From: Ike Groff <[redacted]>
Subject: Early Tour 2.5.13
Date: Tue, 05 Feb 2013 11:03:32 +0000
Inline-Images: image001.jpg; image002.png

Description: Description:

Good Morning … European Markets 0-90 bps (Spain +1.2%)… ASX -0.51%, NKY -1.90%, KOSPI -0.77%, TWSE -0.46%, SHCOMP -0.03%, HSI -1.93%

EUR 1.3539 (+0.18%) JPY 92.96 (-0.62%) EUR/JPY 125.84 (+0.81%) Spain 10yr 5.44% Italy 10yr 4.46% US 10yr 1.98% Copper -0.03%

Futures: **Dow +42, Nasdaq +7, S&P +6** DXY $79.52 (-4c) Crude $96.60 (+43c) Gold $1678.90 (+$2.50)

Once again the words "Euro debt crisis" has surfaced evidenced by both rising Spanish & Italian 10-yr yields which offered an excuse yesterday for US & Euro markets to sell off & take profit. Asia markets followed suit as Nikkei pulled-back from its highest in ~32months closing off 1.9%. SinoPec (-6.4%) weighed on HSI index (-1.93%) after announcing placement of 2.85bn H-shares @ HK$8.45 each (-9.5% from yesterday close). In China meanwhile, China A-shares are trading at highest premium to H-share counterparts since October. China Jan HSBC services PMI = 54 vs 51.7 in December & China announced plans to expand its PMI sample size to better reflect manufacturing (also expand non-manufacturing). RBA kept cash-rate target at 3% as expected – saying growth in China stabilized at "fairly robust" pace. China developers rose to 3-yr high (Shanghai Property Index +4.8%) after China Vanke (biggest developer on mainland exchanges) gave strong outlook. Europe bouncing back up this morning as Services PMIs from several European countries hit, with Spain, Germany and UK beating expectations. Hollande out saying Eurozone needs an exchange rate policy and can't allow Euro to fluctuate as markets see fit. Dell Board planned to meet last night to vote on a ~$24B offer (values DELL at $13.50 to $13.75) with deal announcement possible this morning. S&P futures ~+6 = 1499.2 last with US services industry data out at 10am.

ISM Non-Manufacturing @ 10am, Stifel Tech Conference (SF) begins

ADM, ADP, AGN, BDX, CAH, CSC, K, NYX, SIRI earnings pre-open

CME, CMG, DIS, EQR, EXPE, FISV, GNW, PNRA, SFLY, ZNGA #'s after close

SEC discussion on nickel/dime pricing increment proposals today

- Baidu Q4 earnings +36% on double-digit rev gains but record low growth (trading -5%)
- Yum Brands forecast drop in 2013 earnings from China food safety concerns (trading -6%)
- General Growth swung to profit (smaller accounting adjustment for outstanding warrants)
- Hartford Financial swung to loss on Sandy hit but to cut debt $1B & buyback $500M stock
- Anadarko Petroleum Q4 output exceeded own forecast & profit that beat ests

- Cigna to exit run-off operations (in pact with Berkshire to assume $4B future claims)
- German Machinery orders rebound in December (+4% y/y) on euro-area demand
- UK Jan services unexpectedly grew at fastest pace in 4 months (51.5 from 48.9 in December)
- Virgin Media confirms ***FT*** story that it is in talks with Liberty Media on possible transaction (trading +14.9%)
- KPN FY slight below, Q4 EBITDA light, revs ahead, announce $4bn right issue to cut debt and invest in ops (trading -23%)
- BP Q4 headline ahead (net ex charges), refining margins better, core EBIT light, sets aside $4.13bn for GoM (trading +1.5%)
- UBS good Q4, net loss better, div 50% ahead @ 0.15c, buy back up to CHF5bn of bonds, good start 2013 (trading -0.9%)
- Munich Re Q4 Net income ahead, better CoR and investment income, dividend better @ 7c (trading +2.4%)
- BG Group mixed Q4, op profit misses, lowering 2013 production guidance, lowering LNG (trading -2%)
- ARM solid Q4, revs beat, sales ahead, good guidance, cautious on costs, backlog better (trading +4.3%)
- Givaudan Q4 sales & EBITDA in line, dividend better, good organic growth, maintain guidance (trading +3.85%)
- Alfa Laval Q4 mixed, orders ahead, topline margin miss, sees stable demand guidance for Q1 (trading +5.2%)
- Tele2 Q4 miss driven by Russia, lowering Capex, sales in line, EBITDA margin & dividend below (trading -10.4%)
- Shanks IMS in line but guiding growth rates down for 2013 & 2014, tough market conditions (trading -2.8%)
- TDC Q4 broadly in line, FCF better, guidance maintained, sees continuations of current trends (trading -1.2%)
- Neste Oil Q4 revs in line, margins weak, EBITDA below, renewables concern, guidance in line (trading -6.2%)
- Victrex trading statement, sales miss, volumes light, slow start to 213, no tonnage # (trading -4.2%)
- TalkTalk good Q3 trading update, KPI better, sales inline, solid momentum (trading -0.55%)
- Prosieben says Ebeling sold shares for Eur7.5mn on Jan 30 (300k shs @ 25.12) (trading +0.4%)
- Gemalto CEO making bullish comments, has "colossal reservoir" of LFL growth ahead (trading -0.5%)
- Songa reports further delays to Trym unit, increasing costs, unable to give deets (trading -10.2%)
- Nokia CEO says tablet "is something we are clearly looking at very closely" (trading -1.6%)
- UBM agrees to sell Data services units to Electra for £160mn (trading -5.8%)
- Germany Seen Making 44% of West Europe's Cars This Year, FT Says
- Barclays increases PPI provisions by £600mn to a total of £2.6bn (trading +0.9%)
- Sanofi says Zaltrap approved in Europe for Colorectal cancer (trading +1.9%)
- Seat Pagine to begin bankruptcy proceedings (trading -20%)
- Toyota 3q results missed, raised full-year forecasts on FX assumptions (closed -1.20%)
- Hitachi lowered net income forecast after missing ests for Q3 profit (closed -6.4%)

- Macquarie cut profit outlook for FI, FX & commodity trading biz (trading
- Australia Dec trade deficit A$427mn vs est of A$800m deficit (exports +3% m/m, imports -6% m/m)
- Indonesia's 4q GDP +6.11% y/y vs est of +6.2% (seeks 2013 GDP growth of 6.5%-6.8%)

Leading European Sectors: Banks +1.09%, Utilities +0.98%, Healthcare +0.94%
Lagging European Sectors: Telco -0.63%, Autos/Parts -0.61%, Tech -0.40%

HOLX guides lower – TMK cuts top end – SWY names cfo

EPAY earnings beat – CLMS 3M shr buyback plan – GILD tops ests

POWI sees revs higher – THO guides revs above ests – LTD boosts div

NANO outlook misses – ADVS FY13 touch light – FN lowers view

Notable Options Activity Yesterday:

IGT ($15.24 -2%) Mid-afternoon on Monday a customer bot 6250 April 17 calls for $0.20, just after the April 15 and 16 calls were purchased about 1500x each. Breakeven on the 17 calls at expiration would represent a 13% rally over the next 11 weeks.

NXPI ($29.35 -4.6%) 5000 Feb 30 straddles were sold at $1.55 by someone expecting the stock to be range bound over the next 2 weeks. The trade will be profitable if the stock remains between $28.45 and $31.55 at expiration.

STZ ($31.55 -3.5%) July 32.5 – 40 call spread was purchased 10,000x for $2.55. We saw a significant amount of call buying by customers trying to reduce risk prior to the government challenging the Modelo deal, but this was the first sizable call spread since then.

Secondaries (announced/priced): MX, CLDX, KCAP, FDUS, EPD

IPO's: N/A

US Key Research:

- Cowen initiates AMAT/ASML/BRCM/IMOS/TER (op's) & INTC/KLAC/LRCX/SNDK/TN (neut's)
- GS reinstates AXLL/PPG (neut's), ISI upgrades LIFE, Piper assumes VCLK (neut), Bofa upgrades ZNGA (buy)

- Lazard initiates RPRX/NBIX/VNDA (buy's), Mizuho upgrades APKT, Opco upgrades CFR & cuts ASBC
- Barcap upgrades AWI/DHI & cuts RYL/KBH/PHM/RLGY/TOL & initiates HCP/VTR (ew) & HCN (ow)
- Nomura downgrades CIT, Wedbush initiates DENN (op), Opco cuts ASBC & upgrades CFR
- BMO downgrades LM, CLSA downgrades LIFE, CS initiates WSM (neut) & LL (op), Raja downgrades RCL
- Roth initiates LODE (buy), DB downgrades SGMS (sell), JPM upgrades SWC
- Citi upgrades HMY & TGT/BBBY (buy), GS upgrades UNH, Baird cuts YUM, Jeff cuts EQR/AVB

Europe Key Research:

- MS prefers Japanese equities to European, UBS upgrade BBVA SM, BofAML downgrade CNA LN, RI FP
- JPM initiate MSTT RU (ow), CON GR (ow), upgrade ALR PW, Barc downgrade JMT PL, -ve FI IM
- Nomura upgrade DLG LN, downgrade RSA LN, GS remove HALKB TI (b) from focus list, add YKBNK TI (s)
- Natixis downgrade BN FP, Chev downgrade RDSA LN, +ve UHR VX, Mainfirst –ve SDF GY
- Oddo Euro Construction: (top pick HOLN VX, worst pick CRH ID), downgrade LG FP, SGO FP, upgrade NK FP
- Exane downgrade NRG FP, Nordea downgrade TOP DC, JEFF downgrade BKG LN, SEB downgrade ATEA NO,
- Nordea downgrade TOP DC, ASSAB SS, ENEA SS, Helvea upgrade NOVOB DC, Danske downgrade HUH1v FH
- Kepler downgrade BAER VX, RIA FP, upgrade RUKN VX, Cant +ve UHR VX, Cowen initiate ASML NA (op)
- Investec downgrade PFD LN, SXS LN, Numis downgrade TATE LN, Panmure downgrade Sn/ LN

Reporting Pre-Open: ADM, ADP, AGN, BDX, CAH, CSC, DLPH, DO, EL, EMR, ETN, K, NYX, SE, SIRI, TE, ACI, AGCO, ALLT, ATK, ATRO, BP, CHD, CNC, DFZ, DWSN, FBP, HCA, IEC, KNL, LABL, LFUS, LG, LII, LRN, LRY, MKL, MMP, NRGY, OB, PTRY, REV, SEP, SXC, TECH, TM, UDR, VSH, WTM

Reporting Post-Close: AFL, CERN, CME, CMG, DIS, EQR, EXPE, FISV, GNW, KIM, UNM, AEC, AKR, ALTE, BMR, CALX, CBL, CPTS, CSCD, CYTK, EMKR, ENTR, EPM, FLXS, GLUU, HAIN, HBI, HMN, HNI, INFN, JIVE, JKHY, KFN, KFRC, LCZ, MWA, MXL, MYGN, NSR, OESX, OPAY, PACB, PIKE, PNRA, POWL, REXI, SFLY, SIMG, SPA, STLY, THOR, TMH, TRMB, TTWO, ULGX, ULTI, USNA, UVV, VASC, VTSS, WNC, ZNGA

Economic Data: ISM Non-Manufacturing Composite / IBD/TIPP Economic Optimism @ 10am

Conferences: CS Energy Summit (Vail, CO), Stifel Tech (SF)

Analyst/Investor Days: MTOR, PGRX, PBMD

Non-Deal Roadshows: BUD, CGEN, GPX, HUM, INO, IRM, MSM, MTW, N, NBN, NOK, NVS, PGRX, SILC

Shareholder Meetings: WRLS, CCF, CSPI, IESC, MWIV, DLB, ROK, NKBP

Equity/Mixed Shelfs: N/A

Other Newspaper Articles & Stories

- Junk Bond Decline: Should You Be Afraid? **Barron's**
- Liberty Global set for Virgin Media bid **FT**
- KPN eyes €4bn capital raising **FT**
- ECB told to double its manpower **FT**
- BP faces year-long wait for spill closure **FT**
- German carmakers extend lead in Europe **FT**
- Obama puts trade at heart of agenda **FT**
- EU leaders seek seven-year budget deal **FT**
- QE takes a toll on emerging economies **FT**
- MPS bailout puts Draghi mission in focus **FT**
- New aggression from the chancellor **Lex**
- Great rotation: reasons not to believe **Lex**
- The shadow of 1914 falls over the Pacific **FT**
- A crisis needs a firewall not a ringfence **FT**
- Turmoil returns to European markets **WSJ**
- "Volker rule", EU-Style **WSJ**
- EU to propose new cybersecurity rules **WSJ**
- Ryanair offers new concessions to Aer Lingus **WSJ**
- The Reaal risk in the banks **WSJ**
- Deal near to take Dell private for $23bn **WSJ**
- U.S. Sues S&P Over Ratings **WSJ**
- Who Needs Wall Street? **WSJ Opinion**

- Turmoil Returns to Europe Markets **WSJ**
- Currency War Has Started **WSJ**
- Bridgewater to Launch New Fund **WSJ**
- Rearview Risks for American Autos **WSJ Heard on the Street**
- Dime a Dozen: Dollar Stores Pinched by Rapid Expansion **WSJ**
- AutoNation Country **WSJ**
- Bet on U.S. Pays Off for Germany's Carmakers **NYT**
- A Billion-Dollar Club, and Not So Exclusive **NYT**
- Bureaucracy's Salaries Defended in Europe **NYT**
- Moscow Exchange aims high with float **The Times**
- Scandal-hit KFC chokes on its Chinese chicken **The Times**
- Shell "will fight Indian Tax demand" **The Times**
- Three to offer 4G at no extra cost **The Times**
- Tunisia in 'advanced talks' with IMF over $1.8bn standy loan **Telegraph**
- No recovery until 2018, warns NIESR **Telegraph**
- Eurozone factory prices fall leaving door open for rate cut **Telegraph**
- Osborne's threat to split up banks is good politics, but bad economics **Guardian**
- Dell buyout talks in final stages **Guardian**
- PR and advertising: Malign force could save the economy **Independent**

Key Events This Week

Wednesday: MBA Mortgage Applications, Cowen Aerospace/Defense Conference (NYC), Earnings (CMI, CVS, ICE, MRO, TWX, ALL, PRU, V)

Thursday: Jan Chain Store Sales, BoE interest rate decision, Spanish bond auction, EU Leaders 2-day Summit begins (Brussels), Consumer Credit, Non-Farm Productivity & Unit Labor Costs, BMO Infrastructure & Utilities Conference (Toronto), Earnings (CCE, HOT, IFF, LAZ, S, PM, ATVI, HAS, RSG),

Friday: Trade Balance, Wholesale Inventories, Earnings (ETR, MCO, LH, BPL)

Sunday: Chinese New Year (closed for a week starting Feb 11)

Key Events on the Horizon

February 10 – Chinese New Year

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

February 24/25 – Italian elections

February 27 – First repayment for LTRO 2

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

April 15 – #NoBudgetNoPay deadline for Congress

Ike Groff | 680 Washington Blvd | Stamford, CT 06901 | ☎ (203) 302-7300 | ✉ ike@tourmalinellc.com

Description:
Description:
