects [Independent](#)
- British politics is broken - and only Nigel Farage is profiting [Telegraph](#)
- Pension tax breaks skewed towards wealthy, minister claims [Telegraph](#)
- Australian uranium mining in Greenland is tearing the country in half [Guardian](#)
- The rise of Europe's far right will only be halted by a populism of the left [Guardian](#)
- The Bank of England is playing with fire by keeping rates so low [CityAM](#)

### ***Key Events This Week***

Friday: Housing Starts & Building Permits, Michigan May Confidence, Eurozone Trade Balance March, Earnings (CSTM, CSIQ)

***Key Events on the Horizon***

May 21 – BOJ policy decision

May 25 – Ukraine elections

June 2 – AAPL WWDC



---

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 [REDACTED] 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. [REDACTED] may review and store both incoming and outgoing messages. Use by other than the intended recipients is prohibited.