

**From:** [REDACTED]  
**Sent:** Thur 11/14/2013 10:57:15 AM  
**Subject:** Early Tour 11.14.13

Good Morning ... European Markets up 50-100 bps (Italy -0.13%, Spain flat) ... NKY +2.12%, SHCOMP +0.60%, KOSPI +0.20%, HSI +0.82%, TWSE +0.38%, ASX +0.68%

EUR 1.3435 (-0.38%) JPY 99.95 (-0.71%) EUR/JPY 134.29 (+0.32%) AUD 0.9294 (-0.70%)  
NZD 0.8250 (-0.46%) GBP 1.6012 (-0.28%) SEK 6.68 (-0.54%)

US 10yr 2.72% Japan 10yr 0.60% Germany 10yr 1.72% Portugal 10yr 5.89% Italy 10yr 4.08%  
Spain 10yr 4.09%

Futures: Dow +27, Nasdaq -7, S&P +5 DXY \$81.14 (+21c) Crude \$93.81 (-7c) Gold \$1283.40  
(+\$15.00) Copper -0.05% Silver +1.68% Nat Gas -0.90%

Asian indices were higher across the board following Yellen's unsurprisingly dovish comments towards QE ahead of her confirmation hearing later this morning @ 10am (full text of the prepared testimony can be read [here](#)). In short, she feels unemployment remains too high while inflation is likely to run below the 2.0% target for some time → thus the Fed should continue to support the recovery via its monetary policy tools until the economy reaches escape velocity. Japan outperformed with the Nikkei breaking out as the Yen continues to weaken (JPY currently testing the 100 level). Japan Q3 GDP also came in better than expected at +0.5% q/q vs est +0.4%. China fluctuated in and out of positive territory as concerns continue on overall liquidity as PBOC suspended reverse repo operations with short term borrowing rates hitting 5 month highs. BOK left rates unchanged as expected at 2.5% for the 6th consecutive meeting. In Europe, equity markets are broadly higher after the S&P finished at new highs yesterday. Focus will be on the Yellen hearing today but we will also get initial jobless claims @ 8:30am. Cisco indicated -11% after missing on the top line and guiding Q2 lower. SPA's +5 handles = 1784.10 last.

\*\*\*Jobless Claims / Nonfarm Productivity & Unit Labor Costs / Trade Balance @ 8:30am\*\*\*

\*\*\*KSS, TYC, VIAB, WMT #'s pre-open / A, AMAT, JWN earnings after close\*\*\*

- Cisco missed sales estimates citing China slowdown & gave weak profit outlook (trading -11%)

- NetApp eps beat & net rose on lower charges but light revenue guidance (upside GM) (trading +1%)
- Fairfax Financial buys \$250 million of 6% BlackBerry convertible debentures maturing 11/13/20
- Telecom Italia Signs Deal for Argentina Assets for \$960 Mln (trading +0.15%)
- Zon Optimus Q3 solid (first joint release post merger), top line adequate (trading +3.7%)
- Carphone Warehouse H1 revs up y/y, EBIT ahead, EBITDA better, sees FY in line (trading +7.5%)
- Bouygues Q3 revs in line, op profit better y/y, order book improvement, upbeat outlook (trading +6.0%)
- Telekom Austria Q3 revs inline, net income miss, EBITDA good, confirms forecasts (trading -1.9%)
- EVS Broadcast Q3 net falls, revs light, EBIT miss, maintains sales guidance (trading -1.2%)
- Zurich Insurance Q3 net income ahead, op profit solid, improved combined ratio (trading +2.5%)
- KBC Q3 net miss, adj profit beats, revs shade under, loan impairments ok (trading +4.0%)
- MLP Q3 revs in line, EBITDA fine, profit falls on lower pension product sales (trading -0.20%)
- Amlin Q3 upgrade, FY results expected to exceed, excellent underwriting (trading +5.0%)
- Centrica sees FY EPS on a par with 2012, market conditions remain challenging UK/US (trading -4.0%)
- RWE Q3 net misses, EBITDA below, sharp decline in 2014 results on pricing (trading -8.8%)
- Salzgitter Q3 sales & EBIT miss, pretax loss worse, confirms outlook (trading -0.40%)
- Antofagasta Q3 production in line, all divisions look adequate, copper solid (trading -0.30%)
- Nordex Q3 net income shade better, order intake +85% YoY, outlook reaffirmed (trading +5.0%)
- SBM Offshore 9mth revs +25%, confident for 2013 guidance, record backlog (trading +2.0%)
- EMGS Q3 revs miss, EBITDA below, vessel utilisation improvement (trading +1.2%)
- Ahold Q3 revs light, underlying op profit shade below, net miss, to return €1bn (trading -3.7%)
- Sodexo FY revs in line, op margin good, organic sales growth ok, positive outlook (trading +0.50%)
- Merck KGaA Q3 revs in line, EBITDA beats, EPS shade better, raises FY forecast (trading +1.2%)
- EADS Q3 EBIT in line, confirms 2013 EBIT, rev targets, FCF -€1.5bn, significant challenges (trading -1.4%)
- K+S Q3 EBIT beats, revs in line, potash market volatile, cost savings middle of the range (trading +5.1%)

- Aker ASA Q3 revs flat, EBITDA light, net income miss y/y, slowdown in E&P spend (trading +0.30%)
- Ted Baker Q3 sales +24%, gross margin in line, sees FY dependent on Christmas (trading +4.6%)
- Burberry H1 adj pretax in line, focus on retail/digital, uncertain macro environment (trading +2.5%)
- Tod's Q3 sales miss, EBITDA well below, Italy underperforms, broker downgrade (trading -6.5%)
- Serco Q3 IMS; growth rate reduced in H2, poor as expected with further deterioration 2014 (trading -10.5%)
- Rexam Q3 in line overall, global volume +3%, focus on costs, cash & returns (trading -0.80%)
- Electrocomponents H1 revs improve, gross margins flat, div flat, solvency improving (trading +3.1%)
- Taylor Wimpey IMS in line, one off impairment gain against inventory, solid with peers (trading +6.3%)
- Great Portland Estates H1 EPS in line, good NAV, strong portfolio value (trading +3.1%)
- Fondiaria Q3 strong, profit good, net income solid, Life & other activities in line (trading +3.8%)
- UK retail sales unexpectedly decline -0.7% in Oct m/m vs est +0.0% (+1.8% y/y vs est +3.1%)
- Eurozone Q3 preliminary GDP +0.1% q/q vs estimate +0.1% (-0.4% y/y vs estimate -0.3%)
- Germany Q3 preliminary GDP +0.3% q/q vs estimate +0.3% (+1.1% y/y vs estimate +1.0%)
- France Q3 preliminary GDP -0.1% q/q vs estimate +0.0% (+0.2% y/y vs estimate +0.3%)
- Netherlands Q3 preliminary GDP +0.1% q/q vs estimate +0.1% (-0.6%y/y vs estimate -0.9%)
- Italy Q3 preliminary GDP -0.1% q/q vs estimate -0.1% (-1.9% y/y vs estimate -1.9%)
- Japan Q3 preliminary GDP +0.5% q/q vs est +0.4% (3-quarter low), IP +1.3% m/m vs +1.5% prior

**Leading European Sectors:** Media +1.36%, Autos/Parts +1.24%, Insurance +1.17%

**Lagging European Sectors:** Utilities -1.12%, Basic Res +0.19%, Banks +0.23%

AFCE raises low end – KGC boosts yr output – MM missed

SEAS raised ebidta view – TWGP files to delay 10-Q – YUME rev loss beat

**Secondaries (announced/priced):** SPNS, CDW, GWR, VTNR, SINA (convert), PSMT, ALGN, LMOS,

CABK SM

**IPO's (filed/priced):** Tandem Diabetes (TNDM) priced 8M shrs at \$15, Houghton Mifflin (HMHC) priced 18.25M shrs at \$12 (below)

**US Key Research:**

- GS reinstates CIB (neut) & downgrades VIV/AMG/FIG & upgrades CG (buy)
- DB downgrades CSCO & upgrades LPNT (buy), MS upgrades KKR, JPM cuts PENN
- Drexel Hamilton initiates SNDK/IRF/NXPI (buys), Kansas City downgrades DAR

**Europe Key Research:**

- DNB upgrade LSG NO, BofAML downgrade TOD IM, GALP PL, Barc downgrade EAON GY
- Berenberg downgrade TRYG DC, Citi upgrade SBRY LN, CS downgrade TRN IM, upgrade MAERSKB DC
- DBK downgrade PHNX LN, Exane downgrade KD8 GY, upgrade SBRY LN, KBC downgrade AH NA
- GS upgrade BOK LN, downgrade TSCO LN, remove UCG IM from conv buy list
- HSBC downgrade LOCAL FP, BP IM, upgrade SBRY LN, GKP LN, FLYB LN
- ING upgrade KPN NA, Investec downgrade EAD FP, upgrade RBS LN, Oriel upgrade SMWH LN
- JEFF initiate RCUS BB (b), Nomura initiate MERL LN (n), DBK downgrade LPK GY, DBK GY
- KepChev downgrade UNI BB, TRN IM, Natixis upgrade SBRY LN, MS d/g MAP SM
- Nordea downgrade CARLB DC, LSG NO, SocGen downgrade HEN3 GY, LOCAL FP

**Reporting Pre-Open:** HPP, KSS, TYC, VIAB, WMT, ADGE, AMBC, BRKS, CADC, CMRX, CNTY, COI, CRTO, CSTM, CTC, DANG, DCIX, GIB/A CN, GLOG, GSL, IDRA, MANU, MGAM, MIL, NSLP, PENX, PFSW, PTCT, PTN, RMGN, SAMG, SBH, SCR, SGM, SORL, SPH, TDG, UTSI, VSCP

**Reporting Post-Close:** A, AMAT, JWN, ADK, ATEA, ATHX, BONA, CEP, CNAT, CO, EMES, GVP, HMIN, HPOL, HTM, IPDN, KHJI, KOOL, KTEC, KYTH, LWAY, MATW, MTSC, PATH, SANW, SBSA, SUMR, TRIT, VJET, WYY, YOKU

**Economic Data:** Jobless Claims / Nonfarm Productivity & Unit Labor Costs / Trade Balance @ 8:30am, Bloomberg Consumer Comfort @ 9:45am

EIA natural gas storage @ 10:30am, DOE inventories @ 11am, Treasury Auction of 30-Year Bonds @ 1pm (\$16B)

**Fed Speakers:** Plosser @ 9am (Philadelphia), BOE's Miles @ 1:45pm (Dallas)

**Conferences:** CS Healthcare (Phoenix), GS US Emerging / SMID Cap Growth (NYC), Suntrust Financial Technology, Business & Government Services (NYC)

**Conferences:** William Blair Commercial Insurance (NYC), William Blair Real Estate Services & Technology Summit (Boston)

**Analyst/Investor Days:** FFIV, ACIW, NUVA, LGND, ALK, ROK

**Non-Deal Roadshows:** ATE, BBT, CIT, COV, CRNCY, CTXS, DWA, ENS, EXAR, FARM, FULT, IG, IMAX, INCY, LMT, MOSY, MPWR, NTAP, NVDA, OMEX, POL, PXLW, RFMD, RSO, RUTH, SFUN, SQI, UBNT, URG, VOD, WYN, ZTS

**Shareholder Meetings:** CACI, ROIK, AHPI, BR, PMFG, SWS, WDC, TAX, CDZI, MTRX, NVGN

**Equity/Mixed Shelves:** NHI, OLP (\$250M)

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

WSJ cautious: Google (GOOG) [WSJ](#)

- Japanese GDP growth halved in third quarter [FT](#)
- Bank of England accelerates jobs forecast [FT](#)

- Hedge funds eye Fannie and Freddie [FT](#)
- OECD issues warning on French economy [FT](#)
- Rolls-Royce plans 3D printing for jet engine parts [FT](#)
- Business is creating new forms of English [FT](#)
- Miley Cyrus, Sir John Major and model rebranding [FT](#)
- It's the first arrow of Abenomics that matters [FT](#)
- Radical state action is the answer to Britain's housing crisis [FT](#)
- Crisis response needs to be a science, not an art [FT](#)
- The simple, logical answer to the Iran nuclear conundrum [FT](#)
- Cisco: Signalling short-circuit [Lex](#)
- US munis: sweet home, Alabama? [Lex](#)
- British Land: hard landing [Lex](#)
- European utilities: make that call [Lex](#)
- Yellen: Economy Still Needs Fed Aid [WSJ](#)
- Obama Open to Health-Law Change [WSJ](#)
- Obama Pushing Immigration as New Doubts Emerge in House [WSJ](#)
- Bitcoin Couple Travels the World Using Virtual Cash [WSJ](#)
- IPO Market Shows Signs of Cooling [WSJ](#)
- Truckers Tire of Government Sleep Rules [WSJ](#)
- Executives Hit Sweet Spot on Stock Sales [WSJ](#)
- The Fight Against Bland Airline Food [WSJ](#)
- Cost of Settling Mortgage Cases Varies Widely by Agency [WSJ](#)
- Investors Flock to Silver Coins [WSJ](#)
- Wall Street's Year: Blame it on the Bonds [WSJ](#)
- Think Weaker Yen Means Cheaper Exports? Think Again [WSJ](#)
- Good Eggs, a Virtual Farmer's Market, Delivers Real Food [NYT](#)
- Shopping, Before the Turkey Gets Cold [NYT](#)

- Motorola to Offer Moto G Smartphone Aimed at Emerging Markets [NYT](#)
- Tempus: the long, unwinding road? [The Times](#)
- Escape Velocity [The Times](#)
- A campaign to leave the EU is taking shape [The Times](#)
- Jim Armitage: More power to Justin King as he calls it right on tax-dodgers and energy bills [Independent](#)
- Writing is on the wall for the new slaves: Contributors who work for free generate huge profits for website magazines [Independent](#)
- Millions more told to take statins [Telegraph](#)
- White-collar workers to become 'new poor' as computers take over [Telegraph](#)
- Immigration: Britain's doors are wide open, and we can't even talk about it [Telegraph](#)
- David Cameron summons telecoms bosses to press for curbs to bills [Guardian](#)
- The moment David Cameron lost the 2015 general election [Guardian](#)
- The short-term outlook for the British economy is very bullish [CityAM](#)
- Stronger growth points to review of the Bank's forward guidance policy [CityAM](#)
- Mentors are key to helping entrepreneurs reach the next stage of development [CityAM](#)

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

Friday: Options Expiration, Empire Manufacturing, Import Price Index, October CPI & IP, Wholesale Inventories, Earnings (MMS, IMNP)

Sunday: China Oct property prices

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

Nov 26 – MSCI changes effective on the close

Nov 27 – Italy Senate to vote on expelling Berlusconi from Parliament

Nov 28 – US Thanksgiving (market closed)

Dec 5 – BOE & ECB rate decisions

Dec 18 – FOMC rate decision

Jan 15 – Current CR runs out

Feb 7 – Debt ceiling deadline (Treasury can use extraordinary measures for ~ 1 month past this date)



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