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Subject: Early Tour 5.15.13

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Good Morning ... European Markets up 0-70bps (IBEX +1.0%, FTSE -0.08%) ... ASX -0.56%, NKY +2.29%, KOSPI +0.12%, TWSE +0.81%, SHCOMP +0.35% HSI +0.50%

EUR 1.2881 (-0.29%) JPY 102.43 (-0.01%) EUR/JPY 131.95 (-0.27%) AUD 0.9960 (-0.64%) GBP 1.525 (+0.27%) Spain 10yr 4.34% Italy 10yr 4.00% US 10yr 1.96%

Futures: **Dow -9, Nasdaq -2, S&P -2** DXY \$83.27 (+23c) Crude \$93.56 (-66c) Gold \$1410.10 (-\$14.40) Copper -1.19% Silver -2.07%

Asian markets are mostly higher, led by Japan, as it ripped higher and closed above 15k for the first time since the end of 2007 as the JPY touched a 4 1/2-year low against the USD. Sony (+10.4%) was in the spotlight after shareholders called for a reorganization to focus on the struggling electronics business. Retail favorites meanwhile were hit hard today with Gungho -8.4% following Gree's (-16.5%) poor numbers, and TSE Mothers Index fell -8.2% as retail took profits in good size. China held up despite Premier Li Keqiang saying the government has limited loom for stimulus. BofA cut their China 2013 GDP growth forecast to +7.6% from +8.0% following a similar call from JPM yesterday. Australia underperformed as resource names took a dive following the Premier's comments as well as on news of BHP plans to cut capex. Eurozone Q1 GDP's in focus this morning q/q: Eurozone -0.2% (est -0.1%), Germany +0.1% (est +0.3%), France -0.2% (est -0.1%), Italy -0.5% (est -0.4%), Portugal -0.3% (est -0.3%), Netherlands -0.1% (est -0.1%). Despite the sluggish GDP's European markets remain fairly firm so far this morning. Commerzbank squeezing +15% after government completes placing of €625M in stock and €2.5B rights period begins (BofA upgraded stock today as well) and leading EMU Banks higher (SX7E +0.82%). The USD remains strong with the DXY breaking out to new ytd highs which has Gold rolling back over -\$14.70 to \$1509.90. SPA's -2 handles = 1645 last.

Mortgage Apps @ 7am, Empire Manufacturing / PPI @ 8:30am

Industrial Production @ 9:15am, NAHB Housing Index @ 10am

CSC, DE, M report pre-open / CSCO, JACK #'s post close

- Agilent income fell on restructure costs & cut yr views but buyback inc & 2% workforce reduction (trading +1%)
- HSBC strategy day, reaffirms ROE & dividend targets, seeks further \$2-3B cost savings (trading +0.30%)
- KPN receives demand for 97.4% of right issue shares, rump of 74.9M shares placed this am (trading +1.0%)
- Gemina: Changi Airport sells up to \$224M stake, range €1.42-1.44, midpoint pricing expected (trading -2.6%)
- Thyssen Q1 strong, driven by Industrial Solutions, maintains FY target, advanced SA disposal talks (trading +2.7%)
- Salzgitter Q1 sales inline, EBIT better, performance weighed by European uncertainty, cautious tone (trading -1.3%)

- Bouygues Q1 sales light due to Colas seasonality, op loss better, rising net debt, reits outlook (trading +1.3%)
- Finmeccanica Q1 revs inline, EBITA light, net debt worse, net below, confirms 2013 targets (trading -0.40%)
- Lafarge selling 14% stake in Indian subsidiary, raising Eur200mn to fund future Indian growth (trading +1.0%)
- RWE Q1 op profit inline, net income beats, net debt increasing, "satisfactory" start to the year (trading -0.70%)
- Allianz Q1 net income beats, non-life good, asset management strong, confirms FY targets (trading +0.10%)
- TUI AG Q2 sales better, EBITDA inline, raises FU operating results, plans 50% div payout ratio (trading +3.1%)
- SMA Solar Q1 sales inline, EBITDA ahead, global PV market to decline this year, could see FY loss (trading -0.50%)
- Julius Baer Q1 trading update, AuM inline, sees further -ve impact from EU-Swiss tax reforms (trading -0.35%)
- Iliad Q1 sales ahead driven by strong mobile with new subscribers #'s excellent, ARPU ok (trading -2.4%)
- LSE Q1 net ahead, revs up 7%, increases final div, optimistic about year ahead, IPO recovery (trading +4.5%)
- Easyjet H1 revs & pretax loss inline, expects to deliver improved returns, H2 trading inline (trading +5.7%)
- GFK Q1 net falls 39%, net income deteriorates, adj EPS misses, reiterates 2013 forecasts (trading -0.60%)
- Vivendi Q1 revs inline, EBITDA weighed by SFR, "very challenging" economic environment (trading -2.3%)
- Monte Paschi Q1 net loss better, revs & net interest income ahead, trading income strong (trading +7.1%)
- Mediaset Q1 revs inline, EBITDA light, Italy/Spain slowdown, cautious FY tone, broker u/g (trading +5.1%)
- Tod's Q1 sales & EBITDA light, organic growth misses, margins light, US & Asia strong (trading +0.90%)
- Hennes April sales miss, cite poor weather (again) as reason, not matching peers (trading -1.1%)
- Arkema Q1 net loss on one time charges, revs slight light, confirms outlook (trading +5.0%)
- Scor Q1 net inline, FY sales exceed \$10bn, sees "highly uncertain" market (trading -0.40%)
- ACS Q1 sales below, net beats, rising EBITDA, net debt improvement, wide range (trading +0.50%)
- Talanx Q1 net inline, EBIT light, investment income misses, confirms forecasts (trading -1.6%)
- MLP Q1 revs light, EBIT & net miss, reiterates 2013-2015 outlook (trading +0.20%)
- Ageas Q1 group net profit beats, life insurance light on domestic and Asia, overall inline (trading -0.30%)
- Nordex Q1 sales inline, EBIT loss better, order intake continues to improve (trading -2.5%)
- RHI Q1 net income light on audit provisions, revs below, EBITDA beats, confident on FY (trading -1.0%)
- Compass H1 revs inline, underlying pretax misses, maintains guidance, positive outlook (trading +1.1%)
- C&C FY revs & EBITDA in line, div light, vols decline, sees 2014 as transitional year (trading +2.2%)
- Gigaset Q1 revs & EBITDA miss, negative FCF increases, market trends challenging (trading +2.2%)
- ITV Q1 revs broadly inline, guiding for lighter Q2, lack of upgrades may weigh (trading -3.1%)
- Douglas Q2 sales & revs in line, EBITDA beats, net loss cut, reits outlook (trading +0.50%)
- TeliaSonera: Megafon Q1 numbers beat, raising margin outlook guidance (trading +0.93%)

- UK Q1 ILO unemployment rises 15k, employment down 43k, April jobless claims -7.3k
- BOE raises GDP forecasts vs Feb and lowers inflation projections (sees GDP +0.5% this Q)
- Mizuho forecasts FY NI 500B yen vs est 464.2B yen, buying back 37B yen preferred shares
- Mitsubishi UFJ net profit slides in last FY but comes in much better than its own outlook
- Tencent earnings out 30min ago (Q1 net 4.04 billion yuan versus estimate 3.75B yuan)

Leading European Sectors: Trav/Les +1.47%, Banks +0.90%, Real Estate +0.89%

Lagging European Sectors: Oil & Gas -0.54%, Chemicals -0.23%, Utilities -0.16%

SWY raises div – MFLR merger agreement – WAB stock split div raise

Secondaries (announced/priced): THC, CVRR, RH, RMTI, ACAD, SPF, AINV, FLT, FANG, RP, GEM IM, SNP RO, CBK GY, KPN NA, RYL (convert)

IPO's (lock-up expires): Ruckus Wireless (RKUS)

IPO's (filed/priced): Covisint (COVS) files \$100M through CSFB, Bluebird bio (BLUE) files \$86.3M through JP Morgan and Bofa, Esperion Therapeutics (ESPR) files for \$70M through Credit Suisse and Citigroup

US Key Research:

- Barcap assumes NYX/AMTD (ew's) & JNS/WDR/ETFC/SCHW (uw's) & reinstates FXCM (ow)
- Citi upgrades GPS (buy), GS reinstates SWY (sell) & downgrades GLNG (sell), Barcap cuts WDR
- Piper initiates HALO (ow) & PDLI (neut) & cuts EAT, Wells downgrades RGP & initiates UIL (op)
- Baird initiates LNKD (neut), Opco downgrades RENN, BMO upgrades ARO/PSB, Longbow cuts MOLX
- Raja downgrades BC, CS cuts CLX & upgrades RBC, Evercore initiates MHP (ew)

Europe Key Research:

- UBS downgrade ATLN VX, ENG SM, upgrade MS IM, Nomura upgrade CBK GY, ULVR LN
- JPM upgrade ACA FP, HYDR RM, IRAO RM, initiate DCC LN (n), Nordea upgrade PNDORA DC
- RBC downgrade WOS LN, Citi downgrade EDP PL, BofAML upgrade RICHT HB, Libr u/g PURE LN

- SocGen downgrade MERY FP, BP IM, upgrade SVT LN, MS upgrade BG/ LN, Numis downgrade CIU LN
- Natixis upgrade FDR FP, GFT FP, OMV AV, HSBC initiate IMI LN (ow), WEIR LN (n), d/g BBVA SM, SAN SM

Reporting Pre-Open: CSC, DE, M, ACAT, ACRE, AG, CGX, EJ, EMIS, GLOG, JST, MIL, NSLP, OXF, PF, PFSW, VIP, VSCP, WMC

Reporting Post-Close: CSCO, ACXM, ANW, BLIN, CEP, EFOI, JACK, LWAY, MBND, MCOX, NQ, NTES, ONP, SAPE, SB, SBSA, TCX, TRI, WYY, YOKU

Economic Data: MBA Mortgage Applications @ 7am, Empire Manufacturing / PPI @ 8:30am, TIC Flows @ 9am, Industrial Production @ Capacity Utilization @ 9:15am, NAHB Housing Market Index @ 10am

DOE crude oil inventories @ 10:30am

Conferences: Bofa Health Care (Las Vegas), JPM TMT (Boston), JMP Research Conference (SF)

Conferences: Citi Global Energy & Utilities (Boston), Bofa Global Transportation (Boston)

Conferences: Bofa Metals and Mining (Barcelona), BMO Farm to Market (NYC)

Analyst/Investor Days: SPWR, SAP

Non-Deal Roadshows: APP, ARTC, BDE, BOH, COH, GMO, GVA, KERX, LMAT, MCO, PCCC, PVTB, RBA, RBS, RTEC, SBNY, SIRI, SLG, TEX, THS, TMK, TRI, UBSH, USG, VLO

Shareholder Meetings: AEG, NOC, RNR, WLP, AFCB, DO, LSG, BKW, CMCSA, FL, HERO, HPT, MTX, PPO, RDN, ABCD, AF, AKAM, CRY, FBNK, HAL, INGR, MHGC, NBBC, PPL, STEL, HTZ, WRES, ACTI, AIG, DF, GSBC, HIW, LUV, TEN, VOLC, ELY, LPR, AE, BRY, NVDA, HIG, PNW, AKR, CECE, INFN, TBI, CLI, GNW, PES, PICO, FNB, RGA, HFBC, VTNC, DMLP, HL, CATM, CVBF

Equity/Mixed Shelves: OAK

Other Newspaper Articles & Stories

Barron's positive: Cigna (CI) [Barron's](#)

- France contracts in 1st quarter as Germany returns to growth [FT](#)
- US deficit falls faster than expected [FT](#)
- European Commission raids oil groups over price benchmarks [FT](#)
- China on track to overtake US in non-financial corporate debt [FT](#)
- Apple builds relations beyond Foxconn [FT](#)
- Walmart opts out of Bangladesh factory deal [FT](#)
- JPMorgan investors take heat off Dimon [FT](#)
- Obama hits out at 'inexcusable' IRS actions [FT](#)
- Why the world faces climate chaos [FT](#)
- Iceland's election is a signal to the rest of Europe [FT](#)
- Why business loves capital markets, even if it doesn't need capital [FT](#)
- Britain could reshape Europe if it would only try [FT](#)
- French Economy Falls Into Recession [WSJ](#)
- HSBC Plans Up to \$3 Billion in Cost Cuts [WSJ](#)
- Greece Bulls Charge Into Corporate Bonds [WSJ](#)
- Private-Equity Firms Build Instead of Buy [WSJ](#)
- Japan's Electronics Under Siege [WSJ](#)
- FAA Bonuses and the Sequester [WSJ](#)
- Bring on the 'Helicopter Money' [WSJ](#)
- HSBC cuts 14,000 jobs in drive for profits [The Times](#)
- Which part of your manifesto is for real? [The Times](#)
- Poor hit hardest by financial crisis and welfare cuts will make it worse [Independent](#)
- Satyajit Das: Alchemists at the courts of rulers foster illusion of perpetual growth [Independent](#)
- James Moore: For once bank chiefs are right to be angry [Independent](#)
- Cameron and his party conspire to create a European shambles [Telegraph](#)

Key Events This Week

Thursday: Japan GDP, CPI, Philadelphia Fed, Housing Starts, RBC Capital Markets Aerospace & Defense Conference (NYC), Earnings (KSS, WMT, ADSK, AMAT, ARUN, JCP, JWN, SINA)

Friday: U. of Michigan Consumer Confidence, Leading Indicators, China April Property Prices, Earnings (BH)

Saturday: Bernanke speech at Bard College at Simon's Rock Commencement "Economic Prospects for the Long Run" (11am), Final FB lock-up

Key Events on the Horizon

May26/27 – Mayoral elections in 720 cities across Italy

June 10-14 – Apple's Worldwide Developer Conference (WWDC) in SF

June 14 – Preliminary adds/deletes to the Russell indexes published after 6pm EST

June 21 – Updates to the lists of adds/deletes for the Russell Rebalance

June 28 – Russell Rebalance on the close of trading

July 1 – Mark Carney takes over as BOE Governor

September – German elections

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