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Subject: Early Tour 8.1.12
Date: Wed, 01 Aug 2012 10:22:29 +0000

Good Morning ... European Markets mixed (FTSE +0.73%, IBEX -0.84%) ... Nikkei -0.61%, HSI +0.12%, China +0.94%, KOSPI -0.11%, ASX -0.15%

EUR 1.2305 (+0.01%) JPY 78.14 (-0.02%) AUD 1.0536 (+0.31%) NZD 0.8134 (+0.60%)
Spain 10yr 6.68% Italy 10yr 6.00% US 10yr 1.48%

Futures: Dow +47, Nasdaq +12, S&P +5 DXY \$82.62 (-1c) Crude \$88.16 (+10c) Gold \$1616.20 (+\$1.60)
Silver -0.32% Copper -0.32%

July PMI Manufacturing #'s out around the globe today and generally weaker as expected: China 50.1 (est 50.5), China HSBC 49.3 (prior 48.2), Australia 40.3 (47.2 prior), Taiwan 47.5 (49.2 prior), Korea 47.2 (49.4 prior), India 52.9 (55.0 prior), Eurozone 44.0 (est 44.1), Germany 43.0 (est 43.3) France 43.4 (est 43.6), Spain 42.3 (est 40.3), Italy 44.3 (est 44.1), UK 45.4 (est 48.4), Sweden 50.6 (est 47.7), Russia 52.0 (51.0 prior), Greece 41.9 (40.1 prior). FOMC statement due out @ 2:15pm this afternoon with no press conference or projections to follow. Expectations are that they will wait until Sep meeting for further action but could extend ZIRP into mid-2015 today and reiterate dovish stance of ready to act at any time if appropriate. ECB tomorrow the bigger event this week after Draghi's recent comments. Consensus seems to expect that (at a minimum) measures will be announced in which the EFSF will step in to buy sovereign debt flanked by the ECB reactivating the SMP. But Main First out saying that after consulting sources in Berlin they do not expect the EFSF/ESM to join market support measures from the ECB and are not aware of any current talks regarding a banking license for the ESM. French financial transaction tax (FTT) effective today (20bps on purchases of companies with market cap > €1 billion as of Jan 1 = list of 116 companies) (note ADR's are expected to fall within the scope of the law). Swiss market is closed today for a national holiday. Volumes very light in Europe as we await FOMC & ECB. SPA's +5 handles = 1379.70 last.

FOMC rate decision @ 2:15pm, Auto Sales today

ADP Employment @ 8:15am, US PMI & Constructing Spending @ 10am

CMCSA, ICE, MA, TWX #'s pre-open / SLR, HIG, GMCR, LNC, MET, PRU #'s post close

- Costco July US comps sales +5.0% y/y (ex gas +8%) vs estimates +4.2%
- Dreamworks Q2 earnings off 62% y/y = \$12.8M net / revs off 25% (trading -10%)
- WebMD loss (-11c) better than preannouncement (-13c) on July 24 & reaffirms
- Electronic Arts revs miss/cut FY revenue forecast (\$500M buyback) but loss beats (trading +2.5%)
- MGM Film Studio plans buyout of Icahn shares for \$590M (WSJ)
- New poll shows Obama has edge in 3 battleground states (+6 OH, +6 FL+11 PA) (NYT<http://www.nytimes.com/2012/08/01/us/politics/polls-give-obama-edge-in-pennsylvania-ohio-and-florida.html?_r=1&smid=tw-share>)
- Fresenius Medical Q2 sales light, US revs below, profitability increases, solid organic growth (trading +0.50%)
- SocGen Q2 overall good, net profit below (€450mn Russian & TCW goodwill write down) (trading -0.70%)
- Henkel Q2 sales light but growing organically, EBIT better, reits 2012 sales, raising EPS trading +1.2%)

- BMW Q2 mixed, revs light, EBIT small better, FCF worse with > Capex & < net income (trading -4.0%)
- Standard Chartered H1 good with PBT and EPS better, good growth mix, wholesale the driver (trading +4.5%)
- Eni Q2 miss, net income below, dividend increased 2c, 10tcf gas discovery in Mozambique (trading unch)
- Schneider Electric H1 good, EBITDA and revenues better, bottom line ahead, confirms outlook (trading +2.7%)
- Antofagasta Q2 production report out, copper ahead, reiterates full year targets (trading +1.8%)
- Next Q2 brand sales better with both retail and directory ahead, PBT guidance increased (trading +6.3%)
- Smurfit Kappa Q2 slight better, EBITDA small beat, reiterates guidance (trading +0.17%)
- Duerr Q2 EBIT and revs ahead, orders better, confirms FY outlook and sees improving margin (trading +2.2%)
- Lundin Petroleum Q2 EBITDA better, confirms long term output (trading -0.55%)
- Germany sells €3.5 billion of 5yr notes at 0.31% (lowest yield on record, again)
- South Korean exports -8.8% in July (most since Sept. 2009) vs est of a 3.7% drop (inflation 12yr low)
- Gaming (+2%) Macau July casino revs MOP 24.6bn, +1.5% YoY (expectations lower b/c typhoon)
- SoFun Holdings said China's avg home prices rose 0.33% in July MoM to 8,717 yuan/sqm
- Olympus (-6.8%) back in the news after uncovering "irregularities" at training program in Brazil

Leading European Sectors: Food/Bev +0.97%, Tech +0.89%, Chemicals +0.86%

Lagging European Sectors: Autos/Parts -2.03%, Construction -0.72%, Utilities -0.33%

SNI \$1B shr buyback - CVG raises eps view - OCLR boosts rev outlook
 PPO sales declines - TX sees lower op profit - LIFE \$750M buyback
 BGFV earnings mixed - IDCC patent agreement - TRLG cuts yr forecast
 HBI cuts forecast - SIMG tops estimates - FIRE guidance light
 ATML guides rev down - DENN revs inline - ALL profit beats
 GNW mortgage loss narrows - JLL earnings light - CBOE \$100M buyback
 OKE cuts forecast - CSS additional 500k shr buyback - CECO loss misses
 PZZA earnings better - SEM guides higher - WWWW arpu improves

Notable Options Activity Yesterday:

COH (\$49.35 -18.6%) After trading down on earnings the stock saw a significant amount of outright put buying. These transactions may have been closing, it is difficult to tell, but regardless they will put downward pressure on the stock. For example, one trader paid \$2.80 for 20,000 Aug 52.5 puts as the stock was trading \$50.87, and later someone purchased 10,000 Aug 55p for \$5.40 as the stock was trading \$50.

BWS (\$13.76 +0.4%) At the end of the day a customer sold 5000 Sep 15 calls at \$0.35, possibly as an over-write. Average daily volume is 38 contracts.

HNR (\$7.88 -1.2%) Customer sold 1500 March 5 puts at \$0.60 to buy 1500 Dec 10 calls for

\$0.85

Secondaries (announced/priced): BNNY, SPF, TCO, MAPP, IDIX, UNXL, VNTV (holders)

IPO's (lock-up expires): AVG Tech (AVG), Greenway Medical (GWAY), Matador Resources (MTDR)

Key Research: DB downgrades NU & resumes CVI (hold), SunTrust initiates CBST (neut)

Key Research: Raja downgrades BMC, CS downgrades BMC, Roth upgrades RTIX (buy)

Key Research: W Blair downgrades LMNX, KBW downgrades HPY, Opco downgrades MGRC

Key Research: Imperial resumes BA (in-line) & initiates PCP (op), Miller Tabak initiates EOG (hold)

Key Research: Jeff downgrades BP, Wedbush downgrades ADVS, JPM downgrades ABFS/BDX

Key Research: Lazard downgrades CBI/DNDN/EMN & initiates WSO (neut), Baird downgrades PPO, Citi cuts DISCA (sell)

Key Research: Dalhman Rose cuts Airlines Sector to cautious & downgrades DAL/UAL and JBLU/SKYW (sells)

Key Research: Nomura downgrades BOSS GR, Macquarie downgrades LLOY LN, Wells upgrades ABFS

Key Research: Nomura initiates FUR NA/PGS NO/ SDRL (buy's) & HTG LN/TGS NO (neut) & GA FP (reduce)

Reporting Pre-Open: ADP, AGN, AMT, AVP, CMCSA, D, DVN, EXC, GAS, GRMN, HOG, HSP, ICE, MA, MRO, PSX, RRD, TWX, WEC, AGP, ALVR, AMRI, ASCA, BAH, BKW, BOKF, CAMT, CETV, CLMT, CNH, CTRX, DM, DST, DTG, DWSN, EDGW, EE, ENR, EPD, FVE, GGS, GTS, H, HSNI, HUN, HVB, HYGS, JOUT, LDL, LFUS, MAC, MDCI, MMP, MTOR, NTLS, OC, OIIM, OSG, PAR, PNX, POZN, RDN, RELV, ROC, RTI, SBGI, SHPG, SNH, SPW, SSYS, TLM, TNS, TRK, VG, VICL, WXS

Reporting Post-Close: DVA, FLSR, HIG, GMCR, LNC, MET, MUR, PRU, TSO, UNM, WMB, AHT, AIN, ALEX, ALGT, ANIK, APL, ARTC, ASI, ATNI, ATW, AXTI, BALT, BMR, BMRN, CAR, CARB, CAVM, CBEY, CBM, CCO, CENT, CHMT, CIB, CKEC, CNQR, CSU, CT, CVI, CYBE, DAIO, DVR, DXPE, ENTR, EQY, ERII, EROC, ESS, EXTR, FCN, FIX, FNGN, FORM, FRT, FSP, GGC, GGP, GLAD, GNCMA, GNK, GTY, HGR, HI, HTCO, ICAD, INT, IPI, ISNS, ISSC, ITRI, IVR, JCOM, JMBA, KRC, KS, LF, LGCY, LPSN, MAKO, MANT, MASI, MDASS, MEAS, MIC, MMLP, MN, NANX, NAUH, NCIT, NEWP, NPSP, NSIT, OEH, ONXX, ORA, PDM, PGTI, PRAA, PSB, PVA, RGR, RIG, RM, RRTS, SAM, SDBT, SGK, SGY, SHS, SM, SMSI, SNCR, SPTN, SRDX, SSS, SSW, STAA, SWM, TCAP, TEU, THG, THOR, TPGI, TRMB, TTEC, TTEK, UAN, UDRL, UNTD, VSEC, VVC, WES, WLT, WMGI, WPZ, WSH, WTW, YELP

Economic Data: MBA Mortgage Applications @ 7am, ADP Employment Change @ 8:15am, Markit US PMI @ 8:58am, ISM Manufacturing PMI / Construction Spending @ 10am, FOMC Rate Decision @ 2:15pm

DOE crude oil inventories @ 10:30am

Conferences: KBW Community Bank (NYC)

Analyst/Investor Days: N/A

Non-Deal Roadshows: AGCO, AIXG, ALB, ALTR, AOS, ARMH, ASBC, AYI, BBT, CASH, CLSN, COL, EWBC, F, FET, PFIC, GHM, HF, IART, INTU, IPHI, JPM, LCAV, NSPR, NU, PBCT, PRK, PTEN, R, SO, SON, SPNS, TFX, UTEK, CVLT

Shareholder Meetings: BRS, CA, WRLD, NATR, RJET

Equity/Mixed Shelves: SAVE, CRL

Other Newspaper Articles & Stories

Barron's cautious: Coach (COH)

Barron's<http://online.barrons.com/article/SB50001424053111903940904577561143517399960.html?mod=BOL_hpp_highlight_top>

Showdown Looms for ECB, Germans

WSJ<<http://online.wsj.com/article/SB10000872396390444130304577561271229807622.html>>

EFTA00407453

. U.S. Faces Uphill Battle in Retraining the Jobless
WSJ<http://online.wsj.com/article/SB10001424052702304708604577502622351827932.html?mod=ITP_pageone_0>

. European Companies Can Still Deliver Dividends
WSJ<<http://online.wsj.com/article/SB10000872396390444226904577560691792693000.html>>

. Facebook Losses Slice UBS Profits
WSJ<http://online.wsj.com/article/SB10000872396390444405804577560220392935282.html?mod=ITP_moneyandinvesting_0>

. Deficit Grows in Spain as Capital Flight Accelerates
WSJ<<http://online.wsj.com/article/SB10000872396390444860104577560860867437208.html>>

. Irish Central Bank Says Deficit Efforts on Track
WSJ<<http://online.wsj.com/article/SB10000872396390444860104577560590200321480.html>>

. The Fed Has Reason to Hold Its Fire WSJ Ahead of the Tape
WSJ<http://online.wsj.com/article/SB10000872396390444130304577561343555535400.html?mod=ITP_moneyandinvesting_0>

. Genetically Modified Tires
WSJ<http://online.wsj.com/article/SB10000872396390444097904577539012713121388.html?mod=ITP_marketplace_0>

. J.Crew Brings Its Brand to China
WSJ<http://online.wsj.com/article/SB10000872396390444226904577560600321514134.html?mod=ITP_marketplace_0>

. Steven Rattner: Regulate, Don't Split Up, Huge Banks NYT Op-Ed
NYT<<http://www.nytimes.com/2012/08/01/opinion/sanford-weills-glass-steagall-distraction.html>>

. Regulator Rebuffs Obama on Plan to Ease Housing Debt
NYT<<http://www.nytimes.com/2012/08/01/business/us-agency-bars-fannie-and-freddie-from-reducing-principal.html>>

. Eurozone unemployment hits high FT<<http://www.ft.com/cms/s/0/c3f405da-daf9-11e1-8074-00144feab49a.html#axzz22HC1aUdg>>

. Haven seekers buoy Aussie dollar FT<<http://www.ft.com/cms/s/0/99d53bf8-db7a-11e1-a33a-00144feab49a.html#axzz22HC1aUdg>>

. Biggest dangers hiding in plain sight FT<<http://www.ft.com/cms/s/0/6f899df4-db2e-11e1-a33a-00144feab49a.html#axzz22HC1aUdg>>

. Swiss face up to cost of franc defense FT<<http://www.ft.com/cms/s/0/a823356c-db29-11e1-be74-00144feab49a.html#axzz22HC1aUdg>>

. Finance must escape the shadows FT columnists<<http://www.ft.com/cms/s/0/7cfe3444-da35-11e1-b03b-00144feab49a.html#axzz22HC1aUdg>>

. Our opt-in opt-out solution for the euro FT
FT<<http://www.ft.com/cms/s/0/b2c75538-da35-11e1-b03b-00144feab49a.html#axzz22HC1aUdg>>

. We'll do everything to save the euro, but we won't do that, say Germans The Times
The Times<<http://www.thetimes.co.uk/tto/business/economics/article3493549.ece>>

. China prepares vast stimulus as slump threatens Asia
Telegraph<http://www.telegraph.co.uk/finance/comment/ambroseevans_pritchard/9442497/China-prepares-vast-stimulus-as-slump-threatens-Asia.html>

. Regulators need to stop wasting our money if they want proper funding
Telegraph<<http://www.telegraph.co.uk/finance/comment/damianreece/9442525/Regulators-need-to-stop-wasting-our-money-if-they-want-proper-funding.html>>

· Bank official admits economists were to blame for recession
Telegraph<<http://www.telegraph.co.uk/finance/economics/9442430/Bank-official-admits-economists-were-to-blame-for-recession.html>>

· Hollande joins chorus of leaders pledging to save eurozone
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9442854/Hollande-joins-chorus-of-leaders-pledging-to-save-eurozone.html>>

· Eurozone break-up would trigger £1 trillion of QE
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9441120/Eurozone-break-up-would-trigger-1-trillion-of-QE-see-banks-nationalised-and-deep-recession-warns-Fathom.html>>

· There is a euro crisis solution - use the European Stability Mechanism
Guardian<<http://www.guardian.co.uk/commentisfree/2012/jul/31/fix-euro-crisis-european-stability-mechanism>>

· Spain's BBVA bank plans fire sale of toxic housing stock
Guardian<[Spain's%20BBVA%20bank%20plans%20fire%20sale%20of%20toxic%20housing%20stock](http://www.guardian.co.uk/business/2012/jul/31/spain-bbva-bank-fire-sale-toxic-housing-stock)>

· 'The curse of Facebook' leaves UBS counting the cost of float
Independent<<http://www.independent.co.uk/news/business/news/the-curse-of-facebook-leaves-ubs-counting-the-cost-of-float-7994852.html>>

· Eurozone sinks deeper into the mire Daily
Mail<<http://www.dailymail.co.uk/money/news/article-2181769/Eurozone-sinks-deeper-mire-unemployment-hits-record-high.html>>

Key Events This Week

Thursday: Challenger Job Cuts, Factory Orders, BOE/ECB rate decision, Earnings (APA, BEAM, CLX, DUK, K, SEE, AIG, ATVI, KFT, CBS, SUN, ZIP, ALE)

Friday: July Employment Report, Earnings (NYX, PPL, VIAB, WPO, BPO)

Key Events on the Horizon

August 20 - Tentative date for ESM to become operational, €3.2 billion Greek state bond held by ECB expires

August 23/24/25 - Fed's Annual Economic Policy Symposium in Jackson Hole, WY

September 7 - Xstrata EGM to vote on Glencore deal

September 12 - Germany's Constitutional Court ruling on ESM & Fiscal Pact

November 6 - US Presidential Election

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