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Description:  
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Good Morning ... European Markets mixed +/- 40 bps ... ASX200 -0.18%, NKY225 +3.51%, KOSPI +1.56%, TWSE +2.26%, SHCOMP +1.50%, HSI +1.78%

EUR 1.3053 (+0.12%) JPY 99.08 (-0.73%) EUR/JPY 129.32 (+0.85%) AUD 0.9239 (-0.40%) NZD 0.7793 (-0.03%)

Spain 10yr 4.82% Italy 10yr 4.54% Portugal 6.39% Germany 10yr 1.72% Japan 10yr 0.85% US 10yr 2.46%

Futures: **Dow +49, Nasdaq +10, [REDACTED] +6** DXY \$82.98 (+8c) Crude \$97.54 (+49c) Gold \$1202.00 (-\$9.60) Copper +0.07% Silver +1.39%

Most of Asia ended on a strong note as the month and quarter came to a close. Japan led the way, coming out strong and never looking back as Nikkei broke through the recent upper range of 13,600. The Mothers Index (+5.8%) continued yesterday's impressive run and the JPY weakened and briefly broke 99 which helped lend further support. Some positive economic data was released, including the June JMMA manufacturing PMI at 52.3, May preliminary MoM IP at 2%, and retail trade up 0.8% YoY. China and Hong Kong saw strength in mainland developers on speculation that the CSRC may lift a suspension on developer refinancing - allowing developers to issue new shares and bonds to obtain funds for real-estate development and to ease the industry cash crunch. Australia had an underwhelming performance vs the regional strength as the expected end of financial year window dressing was notably absent as the market sold off in the final hour making - still logging a 17% gain for FY13. European markets mixed but generally holding in there into the end of the quarter on a strong hand-off from the US after several Fed officials backpedaled from Bernanke's comments last week (or at least from the market's interpretation of those comments). The ECB is also expected to deliver a fairly dovish message next Thursday. Tech/IT Services underperforming in Europe this morning on some spillover from the Accenture miss after the close yesterday. The annual Russell Rebalance is on the close today in the US so will be big volume/volatility on the closing prints. June is tracking to be the busiest volume month in the US since May 2012. SPA's +6 handles = 1612 last.

\*\*\*BBRY reports pre-open, Michigan Confidence @ 9:55am\*\*\*

\*\*\*China NBS & HSBC manufacturing PMI out Sunday night\*\*\*

- Accenture profit up but cuts eps view & sales forecast missed estimates (trading -6%)
- Nike Q4 profit up 22% beating estimates as sales jumped in US (guidance ok) (trading -2%)
- Pfizer boosts share buyback by \$10 Billion (keeps repurchase strategy as best use of cash)
- Adobe to buy privately held Neolane (digital marketing company) for ~\$600 million in cash

- CFTC sues Jon Corzine in complaint filed yesterday for failure to supervise employees at MF Global
- Clariant confirms mid-term 2015 targets at its CMD, current year environment to remain difficult (trading -0.67%)
- SGL Carbon issues big profit warning for the second time this year, blames competition in Asia (trading -6.8%)
- Imtech: AGM started earlier this morning, hearing lending desks seeing ongoing recalls (trading +1.5%)
- Peugeot family doesn't intend to sell its stake according to *BFM* citing unidentified sources (trading -2.8%)
- France Telecom union says CEO should consider Marco Telecom bid in a letter dated June 25 (trading -0.97%)
- Air France's short-mid haul performance is not improving according to an article in *Le Tribune* (trading -3.9%)
- Pearson says the FT not for sale after report of Murdoch interest (integral part of professional division)
- Serco trading statement looks relatively inline, on track to meet 2013 expectations (trading +4.4%)
- Spanish Banks: BoS clarifies dividend policy in statement (not to exceed 25% cash payout in 2013)
- Germany May retail sales +0.8% m/m versus estimate +0.4% (+0.4% y/y versus estimate +0.2%)
- ECB denies the *Sueddeutsche* article they are discussing additional bond-buying across 17 EU states

**Leading European Sectors:** Tech -0.82%, Healthcare -0.75%, Chemicals -0.31%

**Lagging European Sectors:** Real Estate +0.86%, Autos/Parts +0.72%, Fin Services +0.56%

CAMP #'s better – CSTR new symbol (OUTR) Jul 2 – MCP positive sec result

**Secondaries (announced/priced):** STLN SW (rights)

**IPO's (filed):** CBS Outdoor Americas (1579877) files \$100M, Marlin Midstream Partners (FISH) files \$150M through Stifel & Baird

**IPO's (priced):** Prosensa (RNA) 6M shares priced at \$13, Aratana Therapeutics (PETX) 5.5M shares priced at \$6, Noodles & Co (NDLS) 5.36M shares priced at \$18, Silvercrest Asset Management (SAMG) 4.79M shares priced at \$11

**IPO's:** IBEX LN, MATAS DC, KGX GY, Ocean Yield books closing today

#### **US Key Research:**

- Jefferies initiates OCN/PMT/WAC (buys) & NSM/PFSI/PHH (holds), Roth re-establishes BDE (neut)
- Opco initiates ZINC (op) & PANW/HXL (perform), SocGen initiates CTSH (buy) & INFY (hold)
- Ascendant initiates AMSC (buy), Stifel initiates ANN (hold), UBS downgrades ACN
- FBR initiates DCO (op), Raja upgrades FFIV, B. Riley initiates MOVE (buy),

➤ RBC initiates TMK (up), Wedbush initiates TSLA/VECO (neut), KBW upgrades BXS (mp)

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

- Citi upgrades European Insurance to overweight, GS adds DGE LN & UNA NA to CL Buy, Citi upgrades GNK LN
- SocGen upgrades BVIC LN, JPM initiates GN DC (ow) & downgrades HSV LN, DB upgrades VOD LN
- Exane downgrades HNR1 GY & MUV2 GY, Kepler says stay underweight Telecom sector, Kepler reits sell PSON LN
- Exane upgrades SDR LN, Commerzbank upgrades DEX GY and downgrades G1A GY, CS reits buy TSCO LN
- Nomura downgrades HEIA NA, MS assumes coverage: EDPR PL (ow), AMS SM (ow), ASML NA (ow)
- ABG downgrades SUBC NO, Akros upgrades IPG IM, Berenberg initiates FBD ID (buy)
- DB downgrades BA/ LN, Equinet upgrades FRA GR, GS upgrades YKBNK TI, ING initiates SIP BB (h)
- JPM upgrades DEB LN, Kepler initiates IPG IM, Enskilda upgrades IJ SS, SocGen initiates INFO IN (h)
- MainFirst initiates LUX IM (op), SFL IM 9op, Prada (op), SFER IM (op), TOD IM (up), BC IM (up)
- MainFirst upgrades KER FP and downgrades CFR VX & RMS FP, SocGen initiates PMI IM (h)

**Reporting Pre-Open:** AZZ, BBRY, EMMS, FINL

**Economic Data:** NAPM-Milwaukee @ 9am, Chicago PMI @ 9:45am, U. of Michigan Confidence @ 9:55am

**Fed Speakers:** Stein @ 8am (NYC), Lacker @ 9:15am (White Sulphur Springs, WV), Pianalto @ 12pm (Wheeling, WV), Williams @ 3:30pm Williams (Rohnert Park, CA)

**Conferences:** No major conferences

**Analyst/Investor Days:** N/A

**Non-Deal Roadshows:** CSGP, CWCO, DSCI, LNDC, TYL

**Shareholder Meetings:** QBAK, AGNC, BBBY, ESMC, PLUG, MDVN, BKFG, ROYL, SPPI

**Equity/Mixed Shelves:** IRET

500 change (after close): News Corp (NWSAV) replaces Apollo Group (APOL)

400 change (after close): Apollo (APOL) replaces Forest Oil (FST)

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

- Bill Gross: "The Bond Market Ship Is Not Sinking" [Barron's](#)
- China's central bank assures financial markets [FT](#)
- UK industry closes on Mittelstand [FT](#)
- Immigration reform bill clears US Senate [FT](#)
- Flat Japanese consumer prices aid Kuroda [FT](#)
- CVC attracts pledges of €14bn in six months [FT](#)
- Sports Direct in talks with Tesco over sharing space [FT](#)
- GDP revisions leave UK economy further from recovery [FT](#)
- Industry asked to curb peak power use [FT](#)
- Iran, Russia and China prop up Assad economy [FT](#)
- Fed big-hitters seek to quash QE fears [FT](#)
- Napster co-founder attacks online media 'jackals' [FT](#)
- Bank fees rise 9% despite dealmaking dip [FT](#)
- Morgan Stanley: money to play with [Lex](#)
- US homebuilders: Fed taketh away [Lex](#)
- Bombardier: CSeries delay [Lex](#)
- Prosperity fuels protest in the new age of unrest [FT \(Comment\)](#)
- Britain let down by its bean-counting politicians [FT \(Comment\)](#)
- Ignore the pessimists – central banks are helping [FT \(Opinion\)](#)
- China could reform its state businesses by stealth [FT \(Opinion\)](#)
- Yes, he played dirty – but Marc Rich also changed the world [FT \(Opinion\)](#)
- European Leaders Find More Funds for Youth Jobs [WSJ](#)
- Peugeot's Troubles Are Piling Up [WSJ](#)
- Corzine, O'Brien Charged in MF Global Collapse [WSJ](#)
- Chinese Wind-Turbine Maker Indicted in U.S. [WSJ](#)
- Captive U.S. Factory Executive Released [WSJ](#)

- China to Speed Efforts to Loosen Capital-Movement Restrictions [WSJ](#)
- Banking, Brussels-Style [WSJ \(Opinion\)](#)
- China's Reform Moment [WSJ \(Opinion\)](#)
- Defenestration Down Under [WSJ \(Opinion\)](#)
- Sharpen up or be punished, mobile phone insurers told [The Times](#)
- House prices in fastest rise for three years [The Times](#)
- Double-dip? No, it was much worse than that [The Times](#)
- 'Zip it Carney' – but trader's warning sure to fall on deaf ears [The Times](#)
- Winnebago sales soar as Americans recover urge to hit the road [The Times](#)
- Cut the welfare bill. Pay people proper wages [The Times \(Opinion\)](#)
- America's people should rule, not its Justices [The Times \(Opinion\)](#)
- A lost generation: Europe's unemployed youths face years trapped in a spiral of poverty and exclusion [Independent](#)
- Ex rugby ace trades place with Tory hedge fund millionaire [Independent](#)
- QE 'could be back' as officials say recession was worse than thought [Independent](#)
- Millions of middle-class workers face higher taxes to cut the deficit [Telegraph](#)
- Church of England bids for RBS branches [Telegraph](#)
- China and Britain have their differences but they also have a lot to offer each other [Telegraph](#)
- IMF chief Christine Lagarde hopes fund's work in Europe will be appreciated [Telegraph](#)
- New Bank of England governor readies institution for 'significant change' [Guardian](#)
- Talk the austerity talk, just don't walk the walk [Guardian \(Comment\)](#)

### **Key Events Next Week**

Monday: Construction Spending, ISM June manufacturing, Mark Carney takes over as BOE Governor, Euro June PMI manufacturing, Earnings (API, XTRX)

Tuesday: ISM New York, Factory Orders, Vehicle Sales, RBA rate decision, China NBS & HSBC non-manufacturing PMIs, Earnings (STZ, AYI)

Wednesday: US markets close @ 1pm, ADP Employment Change, US Trade Balance, US non-manufacturing June ISM, Germany hosts labor summit, Earnings (ISCA)

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 10 – Fed Minutes from June 18/19 FOMC meeting

July 11 – BOJ rate decision

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

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