From: Ike Groff <[redacted]>
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Inline-Images: image001.jpg; image002.png

Description:
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Good Morning … European Markets up 45-135 bps … ASX +0.19%, NKY +2.47%, KOSPI +0.35%, TWSE -0.64%, SHCOMP +1.77%, HSI +0.94%

EUR 1.3236 (-0.49%)   JPY 98.72 (-0.85%)   EUR/JPY 130.66 (+0.35%)   AUD 0.8978 (-0.04%)   NZD 0.7947 (-0.49%)

US 10yr 2.60%   Japan 10yr 0.80%   Germany 10yr 1.61%   Portugal 10yr 6.37%   Italy 10yr 4.38%   Spain 10yr 4.64%

Futures: **Dow +110, Nasdaq +22, S&P +13**   DXY $82.03 (+58c)   Crude $106.23 (+$1.20)   Gold $1324.10 (+$10.70)   Copper +1.15%   Silver +0.47%

The month began on a positive note for most of the region post the slightly more dovish FOMC comments overnight (seems like street taper expectations starting to move more towards December vs September). Japan outperformed with the Nikkei closing above 14,000 as the JPY weakened late in the day and earnings helped give sentiment a boost. Shanghai also finished strong after the China manufacturing PMI beat, coming in at 50.3 vs. consensus at 49.8 (while the HSBC Markit number came in at 47.7, which was in-line with flash number). Australia struggled as the banks traded lower following local press reports that the government is planning a new deposit insurance levy of between 50 and 100bps which they'll announce tomorrow. European markets also broadly higher to start the session. SocGen, Lloyds, Danske Bank all trading up over +7-8% on solid numbers has the Stoxx600 Bank Index (SX7P) leading the way up. Healthcare underperforms as Sanofi is trading -6.2% after missing and guiding down (Astrazeneca also -0.50% on relatively inline numbers). On the Macro front, European PMI Manufacturing #'s were out this morning as well: Eurozone 50.3 (est 50.1), Germany 50.7 (est 50.3), France 49.7 (est 49.8), UK 54.6 (est 52.8), Italy 50.4 (est 49.7), Spain 49.8 (est 50.6), Sweden 51.3 (est 53.0). Note that Switzerland is closed for holiday today (National Day). BOE & ECB coming up @ 7am & 7:45am respectively. No changes expected for the BOE although Mark Carney and team will present their review of introducing forward guidance for the first time. ECB should remain dovish and reiterate its forward guidance but no new announcements or any non-standard measures expected. SPA's bid higher to start August +13 handles = 1693.50 last.

Jobless Claims @ 8:30am, Markit US PMI @ 8:58am, Auto Sales out today

Construction Spending / ISM Manf. PMI @ 10am, Google Moto X Launch today

ADP,APA,CHK,CLX,CME,CTRX,DTV,K,TWC,XOM,NYT,WLT #'s pre-open

AIG,ATVI,KFT,PSA,SBAC,TSO,LEAP,LF,LNKD,NILE,OPEN earnings after close

- Allstate profit got boost from auto insurance & reduced disaster costs (better eps/revs) (trading +1%)
- CBS beat on highest quarterly profit ever (double digit rev growth) aided by web (trading +1.5%)

- Amdoc in-line results (eps beat) & guided to the upper end of prior range (trading up small)
- Dreamworks Animation profit surged beating expectations w/ help from 'Croods' (trading +6.5%)
- Marriot profit up on higher occupancy but cut year eps view as worldwide RevPAR moderated (trading -2%)
- Microchip continued strong bookings & Q2 eps outlook midpoint beats (35.4c dividend) (trading +2.5%)
- MetLife eps beat/revs missed as profit off 78% on interest rate derivative losses (trading off touch)
- Whole Foods profit climbed but growth slowed & lowered same-store sales forecast (trading -1.8%)
- Yelp sales beat estimates & growth accelerated on increase in local mobile advertising (trading +8.5%)
- SocGen Q2 revs & EBIT beat, CIB & French retail strong, confident outlook, no rights issue (trading +8.7%)
- Sanofi Q2 EPS & pharma sales miss on generic comp, patent concerns, lowers FY forecasts (trading -6.2%)
- Arcelor Q2 sales inline, EBITDA small ahead, cost improvement plan on track, lighten guidance (trading -2.5%)
- Gemalto: Capital Group holds 15% of the Gemalto voting rights according to AFM filing (trading +4.0%)
- GDF Suez H1 revs light, net income beats, favorable Gazprom contracts, confirms outlook (trading +5.6%)
- Lloyds Q2 underlying income beats, margin strength, positive comment, optimistic outlook (trading +7.8%)
- Trinity Mirror H1 revs & adj pretax inline, EPS ex-items ahead, transformation plan progressing (trading -0.70%)
- Aggreko H1 revs beat, EPS better, sees strong H2 cash generation, FY guidance maintained (trading -5.3%)
- BAE H1 revs light, EPS ahead, interim div ok, cautious outlook citing US defence budget (trading +2.4%)
- Danske Q2 net beats, int. income inline, loan impairments better, cut FY net profit outlook (trading +8.1%)
- UBM H1 revs & op income light, EPS inline, reasonably satisfied with progress of group (trading +4.0%)
- Evonik Q2 sales inline, profit below, cuts FY profit forecasts (expected), capex positive (trading +0.10%)
- Duerr Q2 revs light, EBITDA beats, orders down YoY, bookings up, confirms guidance (trading +1.3%)
- Legrand H1 sales & op income inline, Europe weak, Canada strong, reaffirms targets (trading +1.8%)
- Thomas Cook Q3 revs inline, EBIT miss, big net debt improvement, confident outlook (trading +1.3%)
- AstraZeneca Q2 revs & EBIT inline, EPS ex-items beats, overall outlook unchanged (trading -0.50%)
- Arkema Q2 revs & EBITDA inline, sees similar market conditions, reaffirms outlook (trading -0.80%)
- Royal Dutch Shell Q2 revs inline, EBIT miss, see US upstream reversing to negative (trading -5.0%)
- Neste Oil Q2 EPS & net income beats, pretax ahead, raising 2013 profit guidance (trading +0.21%)
- RSA Insurance revs beat, EBIUT better, EPS ahead, on track to meet guidance (trading +0.60%)
- Smith & Nephew revs light, EBIT miss, maintain outlook , positive tone for H2 (trading -0.50%)
- Continental Q2 revs & EBITDA inline, EPS beats, maintains revenue guidance (trading -0.30%)
- Scor H1 net income below, EPS light, ROE miss, gross written premium rise (trading +0.90%)
- Bic Q2 revs & EPS beats, volatile environment, confident of achieving goals (trading +0.40%)

- BMW Q2 revs revs inline, pretax light, EPS better, reaffirms FY outlook (trading -1.8%)
- Generali H1 revs light, EBIT and EPS better YoY, cautious tone to outlook (trading -0.90%)
- Metro Q2 revs inline, EBITDA light, EPS ahead, mixed outlook, cautious (trading +6.6%)
- CGG Q2 revs inline, EBITDA beats, EPS miss, confirms 2013 objectives (trading -1.6%)
- Draegerwerk Q2 sales ahead, adj net inline, EBIT miss, confirms outlook (trading -3.7%)
- ENI Q2 op income light, production inline, maintains FY production outlook (trading +2.0%)
- Prosieben Q2 revs & EBITDA good driven by digital, increase rev guidance (trading +1.2%)
- RBS looks set to appoint insider Ross McEwan as its new CEO (taking over from Stephen Hester)
- ECB's Jens Weidmann backs releasing minutes of their meetings in a timely fashion says *FAZ* (MNI)
- Sony Q1 profit comes in much better than consensus, raises FY sales forecast (out after the close)

Leading European Sectors: Basic Res +2.11%, Banks +1.68%, Fin Services +1.24%
Lagging European Sectors: Healthcare -0.37%, Oil & Gas -0.01%, Real Estate +0.53%

THOR eps/revs beat – TRLA sees revs above – STMP boost forecast

LOCK eps beat – PPC mixed #'s – PXD missed

Notable Options Activity Yesterday:

GLD ($127.96 -0.1%) Over 40,000 Oct 135 trade on the day with the bulk coming at $2.30, where 36,396 were purchased by an opening customer.

SM ($68.73 +3.7%) With earnings out on Tuesday, one trader decided to use the strength in the stock to sell 4500 November $70 calls at $4.175. The seller collected 6% of spot, but gets called away with stock up 1.5%.

Secondaries (announced/priced): LYB, BCRX, LRY, BYD, EAD FP

IPO's (filed/priced): American Homes 4 Rent (AMH) 44.1M-share IPO priced at $16 (low-end), Sprouts Farmers Market (SFM) 18.5M-share (0.8M for holders) IPO priced at $18 (above), Ardmore Shipping (ASC) 10.0M share IPO prices at $14.00 (below)

US Key Research:

- ISI downgrades MDAS, Jefferies downgrades EDG & increases AAPL pt, Roth cuts BJRI
- Opco upgrades GPN & initiates MJN (perform), Citi cuts JCP (sell) & upgrades LPLA (buy)
- DB upgrades KS, Raja upgrades AMT (buy), BMO initiates CSL (mp), DA Davidson cuts MDU
- Susquehanna initiates GES (neut), Key downgrades PZZA, Brean downgrades ITRI (sell)
- Longbow upgrades RBC, Mizuho downgrades ENTR, RBC downgrades RBC, JPM upgrades YELP
- FBR initiates GPS/CRI (op) & ASNA (up) & ANN/CHS/PLCE/LTD (mp), Evercore initiates EVC (ow)

Europe Key Research:

- DB downgrade OTE1V FH, reinstate ABI BB (b), Nomura upgrade AC FP
- GS remove HOT GY from conv buy, d/g FR FP, initiate ANH LN (b), initiate ANH LN (b)
- UBS upgrade APN SJ, GBF GY, KPN NA, Bern downgrade BARC LN
- JP downgrade URKA LI, COLR BB, Barc +ve ABI BB, Beren initiate VASTN NA (b)
- MAQ remove ITV from conv buy, downgrade RWE GY, upgrade AF FP
- HSBC downgrade BNR GY, NXT LN, Citi downgrade DUFN SW, upgrade PLT IM
- Medio upgrade BRE IM, Exane initiate GKN LN (b), KepChev upgrade PRS IM
- Natixis downgrade SAN FP, JMT PL, KBC upgrade PHARMA NA (h)
- Danske downgrade OTE1V FH, Nordea downgrade UPM1V FH
- Investec downgrade CLIN LN, Numis downgrade ATK LN, SocGen d/g BAYN GY

Reporting Pre-Open: ADP, AEE, APA, AVP, BDX, CAH, CHK, CI, CLX, CME, CNP, COP, COV, CTRX, DTV, FLR, IRM, K, MPC, MYL, PG, PPL, PWR, SCG, TDC, TE, TWC, VMC, WPX, XEL, XOM, XRAY, AAWW, ABMD, ABX, ACOR, ACW, ALE, AMAG, ANSS, ARNA, ASTX, ATK, AUXL, BABY, BCOR, BGCP, BKCC, BWEN, BWINB, BX, BZH, CBM, CDI, CIR, CLP, CLVS, COT, CRRC, CVI, CVRR, DM, DRAD, DYN, ELNK, EPD, EPL, FCH, FHCO, FIG, FLY, FUR, GEL, GIL, GKNT, GPX, GTIV, GVA, HCA, HEES, HGG, HHS, HK, HSNI, HYGS, I, IART, IDA, IIVI, INCY, ITG, ITT, KBALB, KMDA, LDL, LKQ, LMOS, MDCI, MFA, MMP, MNTA, MOCO, MOD, MPLX, MSCI, MWW, NGLS, NIHD, NKA, NPO, NSP, NUS, NYT, OCN, OMG, ORBK, ORN, PBF, PBH, PDCE, PGC, PKD, PRFT, PRBL, Q, REIS, RFP, RGEN, RNO, ROCK, RIOC, RSTI, SBH, SFY, SHOO, SIR, SMA, SNAK, SNMK, SNN, SNTA, SPAR, SRI, STFC, TEVA, THRM, TMS, TRGP, TUC, UAN, ULBI, VICL, VPHM, WLT, WNR, WST, WWE

Reporting Post-Close: AIG, AIV, ATVI, ED, EIX, KFT, PKI, PSA, SBAC, TSO, ABTL, ACLS, ACTV, ACUR, ADNC, ADUS, AHS, ALSK, ARB, AREX, ARSD, ATRC, AVG, BAGL, BBG, BERY, BIRT, BODY, CALD, CCO, CEC, CHEF, CSCD, CUB, CVCO, CYBE, DCT, DXPE, ECYT, EGOV, EIHI, ELLI, EMAN, ERIE, ESC, EVC, EXR, FDUS, FEIC, FFG, FLDM, FLT,

FNGN, FRT, GMED, GUID, GWR, HCI, HME, HTA, HTGC, HTSI, ICFI, IMMR, IPHI, IVR, KERX, KMPR, KOG, KONA, KRG, LAND, LEAP, LF, LGND, LNKD, LRE, MCC, MDU, MELI, MERC, MHK, MOVE, MRC, MTZ, MXL, NCMI, NILE, OESX, OMCL, ONN, ONXX, OPEN, OPTR, PACB, PCCC, PDM, PRO, QTM, RAS, RMD, RMTI, RP, RTEC, SKUL, SQI, SR, SREV, SSNC, SSNI, STN, SWIR, SYNA, SYNA, TLAB, TPGI, TTMI, UAM, UPI, UQM, USMO, VCLK, VPRT, VRTU, WPRT, WTW, WWWW, XRM, ZAGG

Economic Data: Challenger Job Cuts / RBC Consumer Outlook Index @ 7:30am, Jobless Claims @ 8:30am, Markit US PMI @ 8:58am, Bloomberg Consumer Comfort @ 9:45am, Construction Spending / ISM Manufacturing PMI @ 10am, Vehicle Sales @ 5pm

EIA natural gas storage change @ 10:30am

Conferences: CS Gaming, Lodging, Leisure, Restaurants (NYC)

Analyst/Investor Days: MYL

Non-Deal Roadshows: ASUR, BP, CCL, DOX, GTLS, HBHC, HF, LAZ, SIX, SSH, STML, TBBK, TFX, TTPH, ZLTQ

Shareholder Meetings: JAZZ, ALKS, BAH, THR, BRS, DXLG, PHMD, ALVR, GST, RLJE, TDW, KORS, AXGN, PLT, SENEA, RXN, CRVL, CYD

Equity/Mixed Shelfs: CDZI ($40M), GAS, QUIK ($40M), JKS ($200M)

Other Newspaper Articles & Stories

WSJ cautious: Procter & Gamble Co. (PG) WSJ, EADS (EAD FP) WSJ

- Tepid Growth Restrains Fed WSJ
- Chinese manufacturing data mixed in July FT
- RBS selects McEwan as new chief FT
- BP changes tack by keeping US wind farms FT
- IMF warns of €11bn Greek bailout shortfall FT
- More bloodshed predicted in Bangladesh FT
- Obama defends Larry Summers to Democrats FT

- 1983 Archive: Papers reveal scheme to close more coal mines FT
- Dell's $24bn bid left hanging by a thread FT
- Middle East: Battlelines drawn FT
- The same old US economy through a different lens FT
- Five charts on the US economy's big data makeover FT
- Fed views economic growth as 'modest' FT
- US House of Representatives passes new Iran sanctions FT
- The benefits and perils of riding China's coat-tails FT
- Spying scandals jeopardise the genomic revolution FT
- Carney has a chance to kick-start the weak British economy FT
- Happy birthday, national minimum wage FT
- Most hedge funds can only dream of SAC-style returns FT
- Banks hit by debit card cap fee ruling FT
- Plight of Chinese hawkers highlights impact of downturn FT
- EADS: catching the Airbus Lex
- European carmakers: racing ahead Lex
- Mazda / Subaru: geared currency plays Lex
- AB InBev: Brazilian cheer Lex
- Merchants Notch Win in Feud Over Debit-Card Fees WSJ
- BofA to Revamp Merrill Fees WSJ
- Mutual-Fund Assets Rise, Except for Muni Bonds WSJ
- Fed Can't Taper Over Cracks WSJ Heard on the Street
- China Manufacturing Gauge Shows Unexpected Strength WSJ
- Amid Egypt Crisis, Europe Steps Up WSJ
- Greece Is Warned of New Aid Gap WSJ
- Credit Suisse Nears Sale of Private-Equity Unit WSJ
- Bond Slump Saddles Big Banks WSJ
- Bernanke keeps America's money taps turned on full The Times
- New Siemens boss vows to restore morale but dismisses talk of crisis The Times
- Obama may rethink Afghanistan pull-out as civilian deaths soar The Times
- House prices 'have room to climb even higher' The Times

- Pensions burden claims new victim The Times
- McRae: US economic good news may just be the tonic that interest rates thirst after Independent
- Cautious optimism as US economic growth exceeds expectations Independent
- Joblessness is down but eurozone still suffers, say analysts Independent
- How Facebook emerged from its own dotcom crash Telegraph
- Banks' treatment of SMEs criticised in report Telegraph
- Globalisation has a darker side – and it's a challenge to us all Telegraph
- Lloyds sell-off moves nearer as bank returns to profit Guardian
- 'Free Power Saturdays' are being considered by British Gas Guardian
- The ladder of innovation means ever more low-hanging fruit City AM
- Shale oil and gas are vital for a recovery in British manufacturing City AM
- Help to Buy is worrying but the real problem is inflexible housing policy City AM
- Poorly-designed immigration policies are damaging the London economy City AM

Key Events This Week

Friday: July Employment Report, Personal Income & Spending, Factory Orders, Dell shareholder meeting, Eurozone June PPI, China non-manufacturing PMI July, Earnings (ANR, CBOE, CVC, CVX, EAT, RBS, TXU, OZM, VIA)

Sunday: HSBC services China PMI (Sunday night)

Key Events on the Horizon

August 21 – Fed Minutes from July30/31 FOMC meeting

August 22-24 – Jackson Hole Annual Economic Policy Symposium (Bernanke not attending)

September 5 – BOE/ECB rate decisions

September 18 – FOMC rate decision

September 22 – German elections

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