

**From:** [REDACTED]  
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**Subject:** Early Tour 3.12.14

Good Morning ... European Markets off 50-150 bps ... NKY -2.59%, SHCOMP -0.17%, HSI -1.65%, KOSPI -1.60%, TWSE -0.20%, ASX -0.55%

EUR 1.3866 (+0.05%) JPY 102.78 (+0.23%) EUR/JPY 142.52 (-0.18%) AUD 0.8943 (-0.39%)  
US 10yr 2.7499%

Futures: Dow -18, Nasdaq -5, S&P -2 DXY \$79.76 (+3c) Crude \$98.61 (-\$1.44) Gold \$1356.20  
(+\$9.50) Copper -1.15% Silver +0.29%

Asian markets finished lower as the risk off sentiment continues to spread amid weakness in commodities on worries of weaker Chinese growth. Japan underperformed as the Yen strengthened to a 102 handle and the Nikkei broke through 15,000. February Consumer Sentiment also came in weaker than expectations at 38.3 vs 40.0. SHCOMP sold off from its morning highs again on concerns that a Tianwei corporate bond may be at risk of default after the company reported two straight years of annual losses. And Mainland banks were under pressure following yesterday's CBRC approval for five private banking licenses and concern about the ongoing internet bank threat. Note the SHCOMP did bounce back towards the end of the day to close down small after a [Reuters](#) report that China's PBOC is ready to cut bank reserves if growth falters. Copper still below \$3/pound on more China debt & shadow banking system concerns (*Reuters* estimates that as much as 60% of copper imports are used in financing deals and that material could come to the market as credit seizes up). European markets down 50-150 bps following the weakness in Asia overnight. Markets slightly off the lows with the Miners turning around a bit (RIO LN now ~ flat after being -1.5% earlier). Some single-stock earnings to focus on in Europe (highlighted below) although no major earnings due in the US. SPA's -2 handles = 1862.60 last.

\*\*\*MBA Mortgage Applications @ 7am\*\*\*

- Verifone swung to loss on higher costs but sees Yr eps at high-end (DB upgrades) (trading +12%)
- Men's Wearhouse loss wider than ests (obtained \$2.2B debt financing commitments for JOSB deal)
- Diamond Foods posted Q2 loss on charges but beat ests & gross margin widened (trading +2%)

- Caesar loss widened sharply on \$1.96B asset impairment charges but revs improved (trading inline)
- Herbalife responds to Pershing Square's accusations of China violations from yesterday ([link](#))
- Vornado Realty Trust discusses spinning off strip centers, combining with ROIC (Dow Jones)
- Engine of Wall Street profits (fixed income) sputters in Q1 with revenue declines up to 25% ([FT](#))
- Deutsche Post Q4 mixed, CEO sees slowdown in previously growth countries (trading -0.94%)
- Bayer investor day today: headlines look inline with consensus, guidance conservative (trading +0.50%)
- Tod's Q4 misses ests, guidance cautious, sales announced Jan 29 & stock hit -8.9% then (trading -5.3%)
- Salvatore Ferragamo profit disappoints due to drop in sales growth (trading +0.39%)
- G4S: FY 2013 miss as new CEO kitchen sinks, full of restatements, not very clear (trading -3.6%)
- Ocado: inline, slight slowdown in sales growth, no change to forecasts (trading -2.8%)
- Enel: 2013 beat to adj net 3.12bn vs2.99, div payout increased from 40% to 50% (trading +0.62%)
- Adecco numbers look better, Q4 revenues beat, margin touch better, reiterates guidance (trading +4.9%)
- Numericable FY sales +0.9%, performance inline with targets set for the year, says SFR bid is best (trading +4.6%)
- E.ON: FY13 results inline, continuing harsh outlook for conventional power plants in Germany (trading +0.63%)
- Prudential numbers look solid and dividend +15% y/y, new financial targets positive (trading +4.1%)
- Banca Monte de Paschi reports 7<sup>th</sup> straight quarterly loss on provisions and restructuring costs (trading +1.7%)
- Maersk: Maersk Mckinney Moeller estate selling up to 41,000 A shares + 20,796 B shares (trading -2.6%)
- Valeo: BPI France sells 2 million Valeo shares in accelerated book build, priced @ (trading -2.1%)
- UK IPO's: Pets at Home and Poundland both made their debuts today (PETS LN -4.7%) (PLND LN +19.2%)
- Newmont Mining confirms sale of Paladin Energy stake (PDN AU) through a block sale at UBS

**Leading European Sectors:** Utilities +0.01%, Insurance -0.07%, Telco -0.26%  
**Lagging European Sectors:** Autos/Parts -2.04%, Banks -1.29%, Real Estate -1.26%

GIS dividend increase – GCA #'s light – MX to restate financials

**Secondaries (announced/priced):** VIPs, ICAD, NOR, SDLP, COMM, ARI (convert), MAERKB DC, FR FP

**IPO's (filed/priced):** Achaogen (AKAO) 6M shares priced at 12 (low-end), Papa Murphys (FRSH) files \$70M IPO through Jefferies, ISS DC books close 3pm GMT (orders below 160 risk missing), Pets at Home (PETS LN) priced @ 245p, Poundland (PLND LN) priced @ 300p

**IPO's (lock-up expires):** OCI Resources (OCIR) 4.8M shares (24.6% of outstanding), RetailMeNot (SALE) 31.3M shares (59.5% of outstanding), Taminco (TAM) 37.2M shares (56.0% of outstanding)

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

- Barcap cuts URBN & upgrades GGP/BDN, DB cuts AIG & upgrades PAY
- Jefferies downgrades AMRE, MS downgrades AEP, Stifel downgrades SNTA
- GS upgrades CALX and RAD/INFN/MCK (buy) & cuts ABC/MSI, KBW upgrades HTGC
- Piper assumes INVN/ISIL/SLAB (ow), CS upgrades PMC & cuts CHD/PHM
- Raja upgrades ANGO, Citi downgrades LVNTA

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

- Nomura upgrades UCG IM & downgrades ISP IM, Jefferies downgrades LAND LN & BLND LN, CS upgrades ALFA SS
- GS removes PSN LN & RMV LN from conviction buy & adds CRST LN, upgrades RDW LN, downgrades BDEV LN & CWD LN
- GS downgrades GXI GY & ZONOP PL, CS initiates WRT1V FH (neutral), BofA reinstates KBC BB (buy)

- UBS downgrades BWNG LN, SRG IM, TRN IM, adds REE SM to most preferred list, NG/ LN least preferred
- Kepler upgrades ADP FP, BofA downgrades TTKOM TI, Exane downgrades WIE AV, Espirito upgrades IMI LN
- Rabobank upgrades GTO NA, DB downgrades GOG LN, HSBC upgrades FGR FP, KBC downgrades TMG NA
- Natixis downgrades ITP FP, Nordea upgrades DNORD DC, DB upgrades CSR LN, Bryan Garnier upgrades ALV GY
- Kepler initiates SKAB SS (buy) & NCCB SS (hold), Investec downgrades HTG LN, Equita upgrades ACE IM

**Reporting Pre-Open:** AMED, AXAS, BWEN, CNTF, DRC, EXPR, KMG, MAG, PTEK, QIWI, RAVN, SCLN, TAOM

**Reporting Post-Close:** ADUS, AIQ, ARCX, ARPI, CALL, CBPO, CCIH, COOL, CPE, CTP, DBLE, DCTH, DEPO, EMAN, EOX, ESSX, GERN, HELI, HMIN, IRET, JONE, KCAP, KKD, MTDR, MTN, OREX, PRSC, SGMS, STEM, SUPN, ULTR, UMH, WSM

**Economic Data:** MBA Mortgage Apps @ 7am

DOE crude oil inventories @ 10:30am

**Conferences:** Roth Growth (CA), DB TMT (Palm Beach), JPM Aviation, Transport, & Industrials (NYC)

**Conferences:** Bofa Consumer & Retail (NYC), Piper TMT (NYC), Barcap Healthcare (Miami), UBS Consumer (Boston)

**Conferences:** GS Agribusiness (NYC), Northland Growth (NYC), Citi Asset Manager, Broker Dealer & Exchange (NYC)

**Conferences:** Cowen Networking & Communications (NYC), JPM Gaming, Lodging, & Leisure (Las Vegas), RBC Consumer (Boston)

**Analyst/Investor Days:** EFX, ALLE, ANSS, LOCK, ARUN

**Non-Deal Roadshows:** ASEI, AVGO, BIO, CMCSA, CNAT, CNVR, CODE, EBS, EGHT, FISI, FNFG, ICLR, INXN, IPHS, IRF, ISIL, JOY, LNCE, LUX, MENT, MHLA, MMM, MRTX, NBTB, ONB, PEGA, PRFT, PVA, SGMO, TGTX, TNC, VAR, WCN, WSO, WTR, WX, XRX

**Shareholder Meetings:** ADI, SHLO, BEN, CNQR

**Equity/Mixed Shelves:** N/A

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

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

- WSJ/NBC News Poll: Obama's Approval Rating Hits New Low [WSJ](#)
- Plan for Mortgage Giants Takes Shape [WSJ](#)
- The Malaysia Airlines Disappearance Shows Technology's Limits [WSJ](#)
- New Zealand Tribe's Bet Transforms Its Fortunes [WSJ](#)
- Vail Resorts Faces a Risky Slope [WSJ](#)
- Tesla to Stop Selling Electric Cars in New Jersey [WSJ](#)
- Disney in Talks to Buy Online Video Firm Maker Studios [WSJ](#)
- Obama Will Seek Broad Expansion of Overtime Pay [NYT](#)
- Chobani Said to Seek Investment That Would Value It at \$5 Billion [NYT](#)
- A Relentless Widening of Disparity in Wealth [NYT](#)
- Miliband knocks down early EU vote [FT](#)
- Obamacare opponent wins special election in Florida [FT](#)
- Virtu admits weakness on expense accounting [FT](#)
- Carney vows to overhaul links with City [FT](#)

- State spends £63m buying homes as HS2 hits house prices [FT](#)
- Russia dashes hopes for diplomatic solution for Crimea [FT](#)
- Engine of Wall Street profits sputters in first quarter [FT](#)
- Economic abstractions conceal the true contours of human life [FT](#)
- Aircraft mystery deepens as search shifts [FT](#)
- North Korea: Glimmer of hope [FT](#)
- Stand-off over Europe's bank resolution plans [FT](#)
- Climate chief warns battle to curb warming is becoming harder [FT](#)
- Richer savers do not need extra help [FT](#)
- India elections: daily wrap [FT](#)
- Mexico president takes on vested interests [FT](#)
- Fannie and Freddie shares plunge on Senate bill [FT](#)
- Puerto Rico: Port in a storm [Lex](#)
- Men's Wearhouse: Right fit [Lex](#)
- UniCredit: clearing the decks [Lex](#)
- Yu'e Bao: laying up treasures [Lex](#)
- A million more people to pay 40p tax [The Times](#)
- Italy calls for action to inspire growth [The Times](#)
- 'No evidence' Bank of England knew about foreign exchange rate rigging [Independent](#)
- The Bank of England will never unwind QE, nor should it [Telegraph](#)
- Labour's manifesto could truly damage our economy [Telegraph](#)
- Has Britain's monetary policy started a future crisis? [Telegraph](#)
- An online Magna Carta: Berners-Lee calls for bill of rights for web [Guardian](#)
- OECD predicts UK recovery will be strongest in G7 over first half of 2014 [Guardian](#)
- The budget day spectacle shows adversarial politics at its worst [Guardian](#)
- The big independence lie: Why Scotland could keep the pound [CityAM](#)

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

Thursday: Senate hearings on Fed nominees, Retail sales, Jobless Claims, ECB monthly report, China Feb retail sales/IP/FAI, Japan minutes

Friday: Eurozone Q4 Labor report

Saturday: Australian state elections

Sunday: Crimea referendum on joining Russia

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

Mar 18 – German Constitutional Court will rule on legality of ESM bailout mechanism & fiscal pact

Mar 20 – Fed releases result from supervisory stress tests

Mar 26 – Fed will release Comprehensive Capital Analysis and Review results

Apr 11 – DBRS to decide on whether to downgrade Spain or Italy



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