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Subject: Early Tour 11.30.12

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Inline-Images: image001.jpg; image002.png

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Good Morning ... European Markets up 10-30 bps (Italy -0.10%, Spain -0.20%)... Nikkei Closed +0.48%, HSI +0.49%, SCHOMP +0.85%, KOSPI -0.10%, ASX +0.63%

EUR 1.3006 (+0.21%) JPY 82.62 (-0.63%) EUR/JPY 107.47 (+0.82%) Spain 10yr 5.39% Italy 10yr 4.54% US 10yr 1.62%

Futures: **Dow +18, Nasdaq +5, [REDACTED] +1** DXY \$80.14 (-6c) Crude \$88.02 (-5c) Gold \$1730.60 (+\$1.10) Copper +0.55%

Republicans rejected opening offer from President Obama for a deal to avoid going over the fiscal cliff that included \$1.6T in new tax revenues, a \$50B economic stimulus package and new power to increase the debt ceiling without congressional approval [WSJ](#). Republicans complained that the plan outlined yesterday by Treasury Secretary Timothy Geithner was basically just another set of old proposals which also featured higher tax rates for households making more than \$250K a year, a one-year postponement of the sequester and ~\$400B in savings over ten years from Medicare and other entitlement programs. Clearly this continues to set the stage for more contentious negotiations over the coming weeks as the year-end deadline approaches for more than \$600 billion in spending cuts and tax increases to kick in. Nevertheless, the global markets trade modestly higher this morning on Month End. Nikkei ended +~50bps as Japan's cabinet approved a second round of fiscal stimulus ahead of elections worth 880 billion yen (\$10.7 billion) using budget reserves & industrial production unexpectedly increased. China stocks rose after a tough month led by developers on hopes that the government will not impose further curbs. India's better than expected GDP data & renewed hopes for parliamentary economic reforms helped push SENSEX +0.90%. European markets trade in a narrow range this morning (DAX, CAC, FTSE volumes all much lighter against the 30-day averages) with most looking toward the US Consumer Spending data @ 8:30am. German Fin Min Schaeuble just finished speaking in Parliament (Berlin) saying a Greek default would risk breaking up the euro. Added: Greek population must bear a "heavy burden" but Germany will help & Europe without the single currency would suffer "massive" currency fluctuations. Subsequently, German lawmakers just approved the amended Greek aid package designed to ease the country's bailout terms. S&P futures up 1 handle = 1416.70 last.

Personal Income & Spending @ 8:30am, China Manufacturing PMI out tonight 8pm

China non-manufacturing PMI & HSBC manufacturing PMI released Sunday night

MSCI Semi-Annual Index Rebalance effective after close

- Yum! Brands gave weaker 2013 earnings growth outlook (China sales softened) (trading -6%)

- Zynga & Facebook disclosed change in relationship status to become less attached (ZNGA trading -13%)
- Avago eps & sales beats estimates but sees Q1 revs below (\$562M-\$587M vs \$609M ests) (trading -3%)
- German October retail sales fell 2.8% (most in ~4yrs) vs -0.4% ests (+0.5% in Sept) – higher unemployment
- Draghi says ECB will do “whatever necessary to save Euro” & ready to intervene when needed
- Euro-area unemployment rose to a record 11.7% in October (up from 11.6% in September)
- UK November consumer confidence unexpectedly rose to an 18-month high vs forecast unchanged
- TNT Express / UPS said remedies have been submitted to obtain EU competition clearance for acquisition
- Siemens to cut 4,700 additional jobs in lightning unit in attempt to save 1B Euros (*Bloomberg*)
- French consumer spending fell 0.2% in October m/m (-0.5% y/y) as jobless claims rose to 14 yr high
- Ex-ECB board member Gonzalez-Paramo said Spain may escape EU bailout (as raises own financing this yr)
- Japan industrial production unexpectedly rose 1.8% (most since Dec) vs -2% ests (-4.1% last month)
- Fast Retailing to acquire 80.1% stake in J Brand from Star Avenue Capital for ~\$290M
- South Korea industrial output rose for 2nd month on greater demand for cars & semiconductor components
- Chow Tai Fook Jewellery missed estimates on slower consumer spending & hedging losses (closed +4.24%)
- Mitsubishi UFJ in talks with BofA to buy the stake held by the U.S. bank's Merrill Lynch unit for ~\$500M
- Metcash (AU largest grocery wholesaler) cut full year profit forecast amid price war (closed -2.28%)
- New Zealand home-building approvals remained near four year high in October on record low rates

Leading European Sectors: Autos/Parts +0.88%, Real Estate +0.61%, Retail +0.23%

Lagging European Sectors: Media -0.54%, Telco -0.42%, Utilities -0.38%

ESI settlement in IP infringement – CISG revs better – ZUMZ rev guidance light

JJSF increases dividend – SYK one-time cash dividend – ULTA raises midpoint

HBI raises 2013 eps outlook – SPLK boosts FY rev view – MENT earnings better

STJ \$1B share buyback – CBK beats estimates – PSUN earnings better

YOKU revs beat, loss worse – TLAB special \$1/shr div – RGC \$1/shr special div

WFM special \$2/shr dividend – FIVE comps beat – HEP 2-for-1 split

Secondaries (announced/priced): NXST

IPO's: N/A

Key Research: GS cuts BV and BF.B (sell), Jeff upgrades CAG/HMSY (buy's), Bernstein initiates CAM (op)

Key Research: RBC upgrades DFT, Wells initiates COP/MRO/MUR (op's) & HES/OXY (mp's) & upgrades ULTA

Key Research: Citi initiates FRX/AGN/LLY/PFE (buy's) and BMY/MRK (neut's), Key initiates CTS (hold)

Key Research: Mizuho upgrades STJ (buy) & initiates QCOR (neut), KBW upgrades WAC, Raja & UBS cuts YUM

Key Research: Longbow initiates UPIP (mp) and CBM/SWK (neut's), Macquarie upgrades BRO, Wedbush initiates LNKD (neut)

Key Research: UBS cuts KGF LN, UBS upgrades BWY LN, Nomura upgrades TDC DC & cuts TLSN SS

Key Research: Citi cuts Insurance & Basic Res & upgrades Autos and Banks & cuts MEO1V FH & upgrades SU FP

Key Research: UBS adds GALP PL to most preferred & add OMV AV to least preferred & UBS upgrades TW/ LN

Key Research: HSBC downgrades ANDR AV/downgrades VOLVB SS, Exane upgrades DXNS LN

Key Research: GS upgrades MC FP, BEREN initiates CPI LN (b), BEREN upgrades ITK LN & initiates BAB LN (b)

Key Research: Citi initiates TRELB SS (b) & upgrades PNN LN, BEREN initiates SRP LN (h), MS cuts BZU IM

Reporting Pre-Open: GCO, JOUT, SBLK, SOL, UNFI

Economic Data: Personal Income & Spending @ 8:30am, NAPM-Milwaukee PMI @ 9am, Chicago PMI @ 9:45am

Fed Speakers: Kocherlakota @ 5pm (Boston)

Conferences: No major conferences

Analyst/Investor Days: WWD

Non-Deal Roadshows: AMAT, ARMH, CA, CLDX, CPSI, CYOU, EHTH, EXAS, GSE, HSIC, HWD, ING, KAI, LMAT, SOHU, SYNC, TROW, UPS

Shareholder Meetings: XIN, ZOOM, CRFN, CRMD, ELMD, ARAY

Equity/Mixed Shelves: FRO (\$200M), GLAD (\$300M) SXL

Other Newspaper Articles & Stories

WSJ cautious: Gold miners [WSJ](#)

- Obama's Cliff Offer Spurned [WSJ](#)
- U.K. Banks Get Warned on Capital [WSJ](#)
- In the End, Greek Crisis Will Hit Taxpayers [WSJ](#)
- Investors Warm to Spanish, Italian Debt [WSJ](#)
- U.S., Europe to Huddle on Google Probes [WSJ](#)
- Rand Paul: The Real Danger From the Fiscal Cliff [WSJ](#)
- Deal Makers Scramble as Cliff Nears [WSJ](#)
- Firms Flood Bond Market to Finance Payouts [WSJ](#)
- Nike Tries to Avoid Bangladesh, Risky Cities [WSJ](#)
- Zynga Shares Fall as Facebook Terms Change [WSJ](#)
- Talk of Nationalization Gets New Life in France [NYT](#)
- Despite Setbacks, Investor Is Bullish on Clean Technology [NYT](#)
- Glimmer of hope in Europe's debt tale [FT](#)
- EU to pursue Japan trade deal [FT](#)
- EU indecision fuels insidious problems [FT](#)
- Athens banks told of debt buyback 'duty' [FT](#)
- Investor sentiment boosts Italian bonds [FT](#)
- UK energy infrastructure – more light [FT](#)
- Australian banks – high and dry [Lex](#)
- Towards a grand bargain with the press [FT](#)
- Treasury 'will not help banks to halt march of the zombies' [The Times](#)
- Greek deal frays as IMF threatens walk [Telegraph](#)
- Higher interest rates would help bring normality back to the banks [Telegraph](#)
- India set for lowest growth in 10 years [Guardian](#)

Key Events Next Week

Monday: Eurogroup meeting, US manufacturing PMI, Auto Sales, Construction Spending, Eurozone PMI's, RBA rate decision, UBS Media & Communications Conference (NYC), Earnings (PBY)

Tuesday: ISM New York, EU FinMin meeting, Bank of Canada rates, China HSBC Services PMI, Wells Pipeline, MLP, and Energy Conference (NYC), Earnings (AZO, BIG, MTN, BMO CN)

Wednesday: ADP Employment Change, US non-manufacturing ISM & factory orders, Ireland Budget 2013, Wells Real Estate Securities Conference (NYC), Earnings (BF.B, SAI)

Thursday: ECB & BOE rate decisions, Challenger Job Cuts, RBC Consumer & Retail Investor Day (NYC), Earnings (HRB, LULU, TD CN, PANW)

Friday: November Employment Report, Michigan Confidence, Earnings (BNS CN)

Saturday: China CPI & PPI

Sunday: China retail sales/industrial production/FAI

Key Events on the Horizon

December 12 – FOMC rate decision

December 22-January 20 – US Congress scheduled to adjourn

January 30 – Launch date for RIM's Blackberry 10

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