

**From:** Ike Groff <[REDACTED]>

**Subject:** Early Tour 4.17.14

**Date:** Thu, 17 Apr 2014 09:52:05 +0000

**Inline-Images:** image001.jpg; image002.png

---

Description:  
Description:

Good Morning ... European Markets off 0-60 bps (Portugal +0.08%) ... NKY +0.00%, SHCOMP -0.30%, HSI +0.28%, KOSPI -0.01%, TWSE +0.23%, ASX +0.63%

EUR 1.3860 (+0.32%) JPY 102.06 (+0.17%) EUR/JPY 141.45 (+0.15%) GBP +0.20% RUB +0.18% SEK +0.50% US 10yr 2.633%

Futures: **Dow -41, Nasdaq -3, [REDACTED] -4** DXY \$79.61 (-19c) Crude \$103.86 (+10c) Gold \$1299.50 (-\$3.90) Copper +0.55% Silver +0.15% Nat Gas +0.51%

Asian Markets started higher on the back of overnight strength in the US but most major indices closed off the best levels. Overall it was a quiet day and turnover remains very light ahead of tomorrow's holiday. China was the regional underperformer amid diminishing expectations of large scale stimulus from the central government, however the PBOC did implement a targeted RRR cut aimed at rural financial institutions. Japan got a midday boost on comments from GPIF advisor Ito that the pension fund is likely to change its portfolio allocation in June (in-line with consensus) but the Nikkei faded into the close to end flat. Gungho (+14.2%) and Canon (+1.2%) were in focus after positive earnings previews in the Nikkei. Korea ended largely flat on the day as local selling was offset by a foreign MOC buy basket. Taiwan closed higher for the 3<sup>rd</sup> session in a row helped by strong gains in DRAM makers (Inotera +6.9%) and bike maker Giant (+6.7%) which was higher for a 5<sup>th</sup> day after a JPM upgrade last week. TSMC reported after the close (results beat). European markets are generally lower in fairly choppy session into the long weekend (Denmark & Norway closed today, ½ day in Sweden, and all of Europe is closed tomorrow and Monday). Volumes tracking -10% vs the 20d average. Spirits/Beverages worst performing sector as Diageo sales miss and Remy Cointreau says current operating profit may be down 35-40% (prior guidance had implied down at least 20%) (DGE LN -4.3% & RCO FP -3.0% this morning). Tech also weaker after SAP & Atos both miss estimates (and Google -3.0% and IBM -4% pre-open following numbers last night). Jobless claims & Philly Fed out later this morning. Enjoy the long weekend. SPA's -4 handles = 1848.80 last.

\*\*\*Jobless Claims @ 8:30am, Philly Fed @ 10am\*\*\*

- Google revs +19.5% but disappointed as ad rates declined & rising costs erode profits (trading -3%)
- IBM profit fell & quarterly revs sank to a 5yr low as hardware sales lower (reaffirmed profit) (trading -4%)
- SankDisk profit jumped on higher revenues & boosted 2014 gross margin view (trading +6%)
- American Express Q1 headline beat & posted higher profit but card spend softened in US (trading -1%)
- Capital One profit edged up & beat estimates but income from lending slipped (trading touch lower)

- Kinder Morgan eps light (raises div) & may sell 50% stake in Ruby Pipeline (WSJ) (trading -1%)
- Kansas City Southern net dropped on higher expenses but eps/revs beat estimates (trading +0.05%)
- Noble profit +70% on fleet growth as revs rose & sees improving free cash flow in 2015 (trading +2.5%)
- Sallie Mae Q1 core eps missed ests as net income dropped 18% even as defaults declined (trading inline)
- Diageo quarterly sales unexpectedly fall on emerging markets (-1.3% vs est +1.8%) (trading -4.3%)
- Remy Cointreau profit warning: sees 35-40% decline in FY current operating profit (trading -3.0%)
- SAP Q1 software sales and operating profit miss estimates, sticks to outlook (trading -3.3%)
- Atos Q1 revenues -1.8% versus estimate -1.4%, booking light, confirms 2104 outlook (trading -1.4%)
- Publicis Q1 organic growth beats estimates, reiterates 2014 growth target (trading +2.1%)
- Akzo Nobel profit stagnates on revamp costs and fx, Q1 sales miss, margins lower (trading -6.2%)
- Taylor Wimpey IMS solid, order book +13%, sees 200-300bp margin improvement (trading +1.9%)
- Actelion posts decent Q1 beat, well positioned to review guidance by mid-year (trading -0.05%)
- Mulberry another profit warning, PBT guidance lowered to £14 million from £22 million (trading -0.63%)
- RSA announced disposal of Lithuania, Latvia, Poland businesses for ~£300 million (trading +2.8%)
- Accor reports Q1 revenue after the close, market looking for €1.23 billion (trading +1.1%)

**Leading European Sectors:** Autos/Parts +1.22%, Trav/Les +0.83%, Fin Services +0.41%

**Lagging European Sectors:** Food/Bev -1.42%, Basic Res -0.99%, Tech -0.80%

PBCT op eps missed – ALSN net sales beat – DHR ceo succession

EFII eps/revs beat – NSR eps missed – URI topped

BLUR LN #'s weak – FXPO LN #'s slight beat – SW FP #'s inline

**Secondaries (announced/priced):** ATHL, SNH, PLD

**IPO's (filed/priced):** Weibo Corp (WB) 16.8M ADS priced at \$17 (low-end), Sabre Corp (SABR) 39.2M shares priced at \$16 (below), Sportsmans Warehouse 12.5M shrs priced at \$9.50 (below), Vital Therpies (VTL) 4.5M shares priced at \$12 (below), Zoosk (ZSK) files \$100M IPO through Bofa, Citi, RBC

**IPO's (lock-up expiration):** Waterstone Financial (WSBF), Fuel Cell Energy (FCEL), First Republic Bank (FRC)

**US Key Research:**

- BMO initiates RFMD/SWKS/TWNT (mp), DB upgrades EFX (buy), Leerink downgrades MDCO
- Raja initiates GBDC/HAFC (op), Vertical initiates DMRC (buy), RBC initiates PCL (op)
- Jefferies upgrades EFX/EIX (buy), JPM upgrades GOGO/BWP, Longbow initiates NCLH (buy)
- Piper assumes SNDK (ow) & upgrades RALY, RBC upgrades AA & cuts SO, Raja downgrades HBAN
- SunTrust initiates KRO (reduce), Citi downgrades MDP, PacCrest upgrades NFLX
- Jefferies cuts NGLS/EPD, Baird upgrades SCTY, Stifel cuts R, Sterne Agee upgrades BOFI (buy)

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

- Bofa downgrades SDRL NO/BAW SJ/ARTC DB & upgrades HTO GA (buy), Investec cuts DIA LN
- Berenberg downgrades SZU GR (sell) & upgrades RSL LN, SocGen upgrades ELPE GA (buy)
- Citi upgrades BKIA SM/CABK SM (buy) & cuts KIO SJ (sell), Panmure upgrades PDG LN (buy)
- DB downgrades PKN PW, GS upgrades CHR DC (buy), Kepler downgrades CSGN SW
- JPM downgrades KNIN SW/GJF NO & upgrades ETE GA, Panmure upgrades PDG LN (buy)
- Natixis upgrades WPP LN (buy), Nomura upgrades AKZA NA & downgrades AKE FP
- Equinet upgrades TUI GR (buy), HSBC downgrades DEB LN/TFG SJ/GARAN TI/YKBNK TI
- MS upgrades ASC LN & initiates GTT FP (ow), SEB Enskilda upgrades ELUX.B SS (buy)

**Reporting Pre-Open:** ADS, AN, BAX, BBT, BLK, CMG, DD, DHR, DOV, FITB, GE, GS, HON, KEY, MAT, MS, PEP, PM, PPG, SHW, SLB, UNH, UNP, ACU, ALSN, BX, CNET, CY, FCFS, FCS, FHN, HLSS, HOMB, IIN, KNL, NPBC, ORB, POOL, PVTB, SASR, SON, SYNT, TZOO, WBS, WSO, ZX

**Reporting Post-Close:** ACTG, AMD, AMRB, ASBC, ATHN, CBF, CHKE, CPHD, HUBG, INDB, ISBC, SCSS, SFNC, WHG

**Economic Data:** Jobless Claims @ 8:30am, Bloomberg Economic Expectations & Consumer Comfort @ 9:45am, Philadelphia Fed @ 10am

EIA natural gas storage change @ 10:30am

**Conferences:** No major conferences

**Analyst/Investor Days:** PDCE, LULU, DIS

**Non-Deal Roadshows:** ABTL, BCRX, CVX, DRQ, EGL, FUL, FXEN, MSM, ORCL

**Shareholder Meetings:** BAXS, CCOI, ISSC, OC, PBCT, PPG, PTEN, STLY, TXN, WHG, CZNC, HBAN, MOFG, HOMB

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

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

WSJ positive: Bank of America (BAC) [WSJ](#)

- For Obama, a Standoff With Moscow [WSJ](#)
- Big Banks Ramp Up Business Lending [WSJ](#)
- Tech-Stock Drop Hits Startups [WSJ](#)
- GOP Fall Strategy: Slam Health Law [WSJ](#)
- Emotions Mount in Ferry Rescue [WSJ](#)
- GM Test Drivers Warned of Problems [WSJ](#)
- Citi Received Mixed Signals From Fed on 'Stress Test' [WSJ](#)
- BofA Swings to Loss on Legal Charges, Slump in Mortgages [WSJ](#)
- Treasury Turns Its Gaze to Municipal-Bond Market [WSJ](#)
- Chipotle Feeds Investor Appetite [WSJ](#)
- Ukraine's Military Thrust Sputters [WSJ](#)
- Billionaires Lay Out Bucks for NBA Team [WSJ](#)
- GM Test Drivers Warned of Problems in 2006 [WSJ](#)
- Fast-Rising Costs Erode Google's Profits [WSJ](#)
- Home Depot Lumbers Into E-Commerce [WSJ](#)
- EU sanctions push on Russia falters [FT](#)
- Face of Irish crisis cleared of loan fraud [FT](#)
- Corporate knights less likely to cut jobs [FT](#)
- Worst start for hedge funds since crisis [FT](#)

- Wages exceed inflation after long squeeze [FT](#)
- Yellen warns inflation may lag recovery [FT](#)
- NY's attorney-general subpoenas HFT firms [FT](#)
- Ukraine's Push East Falter as Militants Seize Army Vehicles [NYT](#)
- Sharp Decline Seen in Complications From Diabetes [NYT](#)
- Hundreds Missing After Ferry Sinks Off South Korea [NYT](#)
- Earnings and Sales From Google Disappoint [NYT](#)
- The Future of Facebook May Not Say 'Facebook' [NYT](#)
- A Settlement on Soured Mortgages May Raise Questions on What Is Enough [NYT](#)
- Weibo, a Chinese Answer to Twitter, Prices Its Offering at \$17 [NYT](#)
- Interest rates 'to rise sharply next year' as wages grow [Telegraph](#)
- Weibo is being scrutinised by investors and China [Telegraph](#)
- GM asks judge for special protection [Guardian](#)

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

Friday: Good Friday (North American & European Markets Closed)

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

Apr 21 – European markets closed for Easter Monday

May 5 – Ira Sohn Conference NYC 9 ([link](#))

May 17 – Portugal exits bailout program



 Description:  
Description:

---

This e-mail and any files transmitted with it are confidential and intended only for the person or entity to which it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this e-mail and any attachment(s) is strictly prohibited. If you have received this e-mail in error please immediately notify the sender at 203-302-7300 or by replying to this e-mail and delete the e-mail and any attachment(s) from your system. Nothing herein shall be construed as a financial promotion to any person or persons, or a solicitation or recommendation to buy or sell any security or other investment or to engage in any trading strategy. Information presented is from sources believed to be reliable, but is not guaranteed to be accurate or complete. This information should not be taken as an offer nor as a solicitation of an offer to buy or sell securities or other financial instruments. Email transmission cannot be guaranteed to be secure, timely or error free. Tourmaline Partners, LLC may review and store both incoming and outgoing messages. Use by other than the intended recipients is prohibited.