

From: Ike Groff
Sent: Wed 6/4/2014 9:51:42 AM
Subject: Early Tour 6.4.14

Good Morning ... European Markets off 10-60 bps (Spain -0.81%, Italy -1.0%) ... NKY +0.22%, SHCOMP -0.66%, HSI -0.60%, KOSPI (closed), TWSE -0.04%, ASX -0.64%

EUR 1.3615 (-0.09%) JPY 102.61 (-0.10%) RUB -0.52% AUD +0.08% NZD -0.24% CAD -0.26% US 10yr 2.5769%

Futures: Dow -27, Nasdaq -9, S&P -4 DXY \$80.61 (+5c) Crude \$103.39 (+73c) Gold \$1245.80 (+\$1.30) Copper -1.42% Silver +0.20%

Asian shares were mostly lower following overnight moves in the US. Japan outperformed as it was helped by the yen trading in the upper 102 range. The Nikkei held its ground above 15,000 and the Topix has finished higher for a tenth day in a row, which is the first time since 2009 and only the fourth time in the last 15 years. China underperformed on growth concerns plus chatter that a mainland developer is under investigation by Guangxi government for illegally raising capital from banks, which it may default on. Macau names continue to weigh in Hong Kong following yesterday's disappointing May GGR release. Australian GDP growth beat estimates of +0.9%, with 1Q GDP coming in at +1.1% q/q. South Korea was closed for Election Day. European markets generally lower 10-60 bps (Spain -0.81%, Italy -1.0%) and volumes remain light ahead of the ECB tomorrow. The market is pricing in a 15ps interest rate cut (0.25% to 0.10%) as well as a 10bps cut in the deposit rate to negative territory (0.00% to -0.10%) but focus will be on any additional measures that Draghi might announce. Cash volumes remain light and flows continue to be centered around some squaring of positions and hedging in the event the ECB underwhelms tomorrow and we get a pullback. 2 big M&A deals overnight with Dai-Chi Life buying Protective Life for \$5.7B and duty-free retailer Dufry buying Nuance for \$1.7 billion. SPA's -3 handles = 1918.20 last.

Mortgage Apps @ 7am, ADP Employment @ 8:15am, Trade Balance & Nonfarm Productivity @ 8:30am

Markit US services PMI @ 9:45am, Bank of Canada Rate Decision & ISM Non-Manufacturing @ 10am, Beige Book @ 2pm

- Dai-ichi Life buys Protective Life (PL) for \$5.7B (\$70.00/share cash = 19.2% premium)
- Mattress Firm profit fell 36% on higher costs but raised FY2014 sales guidance (traded up overnight)

- TIBCO Software guides down cites lower than expected sales of spotfire (trading -14%)
- Ascena Retail comps missed & sees 'challenging' Q4 sales trends (profit edged up) (trading -5%)
- Bullish sentiment increases to 62.2% from 58.3% in the latest US Investor's Intelligence poll
- Dufry agrees to buy travel retailer Nuance Group for CHF 1.55B (DUFN VX trading +7.8%)
- Tesco better than feared after Kantar yday, cautious on outlook, price competition (trading -1.2%)
- Volkswagen places €2B in preferred shares to fund Scania deal, priced @ €191/share (trading -1.7%)
- Repsol: Pemex selling its 7.8% stake in accelerated book build thru Citi & DB (trading -3.7%)
- Evonik: RAG offering €400 million in bonds convertible into Evonik shares (trading -3.8%)
- Coloplast releases new medium term guidance (3-5yr) ahead of investor day today (trading +1.9%)
- Eurozone May Services PMI 53.2 vs est 53.5 (Germany 56.0 vs 56.4, France 49.1 vs 49.2)
- UK May services growth keeps economy booming as hiring strengthens (Services PMI 58.6)

Leading European Sectors: Healthcare +0.30%, Basic Res +0.27%, Trav/Les +0.23%
Lagging European Sectors: Autos/Parts -1.42%, Oil & Gas -1.19%, Utilities -0.97%

IT cfo to leave – RENT ebidta lower – MIND numbers mixed

OPHR LN gas discovery – VOE AV numbers light – MATAS DC touch light

HEXAB SS delays targets – MONI LN new co-CEO – VOLVB SS strong ACT data

Secondaries (announced/priced): LG, ALSN, TSLX (convert), PODD (convert), VOW3 GY, REP SM, SON PL (convert), EVK GY (convert), NRX FP (rights)

IPO's (filed/priced): CareDx (CDNA) files \$50M IPO through Piper, Leerink, Raymond James and Mizuho, Markit Group Limited \$1.1B IPO (45.7M shares, price range \$23-\$25, pricing June 18 after the close)

US Key Research:

- Imperial initiates AVG (in-line), JMP downgrades TIBX, KBC upgrades RNA, GS cuts SSL

- GS upgrades DB & initiates EXAS (buy), Key initiates AIRM (buy), MS upgrades NWL
- Macquarie initiates ATW/HP/SLB (neut) and HAL/PKD (op), Jefferies upgrades UA
- Stifel upgrades AZO (buy) & downgrades TIBX, BMO upgrades CP, Mizuho cuts TIBX

Europe Key Research:

- Investec downgrades IMI LN, Exane downgrades SHBA SS, Kepler downgrades EN FP & upgrades TNTE NA
- Jefferies initiates SKG ID (buy) & SMDS LN (hold), CS upgrades AKE FP & downgrades ECM LN
- Evli downgrades NDA SS & SWEDA SS and upgrades SHBA SS & SEBA SS, GS upgrades DBK GY & CSGN VX
- MS downgrades SAB LN, Equinet downgrades KU2 GY, MS upgrades REP SM, CS upgrades TFG SJ
- DNB initiates DORIAN NO (buy), Evli upgrades AMAS FH & downgrades AKTAV FH, Exane upgrades SPM IM
- GS downgrades SOL SJ & PFV GR, HSBC downgrades BARC LN & upgrades FUM1V FH
- JPM upgrades PLND LN, LBBW upgrades FNTN GR, Nomura upgrades HAV FP & downgrades PUB FP
- Nordea resumes BWO NO (strong buy), Raja upgrades ENEL IM, Swedbank upgrades TWWB SS
- Pareto initiates VEI NO (buy), SocGen upgrades PIG FP & downgrades NVTK RU

Reporting Pre-Open: BF.B, CYBX, HOV, IXYS, LDOS

Reporting Post-Close: BV, FIVE, GEF, KTWO, RLD, VISN, VRNT

Economic Data: MBA Mortgage Applications @ 7am, ADP Employment Change @ 8:15am, Trade Balance / Nonfarm Productivity & Unit Labor Costs @ 8:30am, Markit US PMI @ 9:45am, ISM Non-Manufacturing Composite @ 10am, Beige Book @ 2pm

DOE crude oil inventories @ 10:30am

Conferences: WWDC (SF), RBC Energy (NYC), Jefferies Healthcare (NYC)

Conferences: Bofa Energy & Power Leveraged Finance (NYC), Bofa Tech (SF), Stephens Spring Conference (NYC)

Conferences: Brean Global Consumer & Gaming (NYC), GS dotCommerce Day (NYC), KBW Asset Management (NYC)

Conferences: CS Engineering & Construction (NYC), DB Industrials and Basic Materials (Chicago), Janney Tech Bus Tour (Silicon Valley)

Analyst/Investor Days: CIE, CMP, PRU, IL, SCG, LTM, GSVC

Non-Deal Roadshows: ABTL, ACCO, AFSI, AJG, ALLT, APEI, AVT, BOH, BONE, CAS, CATM, CIMT, CMCO, CNVR, DNB, EXPR, FUEL, GIG, IMMR, IMUC, INVN, INXN, ISSI, IT, ITMN, JKHY, LEG, MPWR, MXIM, NBL, NCMI, NUVA, OFG, ONVO, PFMT, QGEN, SAAS, SBCF, SNI, SONS, TCBI, THS, TYPE, USG, VIA, VIAB, XRX

Shareholder Meetings: FENG, GTAT, PLCE, AAL, CTRN, DVN, NCIT, POZN, SAIC, FCN, ROIAK, AWAY, CKP, CST, FDUS, NYCB, VSI, PWE, AAOI, MTD, P, WNR, WBR, EGY, LGND, QCCO, RP, Z, GSVC, AMBA, BMRN, CAB, LF, IM, TAP, PMT, EQIX, HTWR, LVS, QLYS, TECD, SPRT, CSOD, RKUS, SCTY, GEVA, MCOX

Equity/Mixed Shelves: MXWL (\$125M), BXP

Other Newspaper Articles & Stories

WSJ positive: Cisco Systems (CSCO) [WSJ](#)

- Virtual Biotech: No Lab Space, Few Workers [WSJ](#)
- Brothers Team to Shake Up M&A World [WSJ](#)
- ECB Anxious Over U.S. Fines on Banks [WSJ](#)
- Taliban Video Shows POW's Release [WSJ](#)
- Europe Leaders to Pressure Putin on Ukraine at D-Day Events [WSJ](#)

- Tiananmen Square Anniversary: Hong Kong Vigil Exposes Political Fractures [WSJ](#)
- Obama's European Solidarity [WSJ](#)
- Aiming Financial Weapons From Treasury War Room [NYT](#)
- 6 Lost Lives Cloud Return of American Prisoner of War [NYT](#)
- G.M. Officials Say They Expect Mary Barra Will Be Cleared of Wrongdoing [NYT](#)
- Eurozone deflation fears add to pressure on Draghi [FT](#)
- Paris trade talks threat over US BNP fine [FT](#)
- UK needs more vocational training not degrees [FT](#)
- Obama faces growing backlash over US soldier release [FT](#)
- Newark hints at general election Culloden for Ukipers [FT](#)
- Make your mind up on Europe, Mr Cameron [FT](#)
- Taubman hires dealmakers for new boutique [FT](#)
- Bildt warns of British 'Balkanisation' [FT](#)
- Trading to influence gold price fix was 'routine' [FT](#)
- Guest post: About that UK property bubble... [FT](#)
- Blow the whistle on Fifa, please [FT](#)
- Schools must enthuse the coders of tomorrow [FT](#)
- Legitimate business unlocks growth [FT](#)
- Why banking crises happen in America but not in Canada [FT](#)
- Iron ore: game of thrones [Lex](#)
- Lend Lease: option value [Lex](#)
- UK electricity: jolt needed [Lex](#)
- Valeant / Allergan: Ackman taking sides [Lex](#)
- Merkel turns to Lagarde for next leader of Europe [The Times](#)
- The odd couple who may just save the union [The Times](#)
- We need more jobs to prevent recovery going to waste, executives warn coalition [The Times](#)
- German billionaires' club rides out the crisis in style [The Times](#)

- We ignored budget for the savers — and helped to solve deficit dilemma [The Times](#)
- Why the chagrin? Brussels is perfectly justified in criticising the UK economy [Telegraph](#)
- Europe remains a jobless swamp, despite the Spanish miracle [Telegraph](#)
- Europe at risk of blackouts, warns IEA [Telegraph](#)
- The Chinese technology companies poised to dominate the world [Guardian](#)
- Takeovers between British companies fall to lowest level on record [Guardian](#)
- We should be raising a glass to Vince Cable's pub industry plans [Independent](#)
- A Silicon Valley tycoon who made a paper (less) fortune teaches us how Britain is miles behind [Independent](#)
- France goes into battle with US over BNP Paribas fine [Independent](#)
- It is high time voters were given the right to recall their MPs [CityAM](#)
- UK mega pensions aren't a bad idea – if government can resist destroying them [CityAM](#)

Key Events This Week

Thursday: Denmark closed, Retail May same store sales, ECB & BOE Interest rate decision, Challenger Job Cuts, Eurozone retail sales April, CS Euro Gaming Conference (London), Earnings (JOY, SJM, MTN)

Friday: Sweden closed, May Employment Report, US consumer credit April

Key Events on the Horizon

June 12 – World Cup kicks off in Brazil

June 18 – FOMC rate/taper announcement

June 13 – Preliminary additions/deletions to Russell Indices published after 6pm EST

June 20 – Updates to the list of additions/deletions to Russell Indices, FTSE quarterly rebalance on close

June 27 – Russell Rebalance on the close of trading

July 13 – World Cup Final

September 18 – Scotland's referendum on Independence

October – Brazil elections

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