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Subject: Early Tour 2.8.13

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Description:
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Good Morning ... European Markets up 10-60 bps (Italy +0.83%) ... ASX +0.72%, NKY -1.80%, KOSPI +0.99%, SHCOMP +0.57%, HSI +0.16%

EUR 1.3415 (+0.13%) JPY 92.45 (+1.28%) EUR/JPY 124.02 (-1.15%) NZD 0.8373 (+0.52%) AUD 1.0335 (+0.51%)

Spain 10yr 5.32% Italy 10yr 4.52% US 10yr 1.94% Copper +0.28% Silver +0.32%

Futures: **Dow +5, Nasdaq +3, S&P +1** DXY \$79.98 (-21c) Crude \$96.11 (+27c) Gold \$1671.20 (-10c)

Asia markets mostly higher with the exception of NKY225 which closed -1.80% to post its first weekly loss in 13 weeks on further profit taking sparked by disappointing corporate profits (Sony closed -10.8% on yesterday's earnings but note it had rallied 100% since Dec 1). JPY +1.07% on the session as Deputy PM Taro Aso says pace of JPY weakening has been too fast. China released trade data for January which beat expectations (exports +25% vs est +17.5% and imports +28.8% vs est +23.5%) but is being somewhat discounted due to seasonal effect of Lunar New Year (falls in Feb this year, giving Jan an extra 5 working days). That said, the data still indicates a strengthening economy and the SHCOMP trended higher for the remainder of the day to close +0.57%. CPI and new loans were also released (CPI was inline at +2.0% and new loans were better at 1.07tn yuan vs est of 1tn yuan). SHCOMP will be closed all next week for Lunar New Year holiday (Year of the Snake). Many other markets in Asia will be closed next week as well (see below for schedule). EU leaders pulled an all-nighter and are now close to a long-term budget deal that would set total EU spending at €960 billion from 2014-2020 = a €33 billion cut ([Telegraph](#)). EUR has bounced slightly and currently at 1.3415 vs yesterday's post-Draghi low of 1.3371. European markets up 10-60bps in choppy trading (volumes 105% of 3-month average). Blizzard warnings have been issued in NYC & New England areas (60mph wind gusts, NYC may get up to 12+ inches of snow, Boston could get as much as 18-24 inches which would make it a top 10 storm all-time for the city) ([TWC](#)). SPA's ~ flat = 1505.80 last.

Trade Balance @ 8:30am, Wholesale Inventories @ 10am

MCO & AOL report pre-open, MCD comps pre-open

- Charter Communications to acquire Optimum West from Cablevision for \$1.625 billion in cash
- Dell's #1 independent holder (Southeastern) unhappy with buyout (thinks worth \$20/share) ([Reuters](#))
- Activision net up on 'skylanders' sales & ups view (ceo-"best performance in history") (trading +5%)
- Hasbro sales in Europe slumped & bottom line weighed down by charges (GM up) (trading -1%)
- Microchip announced record net sales (broad order strength) sees Q4 above ests (trading +6%)

- Intuit cuts FYQ2 view below estimates on late passage of tax laws (shifts revs to Q3)
- Nuance penny light, revs slight beat but missed net & lowered eps views (trading -12%)
- PVH Corp to replace Big Lots in S&P 500 (date to be announced) (PVH trading +2%)
- Coinstar lower profit after customer losses & outlook missed on weak DVD lineup (trading -9%)
- LinkedIn 7th straight qtr beat (net +66% on strong member growth) (guides up) (trading +8%)
- Open Table revs & profit slightly higher than ests & projects yr revenues inline (trading +5%)
- 3SBio (SSRX) enters agreement for going-private transaction for \$15.40/ADS in cash (11.7% premium)
- NJ gov Christie supports online gaming bill with minor changes (BPTY LN +20%, 888 LN +11%)
- Hugo Boss Q4 EBITDA better, strong Europe/US, Asia stuttering, confident for 2013 (trading -0.22%)
- Peugeot taking €4.13B write-down for FY2012, government bailout may be an option (trading -0.85%)
- Telecom Italia Q4 revs inline, EBITDA light, underlying trends drag, focus conf call guidance (trading -2.8%)
- SSAB bad across the board, Q4, big miss on sales and op loss, sees lower cost prices Q1 (trading -4.7%)
- Richemont nominates Bernard Fornas to board, to become CO-CEO from April 1st (trading +0.95%)
- Cable & Wireless IMS inline, keeps capex guidance, \$20mn Caribbean restructuring cost (trading -0.65%)
- Prosafe Q4 solid, sales inline, EBITDA and pretax better, dividend good (trading +6.9%)
- Betsson Q3 sales inline, China weighs on EBIT, EPS light, div inline, stable outlook (trading -0.50%)
- MAN SE Q4 sales inline, op profit better, dividend and outlook miss (trading -0.10%)
- Royal Imtech: local press article stating company did not spend €100M in Poland (trading +2.8%)
- Finnair Q4 revs and EBIT better, restructuring and cost cutting on track (trading +3.6%)
- Italian elections in 3 weeks may yield hung parliament, requiring follow-up vote (*Bloomberg*)
- German trade data: Dec exports +0.3% m/m vs est +1.4%, Dec imports -1.3% vs est +1.6%
- Italy December industrial production +0.4% m/m vs est +0.3% (nsa -9.3% y/y vs est -7.3%)
- Dentsu leaves forecast unchanged after surge in 9-month profits (#'s out after the close in Japan)
- Nissan profit misses estimates on China slump and US models (#'s out after the close in Japan)
- China rejects Japan radar-lock allegation (Japan's remarks were "against the facts") ([BBC](#))
- RBA cuts GDP and inflation outlook on local currency strength and weaker investment

Leading European Sectors: Banks +1.49%, Autos/Parts +1.08%, Insurance +0.76%

Lagging European Sectors: Oil & Gas -0.01%, Utilities +0.08%, Basic Res +0.24%

SNCR #'s beat – ATHN penny better – WWWW 3c eps beat

MOH sees '13 eps above – COLM outlook light – IMI revs better

RGC eps/revs beat – CFN tops ests – NCR guides up

LPS \$100M buyback – PMC guides down – LEA boosts div

SKUL view lower end – BGC outlook lower – UBNT guides up

Asia Schedule Next Week ... Closed:

- Mon: China, HK, Japan, Korea, Malaysia, Singapore, Taiwan
- Tues: China, HK, Malaysia, Singapore, Taiwan
- Weds: China, HK, Taiwan
- Thurs & Fri: China, Taiwan

Secondaries (announced/priced): IMMY, ARAY (convert)

IPO's (filed/priced): New Source Energy Partners (NSLP) 4.0M-shares priced at \$20/share

US Key Research:

- JPM upgrades AAP, JMP initiates ALNY (mp), Citi upgrades BIIB (buy), Raja downgrades CBL
- HSBC initiates MDR (neut) & downgrades CAM, SocGen downgrades NBL, Wells initiates ZBRA (mp)
- Nomura upgrades PCS, Avondale downgrades ANN, Canaccord cuts TEVA, DB upgrades NTES (buy)
- Jeff initiates PAY (hold), Roth downgrades SKUL

Europe Key Research:

- UBS downgrade SMIN LN, EUR PW, EMMN SW, upgrade EXPN LN, PFL LN, LISN SW, remove OMV from least pref
- BofAML Global Apparel: (downgrade HMB SS, upgrade DEB LN, +ve ITX SM), upgrade VOD LN, -ve UG FP, SPM IM
- CS downgrade LMI LN, upgrade DNB NO, ARM LN, JPM upgrade SLHN VX, downgrade UBM LN, OUT1V FH
- Citi downgrade ENI IM, MS upgrade ALU FP, GAS SM, downgrade ENG SM, DB upgrade G1A GY, RI FP, RCO FP

- Numis upgrade ASHM LN, RAT LN, NVA LN, downgrade POLR LN, SocGen upgrade AKBNK TI, downgrade TRN IM
- Natixis downgrade NEX FP, Good upgrade KMR ID, Kepler downgrade SAN FP, upgrade GSK LN, CSGN VX
- Chev upgrade IM NA, Nordea downgrade HOLMB SS, Nordea downgrade SAA1V FH
- DNB downgrade SKAB SS, OTE1V FH, Bere downgrade HEI GY, Oriel upgrade TCG LN

Reporting Pre-Open: ETR, LH, MCO, AOL, APO, AXL, BECN, BIP, BLC, BPL, CBOE, CGA, CSL, DWSN, ETM, FSTR, GRC, GSM, IVC, LPX, NBIX, NSP, OFC, SFUN, SIRO, SXT, YRCW

Reporting Post-Close: FUBC, MTGE, SYUT

Economic Data: Trade Balance @ 8:30am, Wholesale Inventories @ 10am

Conferences: BMO Infrastructure & Utilities (Toronto)

Analyst/Investor Days: HAS, GLW, MAT

Non-Deal Roadshows: BOKF, DEPO, DSPG, ELX, HOT, IACI, KFN, NVO, POWI, PTN, STO, THRM

Shareholder Meetings: CERE

Equity/Mixed Shelves: N/A

S&P 500 change (date tbd): PVH Corp. (PVH) to replace Big Lots (BIG)

S&P 400 change (date tbd): Big Lots (BIG) to replace PVH Corp (PVH), Commvault Systems (CVLT) to replace Warnaco Group (WRC)

Other Newspaper Articles & Stories

WSJ cautious: Ctrip.com (CTRP) [WSJ](#)

- Goldman Sachs prepares to deal with Volcker rule [WSJ](#)
- Kick that Can (Op-Ed Paul Krugman) [NYT](#)
- DOJ & States weigh action vs Moody's [Reuters](#)

- Draghi move fuels currency war fears [FT](#)
- Apple under pressure on \$137bn cash pile [FT](#)
- China trade growth hints at strong 2013 [FT](#)
- Dublin hails 'historic' debt restructure [FT](#)
- Confidence returns to Greek economy [FT](#)
- JC Penney: sharks sense blood [FT](#)
- Apple: alchemy has limits [FT](#)
- Anglo Irish: burying the undead [Lex](#)
- Japan electronics: inspecting gadgets [Lex](#)
- Intervention: the US won't, Europe can't [FT](#)
- Draghi's remarks damp Euro [WSJ](#)
- Peugeot to book write down [WSJ](#)
- Ireland's bondage [WSJ](#)
- Apple told to drop 'Depression-era attitude' [The Times](#)
- Credit Suisse to intensify cost-cutting [The Times](#)
- Sony to profit after five-year slump [The Times](#)
- Exporters steer clear of Europe [The Times](#)
- Vodafone joins queue at the Burma border [The Times](#)
- EU Budget cut for the first time in history [Telegraph](#)
- Dreamliner tests 'failed to spot battery flaw' [Guardian](#)
- China says it's serious about the copycats [Independent](#)

Key Events Next Week

Monday: EU Fin Min meeting Feb 11-12, CS Financials Conf (Miami), Earnings (L, DNB, MAS)

Tuesday: Obama delivers State of the Union (Marco Rubio to give GOP response), Treasury Monthly Budget Statement, JOLTs Job Openings, PacCrest Emerging Technology Summit (SF), Sterne Agee Financial Institutions Investor Conference (Miami), GS Technology and Internet Conference (SF), Earnings (AVP, FIS, FOSL, KO, MHP, MMC, GT, WU)

Wednesday: Retail Sales, Import Price Index, Business Inventories, MBA Mortgage Applications, Eurozone IP, BOE releases Quarterly Inflation Report, Bofa Insurance Conference (NYC), Leerink Swann Global Healthcare Conference

(NYC), Earnings (CMCSA, DE, DPS, DUK, LO, AMAT, CSCO, MDLZ, WFM)

Thursday: G20 Fin Min/CB meeting (Feb 14-15), BMO Auto Finance Conference (Toronto), Earnings (APA, BWA, DISCA, GM, PEP, TAP, WM)

Friday: Empire Manufacturing, US IP, Michigan Consumer Confidence, TIC Flows, Earnings (AEP, CPB, SJM, VFC, WBC)

Key Events on the Horizon

February 10 – Chinese New Year (China market closed week of Feb 11)

February 19/20/21/22 – CAGNY Conference in Boca Raton (Consumer Staples)

February 24/25 – Italian elections

February 27 – First repayment for LTRO2

March 1 – Automatic spending cuts of sequestration set to begin (\$1.2 trillion, 50% from defense)

March 7 – Fed to release stress test results for big banks

March 14 – Fed to release decisions on proposed capital plans of banks

March 19 – BOJ governor Masaaki Shirakawa stepping down (successor likely to be named by end of Feb)

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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