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Subject: Early Tour 1.8.14

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Description:
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Good Morning ... European Markets mixed +/- 30bps (UK -0.41%, Portugal +0.60%, Greece +2.4%) ... NKY +1.94%, SHCOMP -0.15%, HSI +1.25%, KOSPI -0.02%, TWSE +0.51%, ASX -0.02%

EUR 1.3588 (-0.20%) JPY 104.69 (-0.09%) EUR/JPY 142.25 (-0.11%) NZD 0.8279 (-0.05%) AUD 0.8925 (-0.02%) SEK -0.59% CAD -0.38%

US 10yr 2.95% Spain 10yr 3.77% (-0.83%) Italy 10yr 3.86% (-0.24%)

Futures: **Dow -22, Nasdaq -4, S&P -2** DXY \$81.01 (+18c) Crude \$93.73 (+6c) Gold \$1226.30 (-\$3.40) Copper unch Silver -1.10% Nat Gas +1.14%

Asian markets were mostly higher overnight following the stronger lead out of the US. Japan outperformed with the Nikkei closing at the highs as the JPY is trading back toward 105. Japan Tobacco lagged and closed -2.5% on reports that China may ban smoking in public places by year-end (weakness is spilling over to some of the tobacco names in Europe this morning as well). Hong Kong was stronger with luxury names in focus lead by Chow Tai Fook (+10.4%) which ripped following its Q3 update and subsequent positive broker commentary. Sportswear & footwear company Belle International also closed +12.9% after better numbers. China started out stronger following news that CIRC has given the go ahead for insurers to invest in Chinext IPOs and also on comments from the CSRC recommending large corporates whose share price is sub-book to conduct buy backs. Shanghai struggled to hold onto gains on the usual IPO related liquidity concerns and ahead of tomorrow's release of December CPI/PPI data. South Korea underperformed as the KOSPI ended flat ahead of tomorrow's BOK rate decision and options expiry. European markets mixed with negative bias (FTSE, CAC, DAX all lower) as the periphery generally outperformed the core early on again although Spain & Italy have since faded and are also lower on the session. Volumes tracking 120% of 3m average. German factory orders are due out in a few minutes (6am EST). Tomorrow we will get the BOE & ECB which are expected to be non-events. We will also get a look at December holiday season comps for US retailers tomorrow. On the macro front in the US, the FOMC minutes from the December taper meeting are due out later this afternoon while the ADP Employment # comes out this morning ahead of Friday's Labor Report. SPA's -2 handles = 1828 last.

ADP Employment @ 8:15am, FOMC minutes @ 2pm, Consumer Credit @ 3pm

MON, STZ, SCHN reporting pre-open / BBBY, RT, GPN reporting after the close

- Micron swung to profit on much stronger revs (\$4.04B) as Elpida merger boosted sales (trading +9%)

- Apollo mixed #'s but profit topped after cut teaching costs & raised FY 2014 rev view (trading +7%)
- Container Store sales improved in Q3 but net income missed (bofa downgrades) (trading -8%)
- Sirius surpassed target for subscriber growth last yr (added 1.66M in 2013) & solid outlook
- CEC Entertainment up 10% after Reuters report working with GSCO for potential sale to PE firm
- Forest Labs in final stage talks to buy Aptalis Holdings from TPG for about \$3B ([WSJ](#))
- Wellpoint agrees to sell 1-800-Contacts to THL & glasses.com to Luxottica, reaffirms FY13
- Syngenta announces Robert Berendes to leave company at the end of Q1 (trading -0.30%)
- Baloise reach with agreement with employee reps, 400 job cuts by 2017 (trading -0.70%)
- Norske Skog sells remaining 49% stake in Norske Skog PISA in Brazil for \$37M (trading +2.8%)
- Rezidor Hotel Group restructures 3 lease agreements & terminates 1 unprofitable contract (trading +5.9%)
- KBC Groep repays second instalment of €500M in Flemish Regional Government state aid (trading +3.7%)
- SCOR: *Les Echos* reports company looking to acquire French reinsurer MutRe (trading -3.3%)
- Airbus Group: *La Tribune* reports company to announce record 2013 gross orders (trading -0.80%)
- Lloyds asked by UK government to write prospectus for remaining stake sale (trading +1.2%)
- Sodexo Q1 revs shade better, FX was 5% negative, reconfirms 2014 objectives (trading +1.2%)
- Sainsbury's trading statement, LFL sales (ex-fuel) beat, sees cautious consumer spending (trading -1.8%)
- Persimmon trading statement good, new house deliveries +16% y/y, forward sales +40% (trading +1.0%)
- Ferrexpo Q4 pallet production from own ore +11.2% to 10.5 million tonnes (trading -0.60%)
- Mothercare IMS poor, lower UK sales means FY profits to be below current range (trading -0.30%)
- Robert Walters Q4 update, UK continued strength, Japan excellent, Australia challenging (trading +2.3%)
- Marshalls trading update, international good, well placed to deliver margins and growth (trading +1.6%)
- Galliford H1 update, anticipates record half year profit, upbeat on pipeline, positive outlook (trading +1.8%)
- Lundin sees 2014 Capex budget of \$2.1B, production on track, exploration budget unch (trading -0.80%)
- Playtech signs agreement with Holland Casino in anticipation of Dutch market regulation (trading +0.30%)
- Domino's UK Q4 trading update good, sales +15.4%, UK Ireland offset by German losses (trading +1.4%)
- Akzo Nobel Q4 trading inline with prior guidance, restructuring charges of at least €300M (trading -3.9%)
- EFG International names CFO Pradelli deputy CEO, CHF 200M profit target "ambitious" (trading -1.9%)
- Gecina renews €510 credit facilities, repaid €140mn of mortgage facilities (trading -0.60%)
- Air France December traffic +3.2%, passenger load factor +0.9%, capacity +2.1% (trading +6.8%)
- Germany Nov trade balance 18.1B (exports +0.3% vs est +0.8%), imports -1.1% vs est +0.7%)

- Italian unemployment rises to a record 12.7% in November, Eurozone unemployment 12.1% (inline)
- IMF plans to raise its global economic growth forecasts according to Christine Lagarde
- Nissan (7201 JP) China sales +70.4% y/y in December to 134,200 units (closed +4.3%)
- Alibaba says it will ban sale of Bitcoin and other virtual currencies starting on January 14
- Thai judge strikes blow at PM Yingluck as protesters ready to shut down the capital ([Time](#))

Leading European Sectors: Banks +0.56%, Tech +0.48%, Trav/Les +0.47%

Lagging European Sectors: Utilities -1.01%, Food/Bev -0.56%, Oil & Gas -0.54%

AN CFO leaving – MIDD buys Market Forge – SPRT guides up

FSFR raised dividend – LAND declares div – TISI eps inline, revs light

LGZ withdraws ipo – OFC guides 2014 ffo lower – AN cfo to leave

Notable Options Activity Yesterday:

JCP (\$8.19 -5.5%) heavy put volume with 12,600 March 8-6 put spreads purchased for \$0.75, 7,500 Jan 9-7 put spreads purchased for \$0.45 and 12,000 Jan 10th weekly puts purchased for \$0.59

SRC (\$9.90 +0.7%) 10,000 Jan 10 calls were purchased for \$0.675 as stock was trading \$9.86. This trade compares to an average daily volume of 51 contracts per day.

Secondaries/Blocks (announced/priced): RBCN, CDR, RSE, KGX GY

IPO's: City Office REIT (OFFC) files for \$115M IPO through Janney and Wunderlich

US Key Research:

- Bofa upgrades IART & cuts TCS, Barcap cuts HUM/MGLN, Berenberg cuts VECO
- BMO downgrades LLY, BTIG initiates BSX/ELGX/STJ (buy) & MDT (neut)
- Compass point downgrades KFN, CRT initiates RGR/SWHC (buy)
- CS initiates CAKE/CMG/EAT/SBUX (op) & BKW/MCD/YUM (neut) & DRI (up) & cuts USB
- GS reinstates PCL (neut) & downgrades CPA, Janney initiates FLS (buy)
- Jefferies initiates BAC/JPM (buy) & C (hold), MLV initiates ORMP (buy)

- MS cuts NBIX/ZTS & upgrades VRX & initiates MNK (ow), Piper initiates MNK (ow) & cuts SHOO
- RBC downgrades RIG/BH/CAMI & upgrades NBR/NOV/OII/PTEN, Roth resumes GLUU (buy),
- Wells upgrades PDCE/MCD/PNRA, UBS initiates BWLD (buy) & CAKE/MCD (neut) & DRI (up)
- JPM downgrades CAH/CLX & upgrades RAH, BMO downgrades LLY/INGR,
- RBC upgrades HP/RDC, Citi upgrades HON, Baird initiates GEVA, Raja downgrades THC
- Stifel downgrades GNRC, Citi upgrades TYC and WCC (buy) & cuts UTX, Bernstein upgrades UNP
- DB upgrades HSY/KRFT (buy) & downgrades DF/SJM

Europe Key Research:

- ABG upgrade ERICB SS, Beren upgrade TEL2B SS, CBK upgrade EVK GY, AMP IM
- BofAML downgrade WDH DC, SZG GY, AKE FP, BAS GY, upgrade EI FP, AI FP, LIN GY
- DB initiate AOI SS, GENL LN, OPHR LN (buy), AFR LN, CNE LN, LUPE SS, TLW LN (hold)
- Exane upgrade PIC LN, HSBC downgrade HGG LN, HG1 GY, BIO3 GY, RBC downgrade DETNOR NO
- JEFF upgrade MARS LN, KepChev double upgrade SDF GY, MAQ downgrade DNB NO
- JPM downgrade SCR FP, DEB LN, EVD GY, O1BC GY, AAL LN, upgrade MONY LN, PER LN, NHY NO
- Mainfirst downgrade SFER IM, Nordea downgrade SWECB SS, Numis upgrade PSN LN
- UBS downgrade KINVB SS, RMV LN, FNTN GY, upgrade AVV LN, SAP GY, Lampe upgrade GIB GY

Reporting Pre-Open: MON, STZ, AZZ, GBX, MSM, RPM, SCHN, SEED, UNF

Reporting Post-Close: BBBY, GPN, MG, NAUH, RELL, RT, VOXX, WDFC

Economic Data: MBA Mortgage Applications @ 7am, ADP Employment Change @ 8:15am, Fed Minutes @ 2pm, Consumer Credit @ 3pm

DOE crude oil inventories @ 10:30am, Treasury auction in 10yr notes @ 1pm (\$21B)

Conferences: CES (Las Vegas), Citi Internet Media Telecom (Las Vegas), B. Riley CES meetings (Las Vegas), ISI CES Events (Las Vegas)

Conferences: Bofa Defense (NYC), GS Global Energy (Miami), UBS Software Tour (SF/Silicone Valley)

Conferences: SEB Nordic Seminar (Copenhagen)

Analyst/Investor Days: ROVI

Non-Deal Roadshows: ACRE, ARUN, HF, HPQ, KPTI, LSCC, PLPM, SPN, T, TNXP

Shareholder Meetings: RDCM, MOG.A, TUC, WAG, GBX

Equity/Mixed Shelves: N/A

Other Newspaper Articles & Stories

WSJ cautious: Teva Pharmaceutical (TEVA) [WSJ](#)

- Germany's Trade Surplus Swells in November [WSJ](#)
- Russia Steps Up Security for Sochi Olympics [WSJ](#)
- Captive Goodyear Managers Freed at French Factory [WSJ](#)
- Samsung is Getting Squeezed [WSJ](#)
- Federal Probe Targets Banks Over Bonds [WSJ](#)
- Alternative Lenders Peddle Pricey Commercial Loans [WSJ](#)
- Gates Faults Obama Over Afghanistan [WSJ](#)
- IBM Struggles to Turn Watson Computer Into Big Business [WSJ](#)
- Shanghai Tower Developers Seek Leasing Agent [WSJ](#)
- Cantor Sports-Betting Unit Could Pay \$2 Million in Fines to Nevada [WSJ](#)
- Selloff Accelerates in Emerging Markets [WSJ](#)
- Bed Bath Investors Can Sleep at Night [WSJ](#)
- Goldman Sachs Shakes Up Technology Group [WSJ](#)
- Tishman Speyer Doubles Down on China [WSJ](#)
- The Future of Coal: New Pollution Rules Choke Old Power Plants [WSJ](#)
- Audi, BMW Ease Into Self-Driving Cars [WSJ](#)
- Fearing Al Qaeda's Rise, Saudis Back Syrian Rebels [NYT](#)
- The Lessons of Physical Therapy [NYT Op-Ed](#)

- Steep Penalties Taken in Stride by JPMorgan Chase [NYT](#)
- Labor Tactic Raises Fear for France [NYT](#)
- Goldman shakes up prized tech banking team [FT](#)
- L'Oreal joins Revlon in pullback from China market [FT](#)
- Eurozone periphery's borrowing costs tumble [FT](#)
- Portugal complains to MEPs over handling of bailout by 'troika' [FT](#)
- Lew calls on Germany to boost growth [FT](#)
- Core eurozone inflation falls to low, stoking fears of deflation [FT](#)
- Samsung: Unpleasant surprise [Lex](#)
- Maersk: turning the tanker [Lex](#)
- EM bonds: conflict of interest [Lex](#)
- Putin's attempt to recreate the Soviet empire is futile [FT](#)
- Sainsbury's sales rise 0.2% in tough Christmas [The Times](#)
- Is the Help to Buy effect a tonic, or toxic? [The Times](#)
- JP Morgan agrees \$1.7bn payment to Madoff victims [The Times](#)
- December proves a cold month for house prices [The Times](#)
- Daily Mail splashes out after profits rise [The Times](#)
- RBS raises \$315m with American sell-off [The Times](#)
- Pay-as-you go purchases are changing Britain's car market [Guardian](#)
- Floods to cost insurers at least £400m [Telegraph](#)
- Eurozone losing 'safety margin' against deflation trap [Telegraph](#)
- A relieved Waitrose and Sainsbury's hail Christmas sales [Independent](#)

Key Events This Week

Thursday: BOE & ECB rate announcements, US Retail Sales Dec, Challenger Job Cuts, Raja Government Services & Tech Summit (DC), Earnings (AA, PSMT, SVU, AYI)

Friday: December Employment Report

Key Events on the Horizon

Jan 13-15 – ICR Retail Xchange (Orlando) ([link](#))

Jan 13-26 – North American International Auto Show ([link](#))

Jan 20 – MLK Day in the US (Markets Closed)

Jan 15 – Brazilian rate decision

Jan 21 – State of the Union Address

Jan 29 – FOMC rate decision (Bernanke's last meeting, no press conference)

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

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

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