From: [redacted]
Sent: Mon 3/3/2014 10:57:58 AM
Subject: Early Tour 3.3.14

Good Morning … European Markets off 1.4% -2.0% (DAX -2.4%, MICEX -9.5%) … NKY -1.27%, SHCOMP +0.92%, HSI -1.47%, KOSPI -0.77%, TWSE -0.44%, ASX -0.38%

EUR 1.3781 (-0.16%) JPY 101.29 (+0.50%) EUR/JP 139.58 (-0.66%) RUB -1.73% NZD -0.32% US 10yr 2.606%

Futures: Dow -123, Nasdaq -35, S&P -17 DXY $79.83 (+14c) Crude $104.06 (+$1.47) Gold $1344.60 (+$23.00) Copper -0.66% Silver +1.17% Nat Gas +2.15%

Asian markets started the month off lower on geopolitical concerns following developments in the Ukraine over the weekend. Reports of a North Korean missile test before the opening also weighed on sentiment. SHCOMP bucked the trend as it rallied ahead of the CPPCC later today with headlines on SOE reform (Guangdong SASAC removes SOE ownership limits) and Capital Market Reform (Preferred Shares program and investor compensation fund in the works) driving the mainland market higher. Hong Kong finished lower, however, as the official China Feb Manufacturing PMI (50.2 vs est 50.1) and HSBC PMI (48.5 vs est 48.5) continue to show a slowdown in the China economy (note the non-manufacturing PMI ticked up to 55.0 from 53.4). Japan was weaker as reflation plays and exporters came under pressure with the Yen strengthening. In Europe, Russia's Micex getting hit -9.5% after the escalating the situation in the Ukraine over the weekend. The Russia central bank raised its key rate 150bps to 7.0% this morning to prevent inflation risks and ensure financial stability. John Kerry will be making his way to Kiev today as Western leaders weigh their response against Putin. Thus far the G7 has suspended its preparatory planning for the G8 Summit scheduled for June in Sochi and John Kerry suggested on *Meet the Press* yesterday that there ultimately could be economic sanctions, asset freezes, and visa bans imposed. European markets generally lower by 1.0-2.0% with those countries and companies with the most exposure to Russia/Ukraine getting hit the most (ie Eastern Europe and names like Carlsberg, Metro, Socgen, Unicredit, BP, Renault, Michelin, Adidas, Ferrexpo, etc). European final PMI Manufacturing #'s out this morning as well: Eurozone 53.2 (est 53.0), Germany 54.8 (est 54.7), France 49.7 (est 48.5), UK 56.9 (est 56.8), Italy 52.3 (est 52.9), Spain 52.5 (est 52.0), Sweden 54.6 (est 55.0), Russia 48.5 (est 48.0). US PMI & ISM out later this morning. SPA's -17 handles = 1840 last.

Personal Income & Spending @ 8:30am, Markit US PMI @ 8:58am

ISM Manufacturing & Construction Spending @ 10am, Vehicle Sales today

Greece closed for Holiday today (Ash Monday)

- Berkshire Q4 profit +10% to $4.99B (reduced Tesco holding by ¼) (see US acquisition opps)
- J. Crew (TPG & Leonard Green) said to hold sale talks with Japan's Fast Retailing (9983 JP)
- Pabst Blue Ribbon (owned by C. Dean Metropolous) has hired Perella Weinberg to help find buyer
- Solvay said to have hired Credit Suisse for sale of sulfuric acid unit (~$800M) (Reuters) (trading -2.4%)
- Kuehne & Nagel FY revs light, EBITDA miss, net income ahead, extra ord div of CHF 2 (trading -3.5%)
- Intertek FY revs inline, op profit fine, gross written premiums ok, improving profitability in '14 (trading +1.4%)
- Tesco: Warren Buffet's Berkshire Hathaway cuts its stake in company to 3.7% from 5.2% (trading -1.5%)
- Roche: Genetech recommend Phase III METLung study be stopped due to lack of efficacy (trading -2.5%)
- Numericable: *Les Echos* reports the company plans to pay up to €11 billion for SFR (trading -1.2%)
- Cairn Energy's chairman Sir Bill Gammell to retire, effective May 15th (trading -2.1%)
- Rolls Royce: *Telegraph* reports Indian CBI to investigate Hawk Jet engines bribery claims (trading -1.1%)
- Amlin FY PBT ahead, EPS better, good dividend @ 26p, UK impacted by weather (trading +3.7%)
- Vertu trading update: sees FY '14 ahead of expectations, strong pipeline, positive UK outlook (trading unch)
- Moody's raises outlook on Germany, Austria, Luxembourg to stable from negative (all affirmed Aaa)
- 33 people killed and 100+ injured in violent terrorist attack at train station in Kunming, China on Saturday

Leading European Sectors: Utilities -0.79%, Oil & Gas -0.90%, Real Estate -1.21%
Lagging European Sectors: EMU Banks -2.71%**,** Autos/Parts -2.55%, Fin Services -2.43%

CTB eps light – DHL better #'s y/y – LSCC buyback

Secondaries (announced/priced): APTS (atm)

IPO's: Ignyta files $40M IPO thru Leerink & Ladenburg, ISS A/S price range DKK 140 – 175

US Key Research:

- BMO upgrades BDN, Barclays initiates CA (ew) & downgrades SODA, WBlair downgrades NIHD, UBS cuts MWE
- JPM upgrades TDS & USM, Citi initiates GNCA (buy) & upgrades KATE (buy) & downgrades MTOR
- CS upgrades RPM, RBC initiates OILT (sp) & BDGE (op), Roth downgrades COA, Stifel initiates EGLT (buy)

Europe Key Research:

- BofAML downgrade GAZP RU, MHPC LN, SGO FP, AZN LN
- Barc upgrade LHA GY, Berenberg downgrade UBM LN, Cana downgrade ITE LN
- Citi upgrade KAZ LN, downgrade RIO LN, CS upgrade DSM NA, AF FP
- Danske upgrade KINVB SS, DB downgrade AGK LN, Espirito upgrade RR/ LN
- JPM upgrade YAR NO, DB upgrade BP IM, Pareto initiate AMEAS FH, NRE1V FH (buy)
- KepChev downgrade WRT1V FH, initiate EZJ LN (hold), RBC upgrade HGG LN, EMG LN
- Ensk downgrade SHBA SS, SocGen downgrade GALP PL,
- UBS upgrade PRU LN, downgrade SIG LN, GKN LN, EKTAB SS

Reporting Pre-Open: ACW, AKRX, CLDX, CORE, DNDN, EVEP, EXLS, FNMA, IEP, JKS, MGLN, NUS, PERI, QRE, RDNT, ROC, SSW, SSYS, SWC

Reporting Post-Close: ACRX, ACUR, AMBC, APTS, ASNA, DXPE, FOLD, GEVA, GWRE, HTCO, MBI, MCF, MCP, MDR, MR, NUVA, PDLI, SCTY, SNHY, URS, UVE, VGR, VIPS, ZIPR

Economic Data: Personal Income & Spending @ 8:30am, Markit US PMI @ 8:58am, ISM Manufacturing / Construction Spending @ 10am

Conferences: Citi Property CEO Conference (Hollywood), Cowen Healthcare (Boston), MS TMT (SF) Raja Institutional Investors (Orlando)

Analyst/Investor Days: N/A

Non-Deal Roadshows: ALEX, ALLT, ASH, BTU, CCOI, DSPG, HK, HOLI, HPQ, INVN, WNS

Shareholder Meetings: N/A

Equity/Mixed Shelfs: WNC, AHGP

Other Newspaper Articles & Stories

Barron's cover: Barron's annual asset-allocation survey Barron's

Barron's positive: Verizon (VZ) Barron's, Yum! Brands (YUM) Barron's, Atwood Oceanics (ATW) Barron's, FTD Cos. (FTD) Barron's

- U.S., Europe Threaten to Punish Putin WSJ
- How Moscow Orchestrated Events in Crimea WSJ
- The Economy Can Take More Monetary Tightening WSJ
- Fannie's Profits May Be Fleeting WSJ
- Losses Mobilize the Bitcoin Police WSJ
- Municipal Bonds Regain Popularity WSJ
- Tesla Convertible Debt Electrifies Long-Term Investors WSJ
- Consumer Data Tell Only Part of Story WSJ

- Berkshire Hathaway's Profit Rises on Improving Economy WSJ
- Lipitor: Pfizer Aims to Sell Over-the-Counter Version WSJ
- German Companies Take Back the Power WSJ
- Stock Adds Fuel to Tech-Deal Fire WSJ Heard on the Street
- Pressure Rising as Obama Works to Rein in Russia NYT
- Ukrainian Government Rushes to Dampen Secessionist Sentiment NYT
- High-Interest Web Banks on the Rise in China NYT
- World rounds on Russia over Crimea move FT
- Work with your great-grandchildren in job of the future FT
- Number of new City jobs up by 25% FT
- Poll dispels Ukip image as party of disgruntled Tories FT
- Deflation fears drive down eurozone borrowing costs FT
- City of London developers' towering ambitions fail to pay off FT
- Bank of England is urged to clamp down on bank bonuses FT
- To see the problems of emerging markets look to Turkey FT
- Strikes sweep Egypt as economy struggles FT
- Our flawed financial system is reflected in Bitcoin FT
- VW/Scania: neutral Lex
- Erste Bank: CEE-zure Lex
- Retail property: blame Canada Lex
- Citigroup: Banamex bother Lex
- Rare Mutation Kills Off Gene Responsible for Diabetes NY Times
- High-Interest Web Banks on the Rise in China NY Times
- The Housing Market With Nowhere to Go (but Up) NY Times
- Investors Seek Safe Haven Assets as Ukraine Crisis Escalates WSJ
- German Companies Take Back the Power WSJ
- Soaring Luxury-Goods Prices Test Wealthy's Will to Pay WSJ

- Budget Push-and-Pull Between Obama and Congress Skips to Appropriations Decisions WSJ
- CBI: we must set targets for promoting women to top The Times
- Look underground for the next bank, says think-tank The Times
- Economic Insight: speaking with one voice is not helpful The Times
- Hosking on Monday: brain teaser to test the banks The Times
- Peace deal puts huge Panama Canal plan back on course for completion The Times
- The positive approach to a negative campaign The Times
- Anthony Hilton: The most unethical business sectors are revealed in a survey of the press Independent
- Anthony Hilton: Economists brave enough to debunk our cherished beliefs Independent
- East vs West: US and UK threaten 'significant' sanctions as Russia and China reach 'agreement' Independent
- Interest rates will surely start to go upwards soon Telegraph
- For Britain to compete, our taxes must be simpler and lower Telegraph
- We should be learning from Germany's revival Telegraph
- Production returning to UK as cost advantage in China diminishes Guardian
- The Ukraine crisis: John Kerry and Nato must calm down and back off Guardian
- This banker turned whistleblower has a revolutionary message for Nigeria Guardian
- Five laws (and our brains) make one in a billion events happen every day CityAM
- City Matters: Tighter immigration controls risk London's position as a global business hub CityAM

Key Events This Week

Tuesday: ISM New York, PacCrest Emerging Tech Summit (SF), Earnings (AZO, RSH, SWHC)

Wednesday: ADP Employment Change, Beige Book, DB Consumer Conference (Boston), Earnings (BF/B, PETM, LINC, REV, TRK)

Thursday: BOE & ECB decisions (ECB to announce new inflation forecasts), Unit Labor Costs, Opco Cloud Services 1-on-1 Conference (NYC), Earnings (COST, JOY, KR, SPLS, VIP, HRB, ZQK)

Friday: February Employment Report, Earnings (FL)

Key Events on the Horizon

Mar 11 – BOJ Policy decision

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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