

**From:** [REDACTED]  
**Sent:** Fri 1/31/2014 10:48:51 AM  
**Subject:** Early Tour 1.31.14

Good Morning ... European Markets off 10-100 bps (Germany -1.2%, Denmark +0.91%) ... NKY -0.62%, ASX +0.04%, NZX +0.53%, SET50 +0.54%, SENSEX +0.03%

EUR 1.3545 (-0.07%) JPY 102.44 (+0.25%) EUR/JPY 138.79 (-0.32%) AUD -0.58% NZD -0.31% RUB -0.79%

Spain 10yr 3.65% Italy 3.77% Portugal 10yr 5.03% US 10yr 2.67%

Futures: Dow -85, Nasdaq -7, S&P -9 DXY \$81.11 (+2c) Crude \$97.92 (-31c) Gold \$1245.10 (+\$2.60) Copper -0.54% Silver +0.52% Nat Gas -3.03%

Kung Hei Fat Choy. It's Lunar New Year in China today (Year of the Horse) and most Asia markets were closed, including: China, Hong Kong, South Korea, Taiwan, Singapore, Indonesia, Malaysia, Philippines. Japan's Nikkei closed -0.62% which makes it -3.1% for the week and -8.5% for the month of January. Japan Tobacco outperformed closing +5.65% after raising its outlook and indicating it would raise domestic prices more than expected. European markets opened mixed but have tilted for sale since the open and fading with autos and banks leading the way lower. Weaker than expected German retail sales has the DAX at the bottom of the pile -1.4%. Luxury has been weak as of late as highlighted by the recent Mulberry & Tod's misses, but it outperforms today after LVMH (+5.8%) & Ferragamo (+5.2%) both put up solid numbers. Dutch cable company Altice (ATC NA) went public today and is currently +2.0% from deal price to €28.83/share. In the US after hours trading session: GOOG +4%, BRCM +5%, CMG +12%, WYNN +4%, ZYNGA +20%, JDSU +4.5%, and AMZN -4.5%. Its month-end today and the S&P is set to close January in the red (-2.93% mtd). SPA's -9 handles = 1772 last.

\*\*\*Personal Income & Spending @ 8:30am, Chicago PMI @ 9:45am, Michigan Confidence @ 9:55am\*\*\*

\*\*\*CNX, CVX, D, LM, LYB, MA, MAT, MJN, NOV, NWL, PCAR, SPG, TSN, TYC, WY #'s pre-open\*\*\*

\*\*\*China non-manufacturing PMI for Jan out Sunday night\*\*\*

- Google revs & profit rose but fell short on slumping ad prices but core growth picked up (trading +4.0%)
- Amazon profit grew but earnings, sales & outlook missed (mulling price hike for Prime) (trading -4.5%)

- Microsoft is said to be preparing to make its enterprise & cloud chief Satya Nadella CEO (*Bloomberg*)
- Broadcom profit off 33% but beat expectations on better sales (increase cash div) (trading +5.0%)
- Chipotle 1c eps beat & profit jump on better than expected SSS plus boosted forecast (trading +12.0%)
- Wynn earnings strong as Macau revenues surged (+18% to \$1.52B) with margin improvement (trading +4.0%)
- JDS Uniphase eps 19c beat 14c ets & revs better also guides Q3 revenues inline (trading +4.5%)
- Zynga sees year profit, to cut 15% workforce and to acquire NaturalMotion for ~\$527M (trading +20.0%)
- Constant Contact Q2 adjusted eps topped estimates (30c vs 27c ests) (revs inline) plus ARPU rose
- BT Group Q3 revs slight ahead, EBITDA good, EPS fine, net debt inline, raises FY EBITDA guidance (trading +2.0%)
- Deutsche Telekom said to have offered to buy Greece's OTE stake (HTO GA trading +3.8%)
- Altice IPO priced @ €28.25, raising €1.3 billion, begins trading today (trading +2.0%)
- Orange sells €850 million 30yr and €750 million 5 yr notes in the US (trading -0.90%)
- Vedanta Q3 revs inline, EBITDA shade light, oil & gas production +10%, all divisions solid (trading -4.5%)
- Rank H1 revs inline, EBITDA light, EBIT below, div +8% y/y, sees H2 op profit inline (trading -1.1%)
- Dairy Crest Group IMS: Q3 trading broadly inline, sees FY profits ahead, challenging environment (trading +0.90%)
- Electrolux Q4 revs light, EBIT ex-items light, miss on underlying, warns for 2014, Brazil surprising weak (trading -7.2%)
- Salvatore Ferragamo FY prelims: revs inline, all regions performing, broker upgrade (trading +5.2%)
- LVMH FY net income light, revs inline, fashion & leather fine, company well equipped to grow all divisions (trading +5.8%)
- BBVA Q4 revs inline, op income decreases y/y, EPS ahead, bad loans ok, significant outlook improvement (trading -0.20%)
- Banco Popular Q4 revs below, improving net op income, upbeat outlook (trading -3.2%)
- BPI FY net profit miss, CT1 11.2%, announces plans for capital increase but no plans to sell bonds (trading -5.5%)
- CaixaBank Q4 net misses on one off, provisions high, 835 million tax return (trading -1.7%)

- Sanofi files patent infringement suit against Lilly in the US over Lantus generic (trading -0.20%)
- Essilor completes 6 new partnerships in North & Latin America for €38 million (trading -1.2%)
- Renault: *Les Echos* reports company yielded €2.8 billion in savings for 2013 (trading -2.1%)
- Allianz: plans client push in Germany in non-life, French car insurance rises less (trading -1.4%)
- Areva FY revs ahead, order backlog of €41.5 billion, reaffirms 2013 targets (trading -3.9%)
- Axis Communications Q4 revs inline, EBIT below, EPS misses, inventory concerns (trading -1.8%)
- Rieter Holding FY revs ahead, orders received good, implied net profit strong (trading +1.7%)
- Bechtle Q4 prelims: revs good, EBT inline, FY due in March (trading +1.4%)
- Domino's Pizza Group announces David Wild appointed as interim CEO (trading +3.8%)
- Wood Group chairman Allister Langlands retires, effective 14-May (trading -0.50%)
- Germany December retail sales -2.5% m/m versus estimate +0.2% (-2.4% y/y versus estimate +1.9%)
- Euro-area December unemployment 12.0% versus estimate 12.1%, CPI +0.7% y/y versus estimate +0.9%
- Honda profit misses estimates for 10<sup>th</sup> straight quarter as demand in Thailand slumps (#'s out after close)

**Leading European Sectors:** Utilities -0.15%, Retail -0.19%, Fin Services -0.33%  
**Lagging European Sectors:** Autos/Parts -1.46%, Insurance -1.26%, Food/Bev -1.25%

CB profit surged – ED upgraded at moodys – CSC raises eps view

RHI eps beat, revs inline – MCK sales climb – AGYS eps inline

TUES missed – ANF names coo – UVE div raise

MCRS eps matched – GDOT eps missed – AZPN boosts rev forecast

HGR guides down – TNAV acquisition – PMCS eps revs beat

WBCO cuts div – EPAY boosts yr profit view – BCR \$500M buyback

MCK revs topped – MTW mixed – PKI sees 2014 inline with ests

BYD guidance light – RVBD higher profit – MCHP revs beat

DLLR cuts ebitda view – N increased forecast – ARAY boosts rev view

**Secondaries (announced/priced):** CYTR, TNP, TISI, FUEL, ITCI, SXE, XPO, CLTX, DHT, MCC

**IPO's:** The New Home Company (NWHM) 7.8M-shares priced at \$11 (below), Intrawest Resorts (SNOW) 15.6M-shares priced at \$12 (below), Ultragenyx Pharmaceutical (RARE) 5.8M-shares priced at \$21 (above), Malibu Boats 7.1M-shares (399K for holders) priced at \$14 (mid), Altice (ATC NA) priced @ €28.25/share, Paylocity (PCTY) files for \$115M IPO through Deutsche, BofA/ML and William Blair

**US Key Research:**

- Barcap downgrades TIBX, Brean upgrades IEX (buy), Imperial upgrades MPC
- DB upgrades UFS/GLT (buy), GS upgrades GIMO (buy) & cuts ADTN/GEO
- Miller Tabak upgrades CBRL (buy), Stifel upgrades NFX (buy) & initiates TKMR (buy)
- SocGen initiates K/KO/MJN/PG (buy) & BF.B/GIS/MDLZ/PEP (hold) & CL/PM/STZ/TAP (sell)
- KBW downgrades CMO, SunTrust initiates AMRE, JPM upgrades ALK/CSC/JBLU/UAL/CTXS
- B. Riley upgrades CPSI (buy), HSBC cuts STZ, Wells upgrades HSH, MS upgrades ESI/NFLX
- William Blair initiates JDSU, Bofa upgrades LH (buy), Raja upgrades MSFG/PHM
- Stifel upgrades NFX (buy), MS upgrades LH (buy)

**Europe Key Research:**

- BofAML upgrade BC IM, Barc downgrade DBK GY, BA/ LN
- Berenberg upgrade SDR LN, downgrade ASHM LN, Citi upgrade HMB SS
- CS upgrade DOM LN, downgrade FRE GY, MS add TFI FP to best ideas
- DNB upgrade TLSN SS, JEFF upgrade CRST LN, downgrade GRFD LN, RDW LN
- Exane downgrade AKZA NA, Lampe upgrade TKA GY
- GS upgrade IMT LN, downgrade DGE LN, add BELG BB to conv sell list
- Handelsbanken downgrade NES1V FH, NCCB SS, KRC1V FH
- HSBC upgrade IFX GY, NG/ LN, downgrade OSR GY

- JPM downgrade DLAR LN, ARP LN, upgrade BELG BB, EOAN GY, RBI AV
- KepChev upgrade SFER IM, Natixis downgrade MTU FP
- SEB downgrade UPM1V FH, upgrade TRYG DC, SocGen downgrade SAB LN
- UBS upgrade BCHN SW, ERICB SS, LUPE SS

**Reporting Pre-Open:** ABBV, AON, AVY, CNX, CVX, D, LM, LYB, MA, MAT, MJN, NOV, NWL, PCAR, SPG, TSN, TYC, WY, ALV, BAH, CPLP, GHM, IMGN, JOUT, KCG, KFN, LANC, LEA, PFS, SAIA, WETF

**Economic Data:** Employment Cost Index / Personal Income & Spending @ 8:30am, Chicago PMI @ 9:45am, U. of Michigan Confidence @ 9:55am

**Conferences:** No major conferences

**Analyst/Investor Days:** ACT

**Non-Deal Roadshows:** CONN, CUI, CUI, HPTX, PGNX

**Shareholder Meetings:** CRTX, RKT, TSN, MODN

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

***Other Newspaper Articles & Stories***

WS positive: Facebook (FB) [WSJ](#)

- U.S. Banks Start to Ease Limits on Lending [WSJ](#)
- As Treasurys Rally, Investors Reassess [WSJ](#)

- Goldman Sachs Pioneers Plan to Deal With Bonus Cap [WSJ](#)
- Microsoft Nears End to CEO Search [WSJ](#)
- Twitter's Super Bowl Goal: More Ad Credibility [WSJ](#)
- Just Showing Up Isn't Enough for Chevron [WSJ](#)
- Euro Zone's Next Reform Candidate: Germany [WSJ](#)
- Egypt to France: Your Wheat Is Too Wet [WSJ](#)
- Economic Turbulence Chips at Support for Turkish Premier [WSJ](#)
- Opponents Call Ukraine Leader's Sick Leave Delay Tactic [WSJ](#)
- A Shot at Banking Behind Bars [WSJ](#)
- Economy Is Expanding, but Obama's Legacy May Be Slipping Away [NYT](#)
- Dark Side of Capital in Emerging Markets [NYT](#)
- GoPro, Known for Daredevil Videos, Works on Its Brand [NYT](#)
- Obama and G.O.P. Facing Opposition to Trade Pacts [NYT](#)
- Chinese barbers take a post-holiday haircut on revenues [FT](#)
- Blankfein's pay to rise 10% to \$23m for 2013 [FT](#)
- Australia approves dredging near Great Barrier Reef [FT](#)
- India's Raghuram Rajan hits out at unco-ordinated global policy [FT](#)
- 'Gucci Helle' hurt politically by Goldman investment affair [FT](#)
- US economy shows brisk momentum [FT](#)
- Russia tightens security at 'fortress Sochi' to protect Olympics [FT](#)
- Free innovators from the state's deadening hand [FT](#)
- India is still a contender in the great Asian race [FT](#)
- Syria's Kurds initiate experiment in self-rule [FT](#)
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- Poor corporate credit is holding back Europe's recovery [FT](#)
- Amazon: ready to deliver profits? [Lex](#)
- Blackstone: improving assets [Lex](#)

- Diageo: down on the baijiu [Lex](#)
- Santander: providing all goes well [Lex](#)
- Empty Dave won't be offering us any ideas [The Times](#)
- Forget the family, forget about social mobility [The Times](#)
- Tripoli sues Goldman Sachs over its lost \$1bn [The Times](#)
- David Prosser: If crowd-funding platforms get ISA status the banks may finally have to take notice on lending [Independent](#)
- Emerging market storm spreads to Russia as rouble wobbles [Telegraph](#)
- Argentina is no danger to the world - but the eurozone is [Telegraph](#)
- Living standards will not recover until after 2015 election says IFS [Guardian](#)
- What does it tell us about the housing market that my flat earns so much more than I do? [Guardian](#)
- Growth is back – but here are five challenges still facing the UK [CityAM](#)
- Why we're not about to witness the death of the global bubble economy [CityAM](#)

### **Key Events Next Week**

Monday: Markit US PMI, ISM manufacturing, Construction spending, Vehicle Sales, Eurozone Jan PMI manufacturing, RBA rate decision, Earnings (SYY, APC, EW, GGP, HIG, YUM, PFG)

Tuesday: ISM New York, Factory orders, Eurozone PPI, Earnings (ADM, BDX, BSX, CLX, CME, DLPH, ETN, GCI, R, SIRI, XYL, AFL, CERN, EQR, GILD, MAC, UNM)

Wednesday: Non-manufacturing ISM, MBA Mortgage Applications, ADP Employment Change, Eurozone services/composite PMI, Eurozone retail sales, Cowen Aerospace/Defense and Transportation Conference, Earnings (ADP, AGN, CCE, EL, HUM, MRK, NDAW, RL, TWX, AIZ, ALL, DIS, FMC, GMCR, LNC, MRO, ORLY, PRU, SRCL, XL)

Thursday: Jan Retailer same-store-sales, Challenger Job Cuts, Nonfarm Productivity & Unit Labor Costs, Trade Balance, ECB & BOE rate decision, Earnings (AET, CMI, DO, DNKN, FOXA, GM, K, NBL, PM, SEE, SNA, WEC, ATVI, EXPE, NWSA, ZNGA)

Friday: January Employment Report, Debt ceiling deadline (Treasury can use extraordinary measures for ~ 1 month past this date), Consumer Credit, XXII Olympic Winter Games begin (Sochi, Russia), Earnings (CI, FLIR, MCO, WYN)

***Key Events on the Horizon***

Feb 17 – Presidents' Day in the US (Markets Closed)

Feb 20 – G20 Fin Min meeting in Sydney begins

March – Local elections in Turkey

Mar 4 – Obama to publish his budget

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



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