From: Ike Groff <[redacted]>
Subject: Early Tour 1.23.13
Date: Wed, 23 Jan 2013 11:01:01 +0000
Inline-Images: image001.jpg; image002.png

Description: Description:

Good Morning … Europe mixed +/- 40bps (Italy -0.50%, Swiss/Portugal +1.0%)… ASX +0.18%, NKY -2.08%, KOSPI -0.81%, TWSE -0.19%, SHCOMP +0.25%, HSI -0.10%

EUR 1.333 (+0.03%) JPY 88.35 (+0.39%) EUR/JPY 117.74 (-0.37%) Italy 10yr 4.18% Spain 10yr 5.08% US 10yr 1.84% Copper -0.05%

Futures: **Dow -3, Nasdaq +2, [redacted] -1** DXY $79.78 (-9c) Crude $96.64 (-3c) Gold $1691.30 (-$1.90)

Asian markets were mainly lower overnight led again by Japan as the market extends the decline following yesterday's BoJ decision. NKY225 traded lower from the open and the selling picked in the PM session as JPY traded down toward the 88 level. Volume was lighter (tracking about 15% behind the 30day) and this is the first 3-day decline in the NKY225 since November. SHCOMP outperformed after rallying in the last hour to close +0.25%. In the UK, David Cameron delivered a speech this morning and proposed a straight "in or out" referendum by 2017 on Britain's future in the EU (**FT**). Meanwhile, The US House is expected to pass a bill today that will suspend the debt ceiling thru May 19, buying time for the House and Senate to pass a budget (Paul Ryan said to be working on drafting a budget that balances in 10yrs). The bill also pledges to withhold the salaries in escrow of the Senate and/or House unless each approves a budget by April 15 (#NoBudgetNoPay). Boehner says the GOP will leave the $1.2 trillion of automatic spending cuts of sequestration in place (set to begin March 1) "unless and until we get spending cuts and reforms to replace it" (**The Hill**). As of now ~50% of the cuts would come from Defense and Rep. Tom Cole says they are prepared to let them trigger even if the Dems don't agree to restructure them to fall less heavily on Defense (Bloomberg). Tech +0.95% strong in Europe, helped by solid numbers from GOOG, IBM, CREE after the close in the US (note XLK in US has underperformed only +2.15% ytd but should act well today) (SAP GY also opened lower but now +2.3% despite reporting inline with recent pre-announcement and guiding touch lower). Healthcare +1.28% & Food/Beverages +0.72% also outperforming in Europe as Novartis +3.8% & Unilever +2.4% break-out after reporting solid numbers. Volumes heavy across the region with Estoxx600 turnover currently ~130% of 3-month average. The [redacted] continued its recent pattern yesterday of selling off in the morning and rallying throughout the day to close on new 5yr highs on big MOC buy imbalances. SPA's hold firm once again -1 handle = 1487.70 last.

MBA Mortgage Apps @ 7am, FHFA House Price Index Earnings @ 9am

COH, DGX, GD, MCD, TXT, UTX, WLP #'s pre-open

AAPL, ALTR, AMGN, CCI, FFIV, JEC, LRCX, NE, NFLX, SNDK #'s post close

Davos Global Economic Forum begins, Hillary Clinton to testify on Benghazi today

IMF to release World Economic Outlook update @ 10am

- Google beats net revs (ex-TAC) on core segment (+12.3% sequential growth vs 11% est) (trading +5%)
- IBM topped on both top & bottom line (revs flat but still beat breaking 5 straight misses) (trading +3.5%)
- Texas Instruments beat even though revs fell but Q1 view trailed ("weak demand environment")
- Advanced Micro server chip sales helped revs beat ($1.16B vs $1.15B ests) (good pipeline)
- Intuitive Surgical eps/revs beat as DaVinci sales up & Q4 surgical procedures +25% y/y (trading +8.5%)
- Cree profit +28% (revs/eps beat) on surging demand for LEDs (Q3 view topped) (trading +13%)
- International Game Technology improved revs helped boost profit 30% beating expectations
- KB Homes prelim qtr-to-date net orders up 54% (engages Citi for new revolver up to $200M)
- CSX profit down but beat ests as growth in container shipments of consumer goods offset coal
- Norfolk Southern qtr beat lowered ests (profit down) but coal to keep pressure on 2013
- Checkpoint Software mixed #'s as eps 91c vs 88c ests /revs $368.6M vs $373.6M ests
- Wells Fargo raised its quarterly dividend by 14% (3c to 25c) after reporting record profit in 2012
- Silverlake & Dell talking price range $13.50-$14.25 with MSFT possibly contributing $2B (**Bloomberg**)
- Allergan to buy Map Pharmaceuticals (MAPP) for $958 million ($25/share = 60% premium to close)
- Governor of Nebraska approves revised route for Keystone pipeline, Obama must now decide (**NYT**)
- Siemens Q1 sales inline, op profit ahead, confirms guidance, sees 2013 sales close to 2012 (trading -0.88%)
- Unilever solid FY, driven by volume & pricing, cautious outlook, volatile commodity costs remain (trading +2.4%)
- Britvic good Q1 IMS driven by better pricing, tough market conditions to weigh on Q2 (trading +0.35%)
- SAP Q4 inline (pre-announced last week), SSRS guidance light, 2015 margin guidance reiterated (trading +2.3%)
- BHP Billiton production numbers in line, Escondida ahead, maintaining guidance & cost savings (trading +0.85%)
- Novartis good Q4, Bayer's Reinhardt replaces Vasella as chairman, light guidance of flat 2013 (trading +3.8%)
- Logitech takes $211mn impairment charge on video conferencing to be booked Q3, results due (trading +2.7%)
- WH Smith trading statement all inline, light LFL's offset by tight cost controls, to continue buy back (trading -1.2%)
- Land Secutrities Q3 IMS looks decent across the board, strong balance sheet, no surprises (trading unch)
- Smurfit Kappa announced Eur300mn refinancing after the close and confirm guidance & net debt (trading +3.3%)
- United Utilities: bid speculation that a consortium of infrastructure funds may be mulling a bid (trading +0.20%)
- Kabel Deutschland offers remedy package for Telecolumbus deal (offers sale of network assets) (trading unch)
- Marks & Spencer sees the usual bid rumors recycled in press courtesy of the Times today (trading +0.90%)
- TUI Travel: TUI AG states it has no plans to make an offer for Tui Travel after weighing deal (trading -4.5%)
- Continental refinances €4.5B syndicated loan agreement to refinance debt and extend maturity (trading -0.65%)

- Volvo CEO expects China auto market to grow 7-8% this year, will introduce 6 new car models) (*Xinuha*)
- Bank of Spain says recession deepened in Q4 (-0.6% q/q = inline with est) (shrank for a 6th quarter)
- BOE's King comments (prepared to provide more QE if needed, cannot rule out policy guidance like Fed)
- BOE minutes: 8-1 vote to keep asset purchases unchanged (David Miles wanted £25B bump citing GBP)
- UK jobless claims unexpectedly fall to the lowest level in 1.5 years -12.1k vs est +500 (7.7% unemployment)
- Sweden central bank official reiterates more room for rate cuts to prevent SEK currency gains and deflation
- Portugal said to have hired advisers for €2 billion of Oct 2017 bonds (transaction to be completed on Jan 23)
- Spain placed €7B in 10yr notes yesterday (€22.7B demand) (~15% of 2013 funding needs now covered)
- France January manufacturing sentiment index 86.0 versus estimate 90.0 and 89.0 in December
- Netanyahu weakened in Israeli election (Likud-Beitenu ticket won 31 seats vs 42 now in 120-seat Knesset)
- Japan January BOJ monthly economic report upgrades assessment of economy (1st upgrade in 8 months)
- China December conference board leading economic index rises at slower pace (+0.4% vs 1.1% prior)

Leading European Sectors: Healthcare +1.28%, Tech +0.95%, Food/Bev +0.72%
Lagging European Sectors: Trav/Les -0.97%, Media -0.69%, Banks -0.60%

TSS penny light – CPWR penny better – NEM production #'s disappoints

BNNY frozen pizza recall – ETH eps beats – RFMD eps/revs ahead

Secondaries (announced/priced): SNH, IVR, KBH, PKO PW, ATD/B CN, BYG LN

IPO's (lock-up expires): E2open (EOPN), Hyperion Therapeutics (HPYX), Millennial Media (MM)

US Key Research:

- Barcap upgrades UNM & initiates ALLT (ow), DB downgrades F, Imperial initiates EAGL (op)
- Jeff initiates HRG (buy) & reiterates buy for GOOG, Macquarie upgrades Honda Motor (7267 JP)
- Piper initiates ELX/QLGC (neut's) & MLNX (ow), Raja upgrades DHI/KBH, CLSA downgrades DD
- Davenport downgrades GTI, FBR downgrades HIG, SocGen upgrades IBM, MS downgrades INCY
- KBW downgrades NBBC/AMTD, Citi upgrades STR (buy), Compass Point upgrades LVS
- Canaccord upgrades VZ (buy), MS & Bernstein cuts SNV, Bernstein upgrades COST

Europe Key Research:

- Exane Iberian Utilities: (reinitiate o/p EDP PL & GAS SM , neutral EDPR PL, u/p ANA SM, EGPW IM, ELE SM, IBE SM)
- Exane upgrade MPI LN, GS upgrade SGSN VX, Cantor initiates IHG LN & AC FP (buys)
- JPM downgrades (BDEV LN, BWY LN, BVS LN, RDW LN, TW/ LN), SocGen downgrades (ADN LN, HGG LN, CABK SM, SK FP)
- Bernstein Telecoms (u/g BT/A LN, d/g FTE FP, positive: DTE GY, ILD FP, TIT IM, TEL NO, negative: KPN NA, TEF SM)
- CS upgrades (STMN SW, NOBN VX, EVR LN), Citi upgrades ALU FP and downgrades KPN NA
- DB downgrade ANDR AV & BNP FP and upgrades BAER VX, Berenberg downgrades BAER VX
- Commerzbank German TMT (top picks IFX GY, UTDI GY, FNT GY, SKYD GY)
- Barclays upgrades RMV LN and downgrades SIS IM, MS upgrades UCG IM

Reporting Pre-Open: ABBV, ABT, APD, ATI, BHI, CHKP, COH, DGX, GD, MCD, MOLX, MSI, PX, STJ, TEL, TXT, UTX, WLP, FCFS, FMBI, FNFG, LCC, MPX, NVS, PPBI, RES, ROL, SAP GR, SIE GR, SILC, SYBT, ULVT LN

Reporting Post-Close: AAPL, ALTR, AMGN, CCI, FFIV, JEC, LRCX, NE, NFLX, LSI, SNDK, SYK, SYMC, TER, VAR, WDC

Economic Data: MBA Mortgage Applications @ 7am, House Price Index @ 9am

API crude oil inventories @ 4:30pm

Conferences: Noble Equity (Hollywood, FL), Wells Fargo Denver Food Symposium (Denver), CIBC Whistler Institutional Investor (Whistler, B.C.)

Analyst/Investor Days: ANGO, XTEX, XTXI

Non-Deal Roadshows: ABG, AZO, FC, FDO, GPOR, KR, MILL, OEDV, PNC, SCS, SFD, SLTM, WSR, AF, BANR, BXS, CATY, CBST, CGI, CMRE, CNS, EGBN, EWBC, EXAR, FBC, FNB, GHL, HRC, HXL, INVN, ISSC, LOGI, MLNX, NVEC, OCFC, PBNY, PLCM, PMTC, RJF, RLI, SUSQ, SWFT, SYMM, TBBK, TCBI, UMPQ, URI, WIBC, ZHNE, ZZ

Shareholder Meetings: LCI, HARL, NJR, JCI, VIVO, TIK

Equity/Mixed Shelfs: KBX ($25M), CFNL ($100M), HDSN ($50M), GDP ($500M)

Other Newspaper Articles & Stories

Barron's positive: Cardinal Health (CAH) **Barron's**

WSJ positive: Google (GOOG) **WSJ**

- US bank rules proposed on social media **FT**
- 19yr-old Sloane Stephens upsets Serena Williams in stunner **NYT**
- SEC bans Egan-Jones from rating certain bonds for 18 months **WSJ**
- Obama's own words may haunt Keystone decision **Politico**
- Cameron to promise in-out EU ballot **FT**
- Davos executives worried about growth **FT**
- EDF sets hybrid bond issue record **FT**
- France and Germany plan closer eurozone **FT**
- America's fiscal policy is not in crisis **FT**
- Healthcare is America's real problem **FT**
- Verizon's well of fortune to run dry **FT**
- Japan: the big easing **Lex**
- Eurogroup: new president, old problems **Lex**
- Alstom: transports of delight **FT**
- UK rethinks ties to Europe **WSJ**
- Uncertainty puts Davos on the defensive **WSJ**
- IN Asia, credit concerns grow **WSJ**
- Europe remains the focus for Davos **WSJ**
- Threat of currency war looms over the Alps **WSJ**
- Financial-Transaction tax advances in the EU **WSJ**
- Super Bowl Ads Will Be Heavy on Colas, Beers and Cars **NYT**
- Threat of ratings downgrade grows as national debt soars ever higher **The Times**
- King: Abandoning inflation target irresponsible **Telegraph**
- Germany and France to present joint eurozone reform proposals **Telegraph**
- Borrowing threatens UK AAA rating **Telegraph**

- Central banks should be v brought to heel by elected parliaments **Telegraph**
- Davos: the failures' club **Guardian**
- Bank of Japan bows to pressure with 'epoch-making' financial stimulus **Guardian**
- Abe's Easing: Japan can have a 'free lunch' and eat it too **Guardian**
- Davos: Change the world? **Independent**
- Japan's money-printing plan **Independent**

Key Events This Week

Thursday: Kansas City Fed Manufacturing Index, Leading Indicators, Earnings (ARG, BAX, BMY, DOV, KEY, LUV, MMM, RTN, XRX, ED, ETFC, JNPR, KLAC, MSFT, SBUX, T, VRSN)

Friday: New Home Sales, Earnings (COV, HAL, HON, PG, WY)

Key Events on the Horizon

January 29/30 – FOMC meeting

January 30 – Launch date for RIM's Blackberry 10, LTRO repayment window opens

January 31 – Spain short-selling ban set to expire after the close

February – US Debt limit likely to be reached by the end of the month

February 10 – Chinese New Year

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

February 24/25 – Italian elections

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