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Subject: Early Tour 5.7.13

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Good Morning ... European Markets up 30-70 bps (Ireland, Italy, Portugal +1.0%) ... ASX -0.24%, KOSPI -0.36%, TWSE -0.07%, SHCOMP +0.20%, HSI +0.44%

EUR 1.307 (-0.02%) JPY 99.11 (+0.22%) AUD 1.0168 (-0.83%) NZD 0.847 (-0.55%) Spain 10yr 4.08% Italy 10yr 3.87% US 10yr 1.76%

Futures: **Dow +18, Nasdaq +4, S&P +1** DXY \$82.31 (unch) Crude \$95.64 (-54c) Gold \$1461.30 (-\$6.70) Copper -0.09% Silver -1.21%

Japan re-opens and steals the regional spotlight as it catches up on global moves following the long weekend. The JPY failed to hold the 99 level in the AM session but regained it for the PM, further boosting exporters. Retail was also supportive with Mothers +11%. The Kospi, on the other hand, underperformed as it was weighed from rotation out of South Korea (especially autos) and into Japan. Outside of Japan, the RBA unexpectedly cut rates 25 bps to 2.75% and Australia rallied to reverse most of the losses seen earlier. AUD weaker on the follow -0.58% (there were also rumors out yesterday that George Soros is planning on shorting the currency). Volumes a bit heavier today in Europe with London back online and focus is on the many earnings releases highlighted below. Banks outperforming (SX7P +1.6%) after better #'s from HSBC, SocGen, Commerzbank & Credit Agricole. Several secondaries/block-trades after the bell last night in the US: HTZ, CPN, GNRC, VNTV, CFX, FSP. SPA's +1 handle = 1614.20 last.

***DISCA, DTV, TAP pre-open, Consumer Credit @ 3pm, SALT Conference begins in Las Vegas ([link](#)) ***

BMC, CA, CHRW, DIS, DVA, EA, MCK, MDLZ, MRO, SYMC, TRIP, WFM, WMB, Z #'s post close

- First Solar earnings missed but revs beat ests (additions to pipeline) reiterates guidance (trading +1%)
- MercadoLibre eps missed sales but growth accelerated topping ests (vol trends improved) (trading +10%)
- Liberty Global solid quarter loss narrowed on better revs as TNET, Germany outperformed
- Senate votes to let states collect tax on out-of-state internet and catalog sales (69-27 bipartisan vote)
- SocGen Q1 net beats, CIB ahead, confirms Basel III targets, cost income falls in all businesses (trading +4.9%)
- Credit Agricole Q1 net beats driven by provisions, domestic retail good, FICC & equities below (trading +0.04%)
- Commerzbank Q1 op profit inline, net loss better, net income inline, trading profit beats (trading +1.3%)
- HSBC Q1 profit almost doubles as bad debts decline and on cost-cutting (beats estimates) (trading +2.8%)
- Prudential Q1 numbers look decent (note the stock had a big run into the numbers (trading -2.9%)

- Carlsberg Q1 sales ahead, net profit & EBIT beats, gained mkt share in all regions, keeps outlook (trading +1.8%)
- Lafarge sales inline, weak margin, EBITDA misses, outlook remains unchanged, sees higher pricing (trading +5.2%)
- Hannover Re Q1 NI better, op profit light, aims for div payout of 35-40%, solid combined ratio (trading -2.0%)
- Allianz pre-release solid #'s ahead of AGM today, sees rising revs driven by improvement in all segments (trading +2.7%)
- Norma Group Q1 revs & EBIT slight light, adj net income better, gross profit inline, moderate sales growth (trading +4.7%)
- Symrise Q1 revs & EBITDA inline, aims to outperform global flavors, reiterates forecasts (trading +4.9%)
- Dufry Q1 sales inline, EBITDA light, net misses, seeing better H2 performance (trading -0.30%)
- Adecco sales inline, considering economic conditions in Europe should see solid Q, stabilizing market (trading +2.8%)
- Oerlikon Q1 revs light, EBIT misses, lighter backlog, order intake slightly ahead (trading +3.2%)
- Alstom lowers FY forecasts, sees organic growth in low single digits, short term vols will be lower (trading -8.1%)
- William Demant Q1 market flat, 2013 EBIT to exceed 2012, increase in interest bearing debt, keeps outlook (trading +3.3%)
- Lundin Q1 net inline, EBITDA misses, production solid, to focus exploration on Utsira area (trading -0.30%)
- Det Norske Q1 net loss better, op revs weakening, plans increasing spend 2013 exploration spend (trading -0.06%)
- Munich Re Q1 op profit light, net income ahead, written premiums inline, sees global growth picking up (trading +0.20%)
- Gjensidige Q1 weak underwriting profit impacted by lower run off gains & higher proportion of large losses (trading -4.6%)
- Axel Springer Q1 sales slight light, revs inline boosted by digital media growth, confirms outlook (trading -0.50%)
- Prosieben Q1 sales ahead, underlying income a recurring EBITDA better, maintains FY guidance (trading -1.7%)
- Legrand Q1 sales inline, organic sales growth fall, weak FCF, Europe poor, confirms 2013 targets (trading +4.3%)
- Stada Q1 adj net income light, revs inline, EPS below, confirms 2014 sales targets (trading +7.8%)
- Panalpina Q1 good across the board, logistics strong, costs lower, large short interest (trading +6.9%)
- Natixis Q1 net rises, sales ahead, gross income beats, solid PTP, sale of CCIS inline (trading +1.5%)
- Kvaerner Q1 sales inline, EBITDA misses, guiding for lower upstream margins, record backlog (trading -4.2%)
- Heidelberger Druck Q4 revs beat, order intake ahead, negative free cash flow, FY results due 06/13 (trading -1.8%)
- Gas Natural Q1 EBITDA slight better, net ahead, lowering net debt, Fenosa unit misses (trading -2.4%)
- Pfeiffer Vacuum Q1 sales inline, EBIT light, net income miss, order intake below (trading +4.0%)
- Fred Olsen Energy Q1 revs & EBITDA slight ahead, pretax & EPS beats, net income ahead (trading +0.40%)
- Skanska Q1 sales ahead, op profit beats, order intake ahead, US strong (trading +5.0%)
- Duerr Q1 revs below, incoming orders inline, order backlog increasing, EBIT & EPS ahead (trading +2.0%)

- MEDA Q1 sale weak (Dymista strong), op profit misses, raising FY sales growth guidance (trading -0.80%)
- Post NL Q1 underlying slight ahead driven by pension and restructuring, maintains guidance (trading -0.12%)
- JC Decaux Q1 revs light, organic growth below, sees "slight decline" to guidance (trading -3.7%)
- Telecity sees good start to 2013, solid order book growth, robust financial position, FY outlook in line (trading +0.30%)
- Betfair FY revs inline, EBITDA slight ahead, restructuring plan ahead, making "excellent" progress (trading +2.4%)
- Diageo CEO Paul Walsh to step down at the end of June, replaced by Menezes (trading +0.15%)
- RBA cuts rates 25bps (no changes expected but swaps market was pricing in 40% chance of cut)

Leading European Sectors: Construction +1.61%, Banks +1.46%, Tech +1.05%

Lagging European Sectors: Utilities -0.28%, Autos/Parts -0.20%, Oil & Gas -0.12%

BSFT eps/revs beat – EA pact with Disney – EOG topped

HOLX eps view trailed – PODD loss narrower – NLS #'s beat

PEGA mixed earnings – SNTS boosts forecast – RKUS rev outlook light

Notable Options Activity Yesterday:

SODA (54.98 +1.8%) with the stock trading near the highs of the day (56.62) opening cust bought at the money may 55 puts for 2.70 and sold june 65 calls at .80 to help finance it traded outright earnings wed morning

CTSH (65.65 -1.4%) with stock trading 66.10 we noted outright may 60/70 risk reversal trade for .35 credit 4000x cust bot put/sold call earnings also wed morning

CBOE (38.92 +.4%) custs were active in downside today opening custs bot 4000 june 38.25 puts from .75-.85 and 2000 sep 38 puts for 1.45 CBOE had solid earnings last week but has seen some technology issues in advance of longer trading hours in VIX products

Secondaries (announced/priced): HTZ (holders), CFX, FSP, VNTV, CPN, GNRC

IPO's (lock-up expires): Atossa Genetics (ATOS)

US Key Research:

- Barcap initiates OMTH (ow), DB initiates RALY/ EVTC (buys), GS upgrades ACI & downgrades ANR (sell)
- Cowen initiates BLOX/CALX/CIEN/CSCO/FFIV/RVBD (op's) & SONS (neut) & ADTN (up)
- GS initiates PF (neut) & MDVN/BMRN (buys) & initiates INFI/PCYC/SGEN (neut's) & INCY (sell)
- ISI downgrades HOLX, Jefferies assumes MTD/LIFE (hold), Stifel initiates OMTH (buy)
- Wells initiates CHS/KORS/ANF/GPS/URBN (op) & ANN/JWN/KSS/LULU/M/RUE/TJX/TIF/AEO (mp) & JCP (up)
- William Blair initiates CMRX (op), Opco upgrades APO, Piper initiates OMTH (ow), JPM downgrades RBS
- JMP downgrades IRF, Wells initiates WAC (mp)

Europe Key Research:

- JP upgrade VK FP, initiate ESUR LN (ow), HTY LN (ow), downgrade RBS LN, ADM LN, GS initiate HTY LN (b), GLEN LN (n),
- BofAML most pref: add ALV GY, remove RSL LN, least pref: add CS FP, SREN SW, remove AML LN, SLHN SW
- BofAML upgrade STERV FH, downgrade DAI GY, Barc initiate UKW LN (ew), Citi downgrade SEV FP
- DB upgrade LEO GY, initiate ESUR LN (b), Exane downgrade STL NO, IMG LN, Numis initiate ESUR LN (add), u/g BET LN
- SocGen downgrade DEC FP, MAQ upgrade GKP LN, downgrade IFL LN, Beren downgrade TEL NO
- RAYJ downgrade ADP FP, Investec upgrade AFR LN, downgrade FPM LN, AOI SS

Reporting Pre-Open: DISCA, DTV, EMR, FE, FOSL, HCN, HSIC, NRG, PRGO, TAP, ACM, AER, AFAM, AKRX, ALLT, AMRI, ARCC, ARIA, AVIV, BABY, BLT, BR, CCOI, CHTR, CKP, CLVS, CMLP, CMLS, CNK, CORE, CQB, CRZO, CVLT, CVU, DFT, DFZ, DGIT, DWRE, DWSN, ENDP, FLML, FXCM, GLDD, GSJK, GSM, HBC, HFC, HPT, HSON, IFF, INSM, KWK, LNCE, LPX, MGIC, NGPC, NNBR, NSM, NTLN, NVAX, OAK, OMX, OSIR, PQ, PRIM, PTRY, RDA, RGS, RHP, RIGL, SHOO, SOHO, STE, STON, SYMX, TA, TAST, TDG, TGA, TGH, THRM, TICC, TRGT, TW, UFCS, UNT, VPG, VSI, WPC, WRES, XEC

Reporting Post-Close: BMC, CA, CHRW, DIS, DVA, EA, MCK, MDLZ, MRO, SYMC, TRIP, WFM, WMB, ACAD, ACTS, AEZS, AMRE, ANDE, ARAY, ARB, ARC, ARTC, ASEI, AWK, AXLL, BIO, BIOL, BKEP, BWC, CCRN, CDXS, CHSP, CIB, CIX, CLDT, CLMS, CODI, COKE, CSV, DEI, DGI, DKL, DMD, ENPH, EPM, ESE, EVOL, EXEL, HANG, GG, FNGN, FRGI, FTEK, FURX, GA, GAIA, GCA, GCAP, GFF, GPOR, HCKT, HRZN, HTA, IAG, INFI, IRG, JAZZ, JBT, KGC, KS, KW, LOPE, LXFR, LYV, MAKO, MCEP, MITK, MNTG, MODN, MYGN, NRCI, NVTL, NYMT, OAS, OHI, OME, ONE, ONXX, ORA, PLT, POWL, PRI, PRTS, RULS, QUAD, RBCN, REG, RLH, RLOC, RSO, RSOL, SALM, SCMP, SD, SGEN, SGMS, SLH, SLRC, SN, SPA, SRDX, STKL, SUNS, SWS, SYNC, TRNX, TWO, URS, VCLK, VTSS, WBMD, WPZ, WTI, XPO, ZRM, Z, ZIPR

Economic Data: IBD/TIPP Economic Optimism / JOLTs Job Openings @ 10am, Consumer Credit @ 3pm

Treasury Auction of 3-yr Notes @ 1pm (\$32B), API crude oil inventories @ 4:30pm

Conferences: Citi Beyond the Basics Financial Services Forum (Napa), CS Offshore Technology (Houston)

Conferences: Jefferies TMT (NYC), Baird Growth Stock (Chicago), Bofa Smid Cap (Boston)

Analyst/Investor Days: DNKN, HRC, JKHY, LXX, KBH, PIR, MUR

Non-Deal Roadshows: ATX, CPRX, DEST, DXCM, FB, FCH, GME, LULU, NAVB, NOAH, OFG, OSIS, SBNY, SEAC, TFX, TWC

Shareholder Meetings: WCRX, ALU, NOK, CVD, FRF, CRL, BIOS, CNW, GEO, HUBB, ITT, KNL, MSA, NC, NLSN, NWL, OZM, TRMK, WTI, AGII, ALJ, HWCC, AAN, ALV, ANAD, ANGI, BAX, BMY, BSX, CNSL, GCI, GSSE, JRN, MAS, MCBC, MTW, NBTB, OMG, PLPC, SYPR, TKR, VALE, WTW, AFFX, CUZ, DAR, EGOV, GXP, HLX, MDR, ORLY, REG, RLG, XYL, ACCO, CLF, HNI, NVR, AMTG, BLC, O, SIAL, VCLK, EXL, ORA, NOVC, PCL, WYNN, PSTR, DHR, DK, GBNK, TRMB

Equity/Mixed Shelves: PAMT (\$75M), TGP (\$100M), CLIR (\$30M)

Other Newspaper Articles & Stories

WSJ cautious: Mondelez (MDLZ) [WSJ](#)

- Microsoft prepares U-turn on Windows 8 [FT](#)
- China seeks to water down key World Bank report [FT](#)
- Whitehall shuns business gurus [FT](#)
- Protests mount on use of BP Gulf spill funds [FT](#)
- Facebook looks to video ads as it seeks new revenue streams [FT](#)
- California jeweller to plead guilty over trading tip-offs [FT](#)
- Walsh to step down after 13 years as Diageo's chief executive [FT](#)
- US says China is stepping up cyber war [FT](#)
- Brussels trains its sights on Slovenia [FT](#)
- EU plans to extend jobless support from home states for migrants [FT](#)
- Germany grapples with skilled labour shortage [FT](#)
- Visa and MasterCard: fortunes diverge [Lex](#)

- BMC Software: neat surrender [Lex](#)
- Malaysia: back to business [Lex](#)
- The Chinese dream is smothered by toxic smog [FT Comment](#)
- For Asia's newest baby tiger, the hard grind begins [FT Comment](#)
- It would be folly for Cameron to ape Ukip [FT Comment](#)
- Lessons for Obama from Bush's wars [FT Comment](#)
- Muni Bonds Deserve a Tax Break [WSJ Opinion](#)
- Australia Attracts Chinese Multimillionaires [WSJ](#)
- U.S. Says China's Government, Military Used Cyberespionage [WSJ](#)
- France Looks for New Stimulus [WSJ](#)
- Spanish Jobless Claims Dwindle [WSJ](#)
- U.K. Firm Bets on U.S. Track [WSJ](#)
- Lord Lawson: It's time to quit EU [The Times](#)
- Syria's mess is a result of intervening too much [The Times](#)
- Make the rich pay their fair share, IMF tells Greece [The Times](#)
- Don't reel to the right, fight for the little guy [The Times](#)
- 'Yes, give us Romanians harsh rules' [The Times](#)
- Women still find it hard to smash glass ceiling [Independent](#)
- Eurozone recession to worsen despite rate cut [Independent](#)
- Will Angela Merkel have to choose between Germany and Europe? [Telegraph](#)
- North Korea moves missiles away from launch pads [Telegraph](#)
- UK projects at risk after China funding threat [Telegraph](#)
- [Walmart Heads Fortune 500 List of Top Companies in Big Year For Energy firms](#) [HITC](#)

Key Events This Week

Wednesday: MBA Mortgage Applications, China PPI & CPI, Ira Sohn Conference NYC ([link](#)), Wells Industrial & Construction Conference (NYC), D.A. Davidson Financial Services Conference (Seattle, WA), Earnings (CTSH, LINTA, ATVI, CTL, MNST, NWSA, EXPD)

Thursday: Wholesale Inventories, Retail Sales, BOE rate decision, Earnings (AES, APA, CVC, DF, PCP, WIN, XRAY, CFN, NVDA)

Friday: Treasury Budget Statement, G8 Fin Min / central bank 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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