

From: Ike Groff <[REDACTED]>

Subject: Early Tour 7.3.13

Date: Wed, 03 Jul 2013 09:41:59 +0000

Inline-Images: image001.jpg; image002.png

 Description:
Description:

Good Morning ... European Markets off 1.0% - 2.0% (Portugal -5.4%, Spain -2.7%, Turkey -3.1%, Greece -2.9%) ... ASX -1.86%, NKY -0.31%, KOSPI -1.64%, TWSE -1.30%, SHCOMP -0.61%, HSI -2.48%

EUR 1.2952 (-0.21%) JPY 99.79 (+0.84%) GBP 1.5227 (+0.47%) AUD .9083 (-0.70%) KRW -0.85% ZAR -0.93% INR -1.00%

Portugal 10yr 7.47% Spain 10yr 4.73% Italy 10yr 4.52% Germany 10yr 1.64% Japan 10yr 0.87% US 10yr 2.44%

Futures: **Dow -84, Nasdaq -19, [REDACTED] -9** DXY 83.46 (-0.09%) Crude \$101.21 (+1.61%) Gold \$1245.40 (+0.15%) Silver +0.91%

Geopolitical events dominating the overnight news flow. Asia markets finish lower across the board with Hong Kong underperforming (especially the H-Shares after China non-manufacturing June PMI disappointed coming in at 53.9 vs. 54.3 previously) while mainland financials struggle as the market continues to fret the credit issues. Japan was not immune to the overnight de-risking but did fare better than the rest of the region as the Nikkei managed to stay above 14,000 while the JPY tries to hold 100 level (has dipped back below this morning). Nikkei Futures have come off since the close however and currently -1.43%. Crude is trading > \$100/bbl as Egypt's President Mohamed Morsi rejects calls to step down amid mass protests and violence (2 days ago the military gave him 48 hours to resign or end the turmoil → deadline set to expire between 3pm-5pm local time today = 9am-11am EST) (the military has warned of more bloodshed while Morsi has said he is prepared to die to defend his cause). In Europe, Portuguese PM Pedro Coehlo says he will not quit and refuses to accept the resignation of Paulo Portas (his foreign minister and leader of the junior coalition party CDS-PP) who has stepped down after the outgoing finance minister was merely replaced by his former deputy. There is speculation in the local media that more government ministers are set to walk as well, increasing the risk that CDS-PP withdraws its support and new elections ultimately need to be called). Portugal 10yr yield spiking well above 7.0% for the first time since December 28 (7.47% last) (note that the next troika review for Portugal is on July 15 and their current aid package is set to expire in June 2014). The PSI20 Index is currently -5.4% and leading Europe lower this morning. Greece also trading -2.9% as negotiations with the troika continue ahead of Monday's Eurogroup meeting under pressure to secure the next tranche of aid. Emerging markets continue to be weak as Brazil's Bovespa closed -4.2% yesterday (4yr low) on continued political/social unrest and a weaker industrial production number (BRL continues to weaken as well). And finally, in the latest in the Ed Snowden saga, the aircraft carrying the Bolivian President home from Moscow last evening was denied permission to fly over France/Portugal/Spain airspace and diverted to land in Vienna under suspicions Snowden may be on board (he wasn't). It's a ½ day in the US today (1pm close). ECB tomorrow and Draghi will likely deliver a dovish message and will prob be asked about Portugal etc. SPA's -9 handles = 1597.50 last.

US equity markets close early today (1pm) ahead of July 4 holiday tomorrow

MBA Mortgage Applications @ 7am, Challenger Job Cuts @ 7:30am, ADP Employment @ 8:15am

Jobless Claims & Trade Balance @ 8:30am, ISM Non-Manufacturing Composite @ 10am

- US delays Obamacare employer mandate for 1 year (after elections) (individuals still need to comply)
- Apax's Cengage Learning (US publisher of textbooks) filed for Chapter 11 bankruptcy protection
- IB's: ■■■ cuts Barclays, Credit Suisse, Deutsche Bank ratings one notch (regulation/economy)
- HSBC: federal judge approves \$1.9B agreement to resolve Latam laundering charges (trading -2.8%)
- Carphone Warehouse places Best Buy 7.5% stake of 42.1mn shs) @ 244 (trading -2.4%)
- Domino's Pizza UK H1 looks ok, UK & Ireland LFL's better, German losses higher (trading -7.7%)
- Aker Solutions wins drilling deliver contract with Daewoo shipbuilding, value undisclosed (trading -2.1%)
- Syngenta acquires African corn seed business MRI in Zambia, no financials given (trading -1.2%)
- Mediaset Chairman Berlusconi sees July ad sales rising more than 3% vs year ago (trading +1.3%)
- Tenaris rips on US steel makers request for anti-dumping measures against OCTG imports (trading +6.2%)
- Telefonica signs fiber optic infrastructure agreement with Vodafone & France Tel (trading -2.6%)
- Carillion H1 trading inline, FY & mid-term targets maintained, order intake strong (trading +1.1%)
- Volvo comes in with weak Class 8 orders for June, prelim count off 18.9k units (trading -1.2%)
- Spirent Q2 sales & revs weaker, network recovery underwhelms, will weigh on FY (trading -7.7%)
- C&C Group Q1 trading update, difficult environment, cider vols declining, reduce guidance (trading -10.3%)
- Stolt Nielsen Q2 EPS & EBIT beats, revs better, clean op income below, cautious tone (trading -1.1%)
- Bankia receives Moody's downgrade, cut to B1 with negative outlook (trading -4.4%)
- Liberty Global said unlikely to raise Kabel Deutschland bid after Vodafone (BB) (KD8 GY trading -0.07%)
- Dentsu to raise as much as 120.1 billion Yen in public share sale to finance the Aegis deal

Leading European Sectors: Media +0.00%, Travel/Leisure -0.40%, Real Estate -0.54%

Lagging European Sectors: EMU Banks -3.59%, Construction -1.77%, Basic Resources -1.65%

ENTR guides low end – AVNR OptiNose pact – STNG newbuilding pact

Secondaries (announced/priced): GNB, CPW LN (Best Buy's stake), PER LN, HDD GY (convert)

IPO's: YuMe (YUME) files for \$65M IPO through Citi and DB

US Key Research:

- BB&T initiates PGEM (buy) & cuts KNX, KBW downgrades ENH, Wells downgrades BLC
- RBC initiates ASGN/RHI/ECLCTAS/CQP (op) & ROL/MAN (sp), CS upgrades AN & cuts AN & initiates APU
- Guggenheim initiates CLDX (buy), Numis downgrades DPZ

Europe Key Research:

- Citi add BET LN, BWY LN to key buy list – WMH LN, SIG LN cut, Barclays upgrades EBS AV & RIBH AV
- UBS upgrade & add ARM LN to key call list – RBS LN removed, upgrade RRS LN, Oriel upgrades RTO LN
- UBS make AVV LN most pref stock – replaces FENR LN, HSV LN least pref stock – replaces RSW LN
- MS resume LSE LN (ow), DB downgrade ADS GY, BofAML upgrade UHR VX, Numis downgrade DOM LN
- JPM downgrade BMW GY, APPC AB, upgrade PETROCH AB, NOK1V FH, Exane downgrade FME GY
- Nomura upgrade ELI1V FH & downgrade TEL2B SS, Carg upgrade GETIB SS, Exane downgrades GFC FP
- HSBC initiate ROCKB DC (ow), upgrade CWI AV, HOLN VX, SRP LN, downgrade GEBN VX, RBC initiates FOGL LN (op)
- RBC initiate FOGL LN (op), Barclays upgrade EBS AV, RBI AV, ABN initiates STM FP (h) & IFX GR (b)
- Kepler re-initiates ASY FP (b), Bankhaus Lampe initiates MLP GR (b), Sarasin upgrades AI FP

Reporting Pre-Open: BSET, ISCA

Economic Data: MBA Mortgage Applications @ 7am, Challenger Job Cuts / RBC Consumer Outlook Index @ 7:30am, ADP Employment Change @ 8:15am, Trade Balance / Jobless Claims @ 8:30am, Bloomberg Consumer Comfort @ 9:45am, ISM Non-Manufacturing Composite @ 10am

Conferences: No major conferences

Analyst/Investor Days: N/A

Non-Deal Roadshows: ANF

Shareholder Meetings: CALL

Equity/Mixed Shelves: N/A

Other Newspaper Articles & Stories

- Red's Homer Bailey throws his 2nd no-hitter in last 10 months [ESPN](#)
- Morsi and military on collision course in Egypt [FT](#)
- Bolivia denies Snowden presidential plane rumour [FT](#)
- Mandelson fears HS2 will prove an 'expensive mistake' [FT](#)
- Olympus ex-chairman gets suspended sentence [FT](#)
- New Qatar emir shakes up sovereign wealth fund [FT](#)
- Investors pull \$9.9bn from Pimco fund in June [FT](#)
- Prudential appeals stricter Fed oversight [FT](#)
- Ian Hannam legal case splits City [FT](#)
- ████ downgrades Barclays, Deutsche and Credit Suisse [FT](#)
- Risks of a hard landing for China [FT \(Comment\)](#)
- Darwin's humbling lesson for business [FT \(Comment\)](#)
- US spying revelations raise fears over European co-operation [FT \(In Depth\)](#)
- Banks / Basel III: cold comfort [Lex](#)
- SAP / Oracle: cloud chasing [Lex](#)
- China natural gas: counting the cost [Lex](#)
- VTB: Growing pains [Lex](#)
- Spain Presses Deloitte on Bankia Work [WSJ](#)
- Big U.S. Banks Face Tougher Standards [WSJ](#)
- Koch Brothers Angle for Bigger Role in Wall Street Deals [WSJ](#)
- Cosco Group Chairman Wei Jiafu Steps Down [WSJ](#)
- Tokyo's New Economic Policy Mix Stirs Hope and Fear, Poll Shows [WSJ](#)
- Portugal's Government Thrust Into Turmoil [WSJ](#)
- Brazil's President Proposes Overhauls [WSJ](#)
- Buyers Dodge Homeowner Limits in China [WSJ](#)
- Osborne claims right to act for taxpayers on RBS [The Times](#)
- Disgraced Olympus chiefs escape prison sentences for accounting scandal [The Times](#)
- Lloyds was warned about Co-op deal earlier, MPs are told [The Times](#)

- JP Morgan warned star banker Ian Hannam over client e-mails [The Times](#)
- Soaring baby milk prices provoke Nestlé and Danone price-fixing claims [The Times](#)
- We no longer believe the Left will look after us [The Times \(Opinion\)](#)
- Demand for food banks 'has nothing to do with benefits squeeze,' says Lord Freud [Independent](#)
- Robert Jenkins: On this rocky road central bankers' signs cannot be clear [Independent \(Comment\)](#)
- James Moore: If audit reform is so bad, why can't bosses be bothered to explain? [Independent \(Comment\)](#)
- James Moore: Banks must pay for their insurance policies, too [Independent \(Comment\)](#)
- Twenty years to fix economy [Telegraph](#)
- There's no suffering too great if it's for the sake of the euro – and Ireland proves it [Telegraph](#)
- In euroland, politics has triumphed over economics [Telegraph](#)
- Britain's baby boom will affect our economy more than anything Mark Carney does [Telegraph](#)
- Immigrants face £1,000 healthcare levy [Guardian](#)
- Lord Mandelson warns HS2 will be an 'expensive mistake' [Guardian](#)
- To rein in top pay, keep MPs poor and furious [Guardian](#)
- Egypt, Brazil, Turkey: without politics, protest is at the mercy of the elites [Guardian](#)
- Labour should embrace an EU referendum and offer a better Europe [Guardian](#)
- Apple will hike its app prices [China Daily](#)
- Graduates face grim hunt for work [China Daily](#)
- HSBC Judge Approves \$1.9B Drug-Money Laundering Accord [HITC](#)

Key Events This Week

Thursday: US markets closed for Independence Day, BOE/ECB rate decisions, Jobless Claims

Friday: June Employment Report, Banks to submit mid-yr stress test result to Fed

Key Events on the Horizon

July 8 – EU FinMins to discuss Greece and decide on further action

July 10 – Fed Minutes from June 18/19 FOMC meeting

July 11 – BOJ rate decision

July 15 – Next Troika review for Portugal

July 21 – Upper House elections in Japan

July 31 – FOMC rate decision

August 1 – BOE/ECB rate decisions

August 21 – Fed Minutes from July30/31 FOMC meeting

September 5 – BOE/ECB rate decisions

September 18 – FOMC rate decision

September 22 – German elections

Ike Groff | 680 Washington Blvd | Stamford, CT 06901 | 📞 (203) 302-7300 | ✉️ 

 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.