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**Subject:** Early Tour 5.9.13

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Good Morning ... European Markets off 10-80 bps (Italy -1.2% & France -1.0%) ... ASX -0.03%, NKY -0.66%, KOSPI +1.18%, TWSE +0.23%, SHCOMP -0.60%, HSI -0.28%

EUR 1.314 (-0.10%) JPY 98.67 (+0.33%) EUR/JPY 129.65 (-0.43%) AUD 1.023 (+0.59%) NZD 0.8445 (+0.52%) Spain 10yr 4.16% Italy 10yr 3.88% US 10yr 1.78%

Futures: **Dow -6, Nasdaq -5, [REDACTED] -1** DXY \$81.92 (3c) Crude \$96.08 (-54c) Gold \$1471.30 (-\$2.40) Copper -0.92% Silver +0.56%

The Asia-Pac region is mostly ending lower following the release of Chinese PPI data which the market is interpreting as pointing to weaker growth. China April CPI came in +2.4% y/y, higher than consensus +2.3% y/y (and +2.1% in March) while PPI was -2.6% y/y, below consensus -2.3% y/y (and -1.9% previously). South Korea outperformed with the Kospi finishing on the highs as the BOK becomes the latest central bank to cut rates, lowering its key rate by 25bps for the first time in seven months in a surprise move. Japan underperformed after opening higher but turned lower in the PM session as the JPY strengthened. Australia ended flat following strong April jobs data out mid-morning. The AUD strengthened with overall jobs rising by 50,100 and full-time jobs up a healthy 34,500 (unemployment edged lower from 5.6% to 5.5%). Indonesia was closed today and will reopen tomorrow. European markets fading a bit this morning. Basic Resources outperform with the SXPP +0.74% while defensives lag (Utilities -0.80%). Several countries are closed for Ascension Day: Sweden, Denmark, Norway, Finland, Switzerland, Austria, Russia. BOE decision at 12pm GMT and they are expected to keep both rates and asset purchases on hold. The Global Investment Conference takes place in London today and speakers include: David Cameron, Boris Johnson, George Osborne, Christine Lagarde, and Wolfgang Schauble. This is the same conference that Draghi delivered his "whatever it takes" speech last July. Jobless claims coming up at 8:30am in the US. SPA's -1 handle = 1627 last.

\*\*\*Jobless Claims @ 8:30am, Wholesale Inventories @ 10am\*\*\*

\*\*\*APA, CVC, DF, PCP, WIN earnings pre-open / NVDA, PCLN #'s after close\*\*\*

- Highlights from yesterday's Ira Sohn conference can be found [here](#) courtesy of *Market Folly*
- Green Mountain beats, strong sales, boosts forecast & SBUX partnership (trading +15%)
- Activision Q1 results beat ests but gives "cautious" H2 (especially holiday qtr) (trading -5%)
- Tesla posts first profit (3x expectations) (Model S best selling plug-in car in US) (trading +30%)
- Monster Energy slower rev growth & higher expenses (hit by distributor payments) (trading -12%)
- News Corp strong Q3, profit rose & revenue +14% on higher licensing sales (trading +3%)

- Groupon net loss narrowed & revs beat ests on better mobile coupon demand (trading +10%)
- Rackspace Q1 misses, monthly installed base growth slows & rev outlook light (trading -10%)
- CF Industries adjusted eps beats & revs light but "seeing resilient corn prices" (trading +1.3%)
- Century Link strong quarter across the board & increased FY guidance (trading +1.8%)
- Supergroup FY pretax inline, Q4 sales growth below, Q4 LFL's light, wholesale inline (trading -0.70%)
- Morrison Q1 IMS inline, showing improvement, FY outlook unchanged, tough environment (trading -2.8%)
- Old Mutual Q1 life insurance sales & non-covered sales inline, solid net client cash flows (trading +2.8%)
- Experian FY profit & net income inline, EPS better, plans \$500mn repurchase program (trading +5.8%)
- Barratt H2 IMS good, will pay div, positive outlook, improving debt, no change to 2015 forecasts (trading -1.1%)
- ENRC Q1 IMS mixed, declining iron ore production, rising net debt, no offer proposal received (trading -1.3%)
- TT Electronics IMS sees FY performance in line with expectations, resilient, improving trends (trading +3.6%)
- Tel Italia Q1 net miss, revs inline, confirms targets, possible H3G merger deal continues (trading unch)
- Lottomatica Q1 revs & EBITDA ahead, net better, on course to achieve 2013 targets (trading +1.0%)
- Amadeus Q1 adj net better, net debt improving, cautiously optimistic outlook (trading +1.9%)
- Anite Q4 trading strong, adj profit to be at top end, margin good across the board (trading +5.1%)
- Repsol Q1 adj EBIT ahead, net income beats, production volumes in line (trading +0.50%)
- United Drug H1 solid, on track to deliver top end of FY EPS forecast (trading -0.50%)
- Yoox Q1 revs slight ahead, on track to meet or exceed expectations (trading +1.9%)
- Eurozone ECB survey of professional forecasters cut 2013 GDP estimate to -0.4% from +0.0%
- Spain March industrial output wda y/y -0.6% vs est -5.3% (nsa y/y -9.8% vs -8.5% prior)
- Spain sells €4.57 billion of bonds vs max target €4.5 billion (5yr avg yield 2.789% vs 3.257% on 4/18)
- UK March factory output rises +1.1% vs est +0.3%, industrial production +0.7% vs est +0.2%
- Sony numbers look inline with recent revisions (guidance above consensus but a bit shy of whisper)
- Takeda operating profit misses and full-year 2013/14 guidance well below consensus (out after close)
- Nikon operating profit above consensus and guides full-year forecast inline (out after the close)
- DeNa (social media) posts sales & operating forecasts well below consensus (out after the close)
- Bank of Korea unexpectedly cuts rates 25bps to 2.50% from 2.75% (no change had been expected)
- China April auto sales come in ahead of forecasts (1.44 million units vs estimate 1.404 million units)
- China inflation stays subdued in April (CPI +2.4% vs est +2.3%) (government annual goal +3.5%)
- Australia April employment +50,100 m/m versus estimate +11,000 (unemployment rate 5.5% )

**Leading European Sectors:** Basic Res +0.74%, Fin Services +0.30%  
**Lagging European Sectors:** Utilities -0.80%, Retail -0.61%, Healthcare -0.45%

SIX 2-for-1 split – MSFT new cfo – HOTT comps fell

SPRD guides up – CWH judge rejects suit – RIG profit rose, eps trailed

PPO eps missed – CNO raises dividend – AGO restores \$200M buyback

STEC Q2 view light – HEK loss wider – MED guides lower

PVA boosts yr ebitdax – MDR mixed – CXW raises yr reps view

**Secondaries (announced/priced):** SSNC, ISIS, REN, TSRE, HCN, EFC, SRG IM

**IPO's (filed/priced):** PennyMac Financial (PFSI) 11.1M shares priced at \$18 (midpt), Emerge Energy (EMES) 7.5M shares priced at \$17 (below), Cyan (CYN) 8M shares priced at \$11 (midpt), American Residential Properties (ANRPZ) 13.7M shares priced at \$21 (low-end), Receptos (RCPT) 5.2M shares priced at \$14 (low-end), Tristate Capital (TSC) 5.7M shares priced at \$11.50 (midpt), Quintiles (Q) 23.7M shares priced at \$40 (top-end)

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

- Barrington downgrades PODD, Evercore downgrades RAX, Janney downgrades CODI
- Mizuho downgrades OFIX, Wells initiates INFI (op) & upgrades AWK, Brean cuts MFB
- DB initiates KBR/FLR/CBI/PWR/MTZ (buys) & MDR/JEC (holds), Jefferies cuts BMC
- Opco upgrades VSAT, GS downgrades TSLA, Citi downgrades TUMI/BLK

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

- Citi upgrade KCO GY, ICL TI, downgrade KOMB CP, Barc initiate EVK GY
- UBS downgrade VCT LN, add RBS to key call list – cut STAN LN
- JPM downgrade BES PL, STAN LN, GS add COLOB DC to GS conv buy list
- CS downgrade INTU LN, ATK LN, upgrade CLN VX, DB upgrade BG/ LN
- MS add IHG LN to best ideas, BofAML downgrade PFV GY, MRW LN, NOEJ GY
- Cana downgrade CSR LN, Oriel downgrade BBY LN, SGC LN, upgrade NEX LN
- SocGen upgrade BBVA SM, Medio initiate MSK LN (op), Beren downgrade DIA IM, u/g ETL FP
- RBC downgrade STAN LN, SGE LN, Cantor downgrade IHG LN, SBRY LNA2A IM, u/g ICL IT, KCO GY
- Numis downgrade RTN LN, Exane downgrade DELB BB, Akros downgrade MED IM, LTO IM

➤ Chev downgrade IFX GY, restart PSON LN (r), IBE SM (b), Equita downgrade PMI IM

**Reporting Pre-Open:** AES, APA, CVC, DF, PCP, WIN, XRAY, AAON, AGU, ALR, AM, AMCX, AMRC, ARX, ASFI, BAM, BCE, BGMD, BITA, BWEN, CBB, CBLI, CBRX, CDE, CEMI, CG, CLSN, CNSL, CRTX, CTB, DISH, DNDN, DRTX, EMCI, FCN, FLL, GLP, GSE, GSL, GTIV, GVA, HDNG, HILL, HSC, HSII, HWCC, IDN, IPCC, KDN, KEM, KIOR, KIPS, KOS, LACO, LPI, MEA, MMS, NGS, NKA, NMRX, NPSP, NTWK, ONTY, ORBC, ORBT, OWW, PKE, PMFG, PRFT, RESI, ROIAK, RRST, SATS, SCR, SPH, SPP, SPPI, SRI, SRPT, SRT, T CN, TCPC, TGP, TGX, THS, TK, TOO, TSEM, TVL, USAC, USCR, USPH, VC, VIAS, VICL, VNDA, VRS, WAC, WFR, WWAV

**Reporting Post-Close:** CFN, NVDA, PCLN, PSA, ABCO, ACET, ACFN, AGM, AGO, AIRM, AL, ALEX, ALIM, ALXA, ANAC, APEI, APFC, ASCMA, ASYS, AUQ, BBOX, BCEI, BEBE, BFAM, BID, BONE, BPZ, BRKS, BSQR, BSTC, XALL, CCIX, CDR, CPE, CWCO, CYTX, DAR, DIOD, DVCR, EAC, EXPG, EMAN, EMKR, ET, FNHC, FOLD, FTK, FXEN, GBLI, GLPW, GROW, GXP, HOGS, HPTX, IDSY, IMUC, INWK, JOBS, KOOL, KTOS, LEDR, LLNW, LOCM, LPDX, LPR, LTRE, LUNA, MAIN, MCP, MDRX, MDVN, MNKD, NGVC, NKTR, NNI, NPTN, NSU, OPAY, OPTR, PANL, PDLI, PFMT, PRKR, QTWW, RCMT, RICK, RNDY, RNF, RNIN, RTK, SAPE, SDBT, SF, SLXP, SQNM, SREV, STEM, STN, TACT, TNGO, TSON, TSRX, TST, TWER, UBNT, UEPS, UNIS, USMO, VRNM, WAGE, WAVX, WIFI, WLDN, WR, XOXO, ZGNX, ZIGO

**Economic Data:** Jobless Claims @ 8:30am, Bloomberg Consumer Comfort @ 9:45am, Wholesale Inventories @ 10am

EIA natural gas storage @ 10:30am, Treasury auction 30yr bonds @ 1pm (\$16B)

**Fed Speakers:** Lacker @ 8am (NYC), Plosser @ 1:15pm (NYC)

**Conferences:** Baird Growth Stock (Chicago), Jefferies TMT (NYC), DA Davidson Financial Services (Seattle), Wells Industrial & Construction (NYC)

**Analyst/Investor Days:** AES, MYGN

**Non-Deal Roadshows:** ABT, ADNC, AIMC, AKRX, AMRI, APD, ARIA, AZN, BUD, CERN, DGX, DLA, ELX, FHN, FNGN, FNP, FSL, ITG, LECO, MEOH, MIC, MLM, MWV, NLSN, NLY, NOAH, OMN, OREX, PAR, PCAR, PCRX, PDM, PPC, QLYS, RNST, RTIX, SMCI, TPX, WMGI, WYN, QGEN, T

**Shareholder Meetings:** VITC, CRI, LXRX, PAG, CHMT, F, FALC, HTLD, KOPN, RAI, SXC, VSTM, WPO, AXE, BCE, FR, OFC, SNH, BAM, BKCC, CLUB, CPSI, DOW, ETFC, IPT, JBLU, NHTB, NRCI, NUE, ONB, RHP, SBAC, TEX, FRM, RSG, THI, TYL, SINC, HUBG, LRY, MANT, NOR, RGEN, WAT, AVA, EQY, EE, LSI, TAHO, TC, ADVS, STN, CHRW, CTWS, MDXG, DYAX, OSTK, TESO, AZK, DNN, ATML, ONCY, SSRI, AMRS, IVAC, MCOX, CBG

**Equity/Mixed Shelves:** RST (\$150M), TSS

## **Other Newspaper Articles & Stories**

WSJ cautious: Groupon (GRPN) [WSJ](#)

- UK watchdog swoops on asset managers [FT](#)
- Coke acts to fend off obesity criticism [FT](#)
- China counts cost of soaring vegetable prices [FT](#)
- University endowments trim holdings in US Treasuries [FT](#)
- David Cameron puts immigration at heart of push before election [FT](#)
- Whole Foods: healthy option? [Lex](#)
- Standard Chartered: anything but standard [Lex](#)
- China trade: data mining [Lex](#)
- Sony Swings to Profit [WSJ](#)
- Shale Boom a Bust for Europe's Gas Plants [WSJ](#)
- U.S. Is Warned Russia Plans Syria Arms Sale [WSJ](#)
- EU Plans Tariffs of Up to 67.9% on Chinese Solar Panels [WSJ](#)
- Now Portillo turns against Cameron on future of EU [The Times](#)
- Soros repeats trick to make short work of the Aussie [The Times](#)
- We don't share Europe's vision. So I want out [The Times](#)
- Eye-catching recruits and full bank buyout fast-tracks Sainsbury's push for supremacy [Independent](#)
- Hamish McRae: Booming equity markets can feed back into growth [Independent](#)
- Free banking at risk as EU wants us to bank anywhere in Europe [Telegraph](#)
- China may not overtake America this century after all [Telegraph](#)
- Green investment bank's chief plans to borrow and raise debt [Guardian](#)
- Foes Suggest a Tradeoff if Pipeline Is Approved [NYT](#)
- More Errors in Checks Meant to Aid Homeowners [NYT DealBook](#)

## **Key Events This Week**

Friday: Denmark closed, Treasury Budget Statement, G7 FinMin meeting (UK), Bernanke speaks at Chicago Fed conference, Earnings (BECN, TRLG, ADEP)

**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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