

**From:** [REDACTED]  
**Sent:** Mon 2/24/2014 10:51:39 AM  
**Subject:** Early Tour 2.24.14

Good Morning ... European Markets +/- 50 bps (Portugal +0.48%, UK -0.48%, Italy -0.62%) ... NKY -0.19%, SHCOMP -1.75%, HSI -0.80%, KOSPI -0.45%, TWSE -0.48%, ASX +0.03%

EUR 1.3759 (+0.10%) JPY 102.38 (+0.12%) GBP 1.6650 (+0.20%) US10yr 2.7247% Nat Gas +4.68%

Futures: **Dow -1, Nasdaq +3, S&P +1** DXY 80.13 (-0.13%) Crude \$102.18 (-0.02%) Gold \$1333.40 (+0.74%)

Asian indices mainly in the red overnight in light trade despite the G20 pledge (albeit vague) to boost global growth by +2.0% over the next five years (Draghi also said the ECB is prepared to act not only if economic risks actually materialize but if the threat level merely rises MNI). China led declines on concerns over slowing growth and talk of currency depreciation, lending curbs to developers and price cuts took a toll on banks and property stocks. The SHCOMP opened lower and dropped back below 2,100 to close at 2,076.69. HK followed suit, especially H-shares which had their second biggest decline this month. In Japan, the Nikkei closed down despite a late day rally. The yen got close to 103 intra-day but couldn't keep the momentum and strengthened back to low 102's rolling the market with it. Insurance was the worst sector following a *Nikkei* article that highlighted potential claims after record snowfall. In Korea, the KOSPI closed near the lows on China concerns as well as weakness in Naver (-3.0%) which continues to be a focus over valuations post the FB/Whatsapp deal. In Europe, the situation in the Ukraine remains fluid with ousted leader Viktor Yanukovich fleeing Kiev and placed on the country's wanted list. Meanwhile, the EU/West is scrambling to put a rescue deal together for the Ukraine and "it will have to be measured in billions" according to Olli Rehn (FT), and it remains to be seen how Putin will respond now that the Olympics are over. In single-stock news: Volkswagen trading -5.4% after it put out numbers late Friday evening (guidance light & Scania price high), PostNL getting hit -19.4% on weaker guidance, and HSBC is currently -3.5% after missing estimates and disappointing on its dividend outlook. Despite the negative news flow, European markets opened mostly higher to start the week but have since tilted slightly better for sale. FTSE lags -0.48% after Vodafone goes ex-distribution. The Mobile World Congress kicked off earlier this morning in Barcelona. SPA's +1 handles = 1835.30 last.

\*\*\*Chicago Fed @ 8:30am, Dallas Fed @ 10:30am\*\*\*

\*\*\*EOG, FTR, OKE, THC, VNO reporting after close\*\*\*

- Netflix agrees to pay Comcast for direct access to broadband network to improve speed/reliability
- Blackberry to make BBM available on Windows phone and Nokia X platforms in coming months

- HSBC FY revs below, PBT miss, costs worse (PPI), CT1 10.9%, usual cautious outlook (trading -3.5%)
- PostNL Q4 EPS below, mail volume light, cash op income disappoints, cautious '14 guidance (trading -19.4%)
- G4S: whistleblower claims there are further accounting issues at company (trading -1.3%)
- Volkswagen FY: poor Q4, high takeout Scania bid funded by capital raising, soft guidance (trading -5.4%)
- Bovis FY revs & EPS in line, expects to grow dividends in line with EPS, strong outlook (trading +0.60%)
- AB Foods H1: Primark offsets weak sugar (as usual), run rate shade light, deteriorating FX (trading -2.8%)
- Dialight FY revs shade ahead, op income decreases y/y, EPS in line, sees return to earnings growth (trading -2.3%)
- Aer Lingus FY revs inline, EBIT ahead, EPS miss, weaker Q1 on Easter timing and market conditions (trading -2.1%)
- Kingspan FY revs inline, EBITDA improves y/y, EPS light, final div of 8.5p, measured outlook (trading +1.7%)
- RSA: *The Sunday Times* speculates about an £800mn rights issue (trading -2.6%)
- Rhoen-Klinikum: *Der Spiegel* reports that internal company papers show EBT target missed by 24% (trading -0.70%)
- Telefonica: *FT* report that the company faces an antitrust battle over its E-plus takeover (trading +0.10%)
- Vivendi: *Les Echos* reports Numericable is in talks to buy SFR for more than €15bn (trading -0.25%)
- Thrombogenics hires Morgan Stanley to consider strategic options for Jetrea (trading +13.5%)
- Almirall FY revs inline, net income beats, EBIT ahead, no div, focus on sales growth (trading -0.25%)
- Royal Mail says Ofcom to investigate claims by TNT Post (out late in the day on Friday) (trading -0.70%)
- Dixons in preliminary stage talks to merge with Carphone Warehouse (CPW LN +0.40%) (DXNS LN +7.0%)
- Tesco investor presentation tomorrow: press spec they may abandon 5.2% op margin target
- German February IFP business climate 111.3 vs est 110.5, expectations 108.3 vs est 108.1
- Greek government and its bailout lenders in new stand-off over health of banking sector ([FT](#))

- Egyptian cabinet has submitted resignation according to Tourism Minister Hisham Zaazou

**Leading European Sectors:** Telco +0.31%, EMU Banks +0.26%, Construction +0.16%  
**Lagging European Sectors:** Basic Resources -1.30%, Autos/Parts -1.22%, Real Estate -0.81%

QCOM new phone chips – JPM investor day – IBM to invest in new cloud services

**Secondaries (announced/priced):** IMAX, Q

**IPO's:** N/A

**US Key Research:**

- Barcap initiates CLDN (ow) & reinstates YHOO (ow), Imperial downgrades BLDR
- Jefferies upgrades ED & initiates PRGN/DRNA (buy), SocGen upgrades TAP
- Stifel initiates CLDNA/DRNA (buy) & downgrade HIBB/TCS, Wells cuts HAL
- JPM initiates AES, CS upgrades BKU & initiate's HRB (op), Pac Crest upgrades CMCSA
- Janney upgrades ED & cuts IGTE, Bofa downgrades TCS/DDD, RBC upgrades EXPD
- Raja upgrades MAR/PLXS, MS initiates MOVE (ew) & upgrades Z, Atlantic upgrades JWN
- B. Riley upgrades SMTC, Citi upgrades APAM/CM (buy) & cuts TD/TSU

**Europe Key Research:**

- BofAml downgrade VOW GY, Citi upgrade VOLVB SS, DB downgrade BBY LN, DG FP
- Barc upgrade SCVB SS, FP FP, downgrade ENI IM, VOW GY
- Exane upgrade SGO FP, GS initiate DWNI GY (n), Helvea downgrade CS FP
- JEFF downgrade SPRT LN, JPM upgrade QSC GY, SCVB SS, THR BB
- KBC upgrade THR BB, KepChev initiate FER SM (b), Natixis downgrade BKIA SM, VOW GY

- Nordea downgrade LUMI SS, MATAS DC, CBK downgrade AIXA GY, HSBC downgrade PSG SM
- UBS upgrade GOG LN, downgrade ATL IM, RBC upgrade SVT Ln, UU/ LN, PNN LN

**Reporting Pre-Open:** ALX, ATHM, AWI, CTCH, ECYT, EE, GTAT, KOS, MHR, MOBI, PANW, ROG, ROSE, SMP, STNG, TGE, TGE, TREX

**Reporting Post-Close:** EOG, FTR, OKE, THC, VNO, ADC, ARCI, AREX, ATAI, BBRG, CHMT, CO, DLR, FI, FOE, FOXF, GB, HCKT, HVT, KONG, LAND, LYV, MMSI, NLS, OILT, OKS, PPO, PRGX, QUMU, ROIC, RP, RWT, SCTY, SF, SGM, SGY, SINA, SRT, TG, TPC, TTEC, TXRH, VOLC, WVUS, WMGI, XPO, ZU

**Economic Data:** Chicago Fed National Activity Index @ 8:30am, Dallas Fed Manufacturing Activity @ 10:30am

**Conferences:** BMO Metals and Mining (Hollywood, FL), Citi Global Healthcare (NYC), JPM High Yield & Leveraged Finance (Miami)

**Conferences:** JPM Emerging Markets Corporate (Miami), Citi Mobile World Congress (Barcelona)

**Analyst/Investor Days:** ESRX

**Non-Deal Roadshows:** ACAS, CHGG, CPL, CRAY, GLUU, NOV, SAEX, SIRO

**Shareholder Meetings:** N/A

**Equity/Mixed Shelves:** AKS, EXEL, APL (\$250M), AEZS (\$250M),

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

Barron's cover: cautious on Kinder Morgan Energy Partners (KMP) [Barron's](#)

Barron's positive: Kaiser Aluminum (KALU) [Barron's](#)

Barron's feature: America's top 1,200 financial advisors [Barron's](#)

- [Netflix to Pay Comcast for Smoother Streaming](#) [WSJ](#)
- [Activist Presses Tribune to Sell Assets](#) [WSJ](#)
- [BlackBerry Messenger Coming to Nokia X, Windows Phone](#) [WSJ](#)
- [Mining for Gold at Minus 45 Celsius](#) [WSJ](#)
- [EU, U.S. Rush to Stabilize Ukraine After Ouster](#) [WSJ](#)
- [Stock Investors Like the View in Europe](#) [WSJ](#)
- [Economy Gives Fed the Cold Shoulder](#) [WSJ](#)
- [G-20 Leaders Back a Plan to Spur Global Growth](#) [WSJ](#)
- [Indian Migrant Workers Act as Gold 'Couriers'](#) [WSJ](#)
- [Norway's oil fund to double industry specialists in its equities team](#) [FT](#)
- [EU warns west must be ready to rescue Ukraine](#) [FT](#)
- [Renminbi's reputation as a 'one-way bet' leaves investors hurting](#) [FT](#)
- [Global dividend payouts surpass \\$1tn mark](#) [FT](#)
- [FTSE 100 chiefs wary of impact on business of Scotland's Yes vote](#) [FT](#)
- [Merkel calls for Britain to remain at heart of Europe](#) [FT](#)
- [Concerns over UK Conservatives' 'posh' manifesto](#) [FT](#)
- [The hour of Kiev and Europe](#) [FT](#)
- [If the Scots exit, flag and country will need to be redrawn](#) [FT](#)
- [Europe cannot afford to ignore its deflation problem](#) [FT](#)
- [India becomes biggest foreign buyer of US weapons](#) [FT](#)
- [Greece in banking sector stand-off with bailout lenders](#) [FT](#)
- [First take: Sina Weibo spin-off](#) [Lex](#)
- [Dish Network: a platter of choices](#) [Lex](#)
- [Lenta: racy in Russia](#) [Lex](#)
- [CTT: stamp of approval](#) [Lex](#)

- Secret pension fees that cost billions are exposed [The Times](#)
- 'The Russians will defend us. They will send tanks and rockets' [The Times](#)
- Computers 'will soon outsmart humans' [The Times](#)
- EU expected to freeze Turkey's application over Erdogan autocratic style [The Times](#)
- Banks must keep to rules on liquidity, says Mark Carney [The Times](#)
- David Cameron to announce North Sea oil production boost [Independent](#)
- Cable urged to act on construction skills shortage [Independent](#)
- Anthony Hilton: A debate on a 'normal' interest rate? It's bound to be inconclusive [Independent](#)
- How buyers are trying to avoid stamp duty [Telegraph](#)
- North Sea still has vital role in keeping the lights on [Telegraph](#)
- Investment and exports are essential to sustain the recovery [Telegraph](#)
- Scandal of Europe's 11m empty homes [Guardian](#)
- A 'balanced recovery' needs a better balance of payments [Guardian](#)
- Russia must back down over Ukraine to avoid a catastrophe [CityAM](#)
- The West has killed its entrepreneurs and replaced them with bureaucrats [CityAM](#)

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

Tuesday: S&P/Case-Shiller House Price Index, Richmond Fed Manufacturing Index, Baird Business Solutions Conference (NYC), RBC Healthcare Conference (NYC), Earnings (AMT, BLMN, DPZ, FE, HD, M, TOL, SDRL, AVGO, EIX, FSLR, QEP, RRC, SBAC)

Wednesday: MBA Mortgage Applications, New Home Sales, Wells Fargo Real Estate Securities Conference (NYC), Earnings (AES, CHK, CNP, CVC, DLTR, LOW, NFX, TGT, TJX, ADSK, BIDU, LB, RIG)

Thursday: Durable & Capital Goods Orders, Kansas City Fed Manufacturing Index, Goldman Sachs Social Media Forum (NYC), Earnings (BBY, CTRX, KSS, PLL, SRE, WPX, CRM, GPS, MNST)

Friday: MSCI index rebalance, GDP, Chicago PMI, U. of Michigan Confidence, Earnings (IRM, LINTA,

LMCA, NRG, POM, SWN)

***Key Events on the Horizon***

March – Local elections in Turkey

Mar 4 – Obama to publish his budget

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

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



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