From: Ike Groff <[redacted]>
Subject: Early Tour 3.6.13
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Inline-Images: image001.jpg; image002.png

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Good Morning … Europe mostly higher (DAX +0.89%, Italy -0.20%) … ASX +0.82%, NKY +2.13%, KOSPI +0.20%, TWSE +0.22%, SHCOMP +0.90%, HSI +0.96%

EUR 1.3030 (-0.17%) JPY 93.40 (-0.12%) AUD 1.0273 (+0.14%) Spain 10yr 5.00% Italy 10yr 4.65% US 10yr 1.91%

Futures: **Dow +43, Nasdaq +6, S&P +5** DXY $82.18 (+9c) Crude $90.54 (-28c) Gold $1573.40 (-$1.50) Copper -0.29%

Asian markets all higher overnight as US momentum carries over again. Japan led the way with the TOPIX closing above 1,000 for the first time since Oct 2008 and the NKY closing just shy of 12,000. Corporate news helped drive gains for a change (Sharp +14% on news Samsung to take 3% stake for ¥10bn) instead of the JPY which has traded between 93 and 93.60 vs USD since Friday. Elsewhere, a rebound in property and material stocks helped boost HK and China and solid GDP data from Australia (Q4 GDP +0.6% vs est +0.6% and +3.1% y/y vs est +3.0%) helped extend gains in the ASX200. Europe an markets mostly higher on the follow-thru with Telecom, Autos, Tech leading the way. Vodafone +6.5% following yesterday's ADR move on the back of reports of potential Verizon merger. Peripheral yields pulling back with the Italy 10yr -9bps to 4.65% and Spain 10yr -4bps to 5.0%. Bersani spoke at a party meeting in Rome earlier and laid out his plan to form a government (says ready to propose a government to Parliament, ready to open discussions with others although rules out an alliance with Berlusconi's bloc or courting Grillo, and his first priority is getting out of the "austerity cage"). SPA's higher again +5 handles = 1542.70 last.

Mortgage Apps @ 7am, ADP Employment @ 8:15am, Factory Orders @ 10am, Beige Book @ 2pm

BF/B, BIG, SPLS report pre-open / PETM #'s after close

Citi Financial Services Conference (Boston) begins today

- VeriFone matched ests after seriously lowered couple weeks ago (poss mgmt. changes) (trading +4%)
- NutriSystem eps beat but took bigger loss as revs down & charges increased
- AeroVironment cut 2013 eps forecast big down to 30c-50c vs prior $1.41-$1.51 (trading -20%)
- SI Financial to acquire Newport Bancorp (NFSB) for $17.55/share = 11% premium to yesterday close
- Bullish sentiment decreases to 44.2% from 46.3% in the latest US Investor's Intelligence poll

- UBS said to face O'Connor hedge fund ($6B AUM) defections over bonus caps (Bloomberg headline)
- Vodafone/Verizon: Verizon said to seek resolution of its relationship with Vodafone this year (VOD LN +6.5%)
- KPN says it still plans rights issue of about €3B as announced on Feb 20 says spokesman (Reuters) (trading -0.25%)
- Hermes/Mulberry: *Daily Mail* spec Hermes may bid for Mulberry (Hermes denies it completely this morning)
- Danske Bank placing: Realdania offering 52M ($1B) shares in accelerated book build (trading -4.4%)
- TomTom to provide Mercedes-Benz with real-time traffic information (trading +5.7%)
- Axel Springer EBITDA ahead, sales inline, div light, good digital performance, cautious outlook (trading -5.9%)
- Henkel Q4 sales slight light, EPS below, EBIT inline, proposed div inline, volatile markets (trading +2.6%)
- Group Bruxelles Lambert FY good, net assets per share ahead, increase div, cash earnings below (trading +0.20%)
- Admiral FY EPS/DPS slight ahead driven by commissions, div good, cautious on confused.com (trading +4.0%)
- Kloeckner FY EBITDA below, sales light, €57M restructuring charge, optimistic guidance (trading +3.6%)
- Scor FY net income better driven by investment, div okay, new strategic plan for September (trading +2.0%)
- EDP FY disappoint, EBITDA inline, capex higher, EPS light weighed by LATAM one offs (trading -0.70%)
- Legal & General FY strong, profit & EPS ahead, div increase, cash generation better (trading +1.0%)
- Melrose FY revs & EPS inline, PBT ahead, sees currency volatility, challenging outlook (trading +5.7%)
- Verbund FY revs light, Q4 EBITDA ahead, div better, asset sales may result in spec div (trading -0.10%)
- Panalpina Q4 miss, EBITDA well below, costs worse, to review Air freight model (trading -4.9%)
- Ansaldo FY net/div inline, guidance light, Pansa resigns, no Libyan clarity on contracts (trading -1.3%)
- Swatch says needs to calm spirits on growth expectations (China slower on less gift-giving) (trading -1.6%)
- Eurozone Q4 preliminary GDP -0.6% q/q versus estimate -0.6% (-0.9% y/y versus estimate -0.9%)
- Venezuela's Hugo Chavez dies (VP Maduro in charge until new elections within 30 days) (**NYT**)
- Sharp to sell 35.8 million shares to Samsung for ¥290/share = 3.0% stake (Sharp closed +14.0%)
- Samsung Galaxy S4 (unveiled 3/14) will track your eye movement according to report (**CNBC**)
- HTC closed -6.4% in Taiwan (rumors to incur 1st ever loss in Q1) (KGI downgrades to underperform)

Leading European Sectors: Telco +1.93%, Autos/Parts +0.85%, Tech +0.82%
Lagging European Sectors: Basic Res -1.24%, Food/Bev -0.54%, Banks -0.33%

SWHC guides up – DRC cfo retires – OME earnings better

Notable Options Activity Yesterday:

AMTD ($19.81 +1.7%) 39,000 August 23 calls were bot for $0.35. 40,000 of these were purchased on Thursday as well, trading $.25 and $.30. Average daily volume in this name is 2800 contracts on all strikes combined, so this is a very large trade in this name. Breakeven is up 18%.

FL ($35.34 +2.5%) with earnings due out Friday, 5000 April 36 calls were purchased at various points in the day between $1.10 and $1.25. This compares to an average daily volume of 1050 contracts per day on all strikes combined.

LCC ($14.05 +1.1%) 20,000 March 13 puts were sold at just $0.09 to open a new position. The trade implies someone doesn't see the stock retreating below the $13.00 level in the next two weeks, otherwise the put seller would need to buy 2mm shares for $13.00

Secondaries (announced/priced): O, DISCA, MTG, ARI, MHO, EDEN FP, DANSKE DC

IPO's: Tetraphase Pharmaceuticals (TTPH) pricing 3/19, Enanta Pharmaceuticals (ENTA) pricing 3/20

US Key Research:

- Berenberg downgrades AAPL/CNH/Samsung (sells), Atlantic initiates COV & VAR (ow's)
- Multiple BFAM initiations, Citi downgrades JCP, GS removes QCOM from conviction buy
- Jefferies downgrades MR, Piper initiates PPHM/VNDA/VVUS (ow's) & CLVS (neut) & NAVB (uw)
- KBW upgrades ICE, Roth initiates CYTX (buy), WBlair initiates BMY (op), Maxim initiates CHS (buy)
- FIG initiates BKMU (mp), CS upgrades DF, Opco initiates FDX/UPS (op's) & cuts HRS/JCP
- RBC initiates WLT (sp), BMO downgrades JAKK, JMP upgrades MHO, JPM downgrades FOE

Europe Key Research:

- Barc initiate SMWH LN (ow), reinstate TEG GY (ow), Nomura downgrade EDEN FP, DB upgrade ITX SM
- JPM upgrade HLCL LN, downgrade AOX GY, DEB LN, RGU LN, GRI LN, remove EKTAB from analyst focus list
- BERN positive on Luxury: (CFR VX, 1913 HK (Prada), MC FP (op), BRBY LN, PP FP, UHR VX (mp), RMS FP (up)
- Citi upgrade SESG FP,UBS upgrade GFC FP, downgrade LAD LN, CS downgrade LRE LN, upgrade TSCO LN
- GS upgrade SPM IM, EMGS NO, downgrade ANA SM, BofAML downgrade ASELS TI, Shorcap upgrade TSCO LN

- SocGen upgrade YKBNK TI, initiate GIB GY (b), Natixis downgrade EDP PL, upgrade MPI LN, JEFF initiate SMDR LN
- CBK upgrade MOR GY, downgrade BEI GY, Numis downgrade MONY LN, CIU LN, SGE LN, MACQ upgrade LXS GY
- BERE downgrade IVG GY, HELV upgrade GAM SW, downgrade OERL SW, Nordea downgrade GOL NO

Reporting Pre-Open: BF.B, BIG, SPLS, AEGR, AEO, CTCM, FLL, HOV, LINC, MFB, OSIR, POZN, QRE, RELV, TFM, THRM, TRK, VIP, WD, WMC, WRES

Reporting Post-Close: PETM, AACC, ACW, ALG, ALJ, AMTG, ASI, BIOL, BORN, CIX, CLNY, CODI, COKE, CSU, DK, DRYS, ERII, FRP, FURX, GSX, HF, HPP, HTHT, IDSY, JBT, KFY, KWR, LHCG, LVB, MLR, MTN, MYRG, NAVB, NC, NMFC, OILT, PDII, PNY, PSTR, SIGA, SMTC, SN, TACT, SN, TACT, TCAP, VVTV, WG

Economic Data: MBA Mortgage Applications @ 7am, ADP Employment Change @ 8:15am, Factory Orders @ 10am, Beige Book @ 2pm

DOE crude oil inventories @ 10:30am

Fed Speakers: Plosser @ 8:15am (Lancaster, PA), Fisher @ 8:30pm (Texas)

Conferences: Cowen Healthcare (Boston), DB Media, Internet, & Telecom (Palm Beach), JPM Aviation, Transportation & Defense (NYC)

Conferences: Raja Institutional Investors Conference (Orlando), DB Consumer, Retail, Gaming, & Lodging (Boston), Barcap Internet (NYC)

Conferences: MS MLP & Diversified Natural Gas Corporate Access Day (NYC), CS Global Healthcare (London), ISI Enterprise Infrastructure Forum (NYC)

Analyst/Investor Days: TLM, ABM, XOM, HON

Non-Deal Roadshows: ADI, BIRT, BKH, CAP, CAR, CSCO, ELLI, EZCH, HLIT, IPGP, LEDR, MTRX, MX, NRF, PBCT, PQ, RWT, SBH, SBUX, SIMO, SPG, URS, VOCS

Shareholder Meetings: PMTC, TEL, PNY, TYC, AEY, DIS, EMKR, HP

Equity/Mixed Shelfs: MEMP ($750M)

Other Newspaper Articles & Stories

- Venezuela's Hugo Chávez dies **FT**
- UK isolated as EU backs bonus cap **FT**
- Little recovery in advanced economies **FT**
- Europe: A loaded chamber **FT**
- ECB battles demons as growth slows **FT**
- Belgium names new finance minister **FT**
- US newspapers: scooping money **Lex**
- East African gas: Ophir Energy **Lex**
- The risky task of relaunching Japan **FT**
- Diploma gap between rich and poor **Bloomberg** (Orszag)
- Europe holds firm on Bank Pay Rule **WSJ**
- India says Cadbury avoided taxes **WSJ**
- After the UK downgrade **WSJ**
- Hungary's Monetary Politics **WSJ**
- StanChart fines weigh on bonus payouts **The Times**
- Vodafone may be open to offers in America **The Times**
- Cypriot crisis deepens **Telegraph**
- EasyJet flies into the FTSE, despite turbulence **Telegraph**
- China to struggle with growth target, says iabao **Telegraph**
- Fed's cheap money propels Dow Jones **Guardian**
- Dow hits record as traders bank on Fed support **Independent**
- Regulators have failed again and again **Independent**

Key Events This Week

Thursday: Fed to release stress test results for big banks, Nonfarm Productivity & Unit Labor Costs, Trade Balance, Bofa Refining Conference (NYC), Earnings (KR, HRB, JSDA, SKUL)

Friday: February Employment Report, Earnings (FL)

Key Events on the Horizon

March 14 – Fed to release decisions on proposed capital plans of banks, Samsung launch event in NYC (Galaxy S4)

March 19 – BOJ governor Masaaki Shirakawa steps down (Haruhiko Kuroda takes over pending Parliament vote in early March)

April 15 – #NoBudgetNoPay deadline for Congress

May 19 – US debt ceiling limit

July 1 – Mark Carney takes over as BOE Governor

September – German elections

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