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Good Morning ... European Markets up 15-75bps ... Nikkei +0.13%, HSI -0.66%, China -0.57%, KOSPI -0.56%, ASX +0.16%

EUR 1.2284 (+0.48%) JPY 78.26 (+0.23%) AUD 1.0520 (+0.57%) NZD 0.8127 (+0.64%)
Spain 10yr 6.64% Italy 10yr 5.81% US 10yr 1.53%

Futures: Dow +49, Nasdaq +9, [REDACTED] +5 DXY \$82.80 (-25c) Crude \$89.34 (+43c) Gold \$1608.60 (+\$1.30) Silver -0.22% Copper -0.16%

All about the ECB today (statement @ 7:30am, Draghi press conference @ 8.30am) ([link<http://www.ecb.int/press/tvservices/webcast/html/webcast_120802.en.html>](http://www.ecb.int/press/tvservices/webcast/html/webcast_120802.en.html)). Sueddeutsche thinks the ECB will announce a two-pronged plan to buy peripheral bonds in the secondary market (via the SMP) while the EFSF/ESM will buy bonds directly in the primary auctions. This seems to be what the market is looking for at a minimum to sustain the recent rally although some also think they could announce a combination of other significant measures including: easier collateral eligibility standards, purchases of private sector bonds, another LTRO, and/or clarifying senior/non-senior status of ECB bond purchases. It is interesting to note that despite Draghi's aggressive comments last week, a survey done by SocGen's FX team of their research client base finds that 69% of investors think the ECB will disappoint. We will find out in a few hours. European markets opened flat but have been edging slightly higher and SPA's following +5 handles = 1375.70 last.

*** BOE @ 7am & ECB @ 7:45am, Jobless Claims @ 8:30am, Factory Orders @ 10am***
K & TWC #'s pre-open / AIG, ATVI, CBS, KFT, SUN reporting after close

- First Solar profit rose 81% on revs from power plant sales (production boost) (trading +25%)
- Abecrombie & Fitch cut Q2 profit forecast ~half after open sss -10% (trading -16%)
- Green Mountain stronger sales, profit +30% (margins narrowed) & better predict sales (trading -10%)
- Hot Topic mixed results revs light but expects to post narrower loss than thought (trading flat)
- United Online beats by 6c & FTD business to be spun off (two public companies) in Q1
- Time Warner eps/revs tops & profit beats after gaining broadband subscribers (#'s just hit tape)
- Ralcorp eps miss due to lingering Bloomfield plan inefficiencies (10c drag) (FY13 restructuring)
- House votes to extend Bush tax-cuts for everyone (Dems want it to expire for top earners)
- Spain places €3.13 billion of 2-4-10 year bonds (10yr average yield 6.647%, btc 2.4x)
- Italy's Mario Monti putting pressure on Spain to accept a formal bailout (Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9445456/Pressure-on-Spain-to-bow-to-bail-out.html>>)
- Eurozone June PPI -0.5% m/m vs estimate -0.4% (+1.8% y/y versus estimate +1.9%)

- Adidas Q2 ~ inline, regional growth slight light, confirms guidance at higher end (trading -0.15%)
- Delta Lloyd H1 better due to cost controls, scraps interim div, selling German unit (trading -3.4%)
- ProSieben Q2 good, EBITDA ahead due to growth in new areas, reiterates guidance (trading -2.4%)
- BNP Q2 net income better, ahead on cap goals, IB weak, 10% ROE a challenge (trading +2.8%)
- DE Master Blenders to restate due to accounting irregularities at Brazilian operations (trading -5.7%)
- Beiersdorf Q2 mixed, lower growth but margins up, conference call went well (trading +4.5%)
- Aggreko H1 interims inline, no forecast changes, capex maintained, good run into #'s (trading -1.0%)
- Deutsche Post Q2 underlying inline, increasing guidance, DHL restructuring on going (trading +3.7%)
- Continental Q2 EBIT margin ahead, revs & EBIT inline, raising guidance as expected (trading +2.7%)
- Sony cuts its full-year profit forecast on slowing demand and stronger JPY (after the close)
- Sharp cuts forecast on global economic slowdown & restructuring (will cut 5,000 jobs this year)
- Taiwan markets were closed today as Typhoon Saola (now downgraded to tropical storm)
- Australia retail sales in June matched the biggest advance since April 2011 (+1.0% m/m)

Leading European Sectors: Banks +1.32%, Autos/Parts +0.86%, Oil & Gas +0.79%
 Lagging European Sectors: Basic Res -0.25%, Media -0.27%, Telco -0.19%

WLT beats estimates - MANT guidance light - DVA earnings better
 DOX inline results - MET profit rises - CAVM eps beats
 GGP boosts forecast - ZUMZ comps missed - sss penny light
 YELP posts solid results - AEO guides up - TRMB revs beat
 NLY beats by 6c - PRU eps miss/revs beat - EXTR guides lower
 HIG mixed numbers - LNC eps/revs top - HI revs +13%
 WTW cuts yr forecast - SWM stock split - SNCR guidance light
 CHMT misses on revs - CAR net up - RHI additional 10M shr buyback
 ELLI boosts forecast - CAVM earnings better - ITRI earnings better

Notable Options Activity Yesterday:

QCOR (\$34.92 -5.3%) An investor using Wednesday's pullback to get long sold 5000 Jan 30 puts to open at \$3.80.

DISH (\$30.56 -0.6%) A customer purchased 5000 Jan14 45 calls for \$1.55. This makes 25,000 that have been bought since last Wednesday.

VC (\$32.69 +0.8%) September 35 calls were purchased 5000x for \$1.65. The trade would create ~200k to buy, or about 40% of the average daily volume.

Secondaries (announced/priced): BWP, SRDX (dutch auction), SLTM

IPO's (filed/priced): Eloqua (ELOQ) 8M shares priced at \$11.50

Key Research: DB downgrades DRYS & upgrades RNR, Stifel initiates EXAR (buy), Bofa downgrades FMS

Key Research: Piper downgrades HRC/HOTT, Baird upgrades FSLR & downgrades ANF, Citi downgrades AGP

Key Research: Wells upgrades MANT & initiates MCRL (op), Bofa upgrades EA & downgrades VE, GS initiates AVGO (neut)

Key Research: RBC downgrades OC, CS upgrades RAH, BMO upgrades WMGI, Macquarie upgrades LPL, Bofa cuts MGM

Key Research: Longbow downgrades HOG & initiates WERN/KNX (buy's) and HTLD (neut), FBR downgrades NTLN

Key Research: Macquarie downgrades BMW GR, UBS initiates PC IM (buy), Bofa downgrades MT NA

Reporting Pre-Open: APA, BDX, BEAM, CAH, CI, CLX, CNP, DNR, DTV, DUK, HSIC, K, PH, PKD, PNW, PWR, RDC, SCG, SE, SEE, SNI, SRE, TDC, TWC, WPX, XEL, XYL, 6758 JP (Sony), AAWW, AB, ABMD, AGEN, ALE, AMSC, ANSS, API, ARIA, ARQL, AVD, AVEO, AYR, BBG, BCRX, BKCC, BRY, BWINB, BXC, CBOE, CIR, CKP, CNSL, CRIS, DSCO, DSX, DUSA, DW, DXYN, ELNK, ENB CN, EPL, EXH, EXP, FBN, FIG, FUR, G, GEL, GIL, GKNT, GM, GNRC, GOV, GPX, GTIV, GTLS, GWR, HAE, HBIO, HEES, HGG, HHS, HK, HOS, IDA, IIVI, INCY, INMD, IRC, IRDM, KBALB, KBW, KSW, LEA, LINC, LLNW, LOJN, MNTA, MSCI, MTG, MVIS, MWW, NEWS, NNN, NPO, NRF, NRGY, OCN, ODFL, OGE, OMX, ORN, OZM, PKD, PMT, PQ, PRFT, PRX, PXP, RBA, RGEN, ROCK, ROIK, RSTI, SBH, SCG, SEP, SFY, SHO, SMA, SML, SNAK, SNTA, SPAR, SPH, SPR, STE, STFC, TEVA, THRM, TMS, ULBI, UPL, VC, VNDA, VNR, VRX, WLK, WNR, WST, WWE, XEC, GFF, HE, MDU, STN

Reporting Post-Close: AIG, AIV, ATVI, CBS, ED, EOG, FLR, KFT, PBI, PKI, PSA, SUN, SWN, ABTL, ACCL, ACLS, ACTV, ADUS, AEL, AGNC, AGU, AHS, AIRM, ANDE, AREX, ASEI, ATRC, ATSG, AWK, BAGL, BES, BIRT, BODY, CACC, CADX, CALD, CEC, CERS, CLMS, CLNY, CPIX, CPT, CRDC, CSV, CUBE, CVCO, CW, DCT, DEPO, DLB, DRC, EBS, ECPG, EGOV, EIHI, ERIE, ESC, EVC, EXAM, EXEL, FDUS, FEIC, FFG, FRP, FURX, GVA, HME, HTGC, HTSI, ICFI, IMMR, IN, JOE, KND, KOG, KRG, KTOS, LBTYA, LNKD, LPS, LVB, MAA, MAIN, MCHX, MELI, MEMS, MERC, MFLX, MHK, MOVE, MRLN, MTSC, NTSI, MTZ, MWE, MX, NAVG, NC, NCMI, NFG, NILE, NPTN, NTSP, OCLS, OCLS, OGXI, OMPI, ONNN, OPEN, ORCC, PCCC, PDLI, PEB, PKT, PMC, PRO, PTIX, RBCN, REXI, RMD, ROVI, RP, SBAC, SCOR, SD, SKUL, SMT, SQI, SRZ, SWIR, SXL, SYNA, TPCG, TST, UEIC, UTI, VCLK, VCRA, VOLC, VSAT, WRLS, XIDE, ZAGG, ZIP

Economic Data: Challenger Job Cuts @ 7:30am, RBC Consumer Outlook Index @ 8am, Jobless Claims @ 8:30am, Bloomberg Consumer Comfort / ISM New York PMI @ 9:45am, Factory Orders @ 10am

Conferences: BMO Biotech Corporate Access Day (SF)

Analyst/Investor Days: KRA, COLM

Non-Deal Roadshows: AGCO, AIXG, ALB, ALTR, AOS, ARMH, BANR, BOFI, BRCM, CLSN, CVLT, DDAIF, FFIC, HF, HRB, IART, IPHI, LCAV, NOV, NSPR, PBCT, PBYI, PFG, QGEN, R, SO, SON, SPNS, UHS, VSCI, WYN, CRUS, TFX

Shareholder Meetings: CMRG, THR, SENE, CRVL, HWKN

Equity/Mixed Shelves: N/A

400 change (after close Aug-7): Jarden Corp (JAH) to replace Lincare Holdings (LNCR)
600 change (after close Aug-3): Dice Holdings (DHX) to replace Standard Microsystems (SMSC)

Other Newspaper Articles & Stories

Barron's positive: Atwood Oceanics (ATW) & Lufkin Industries (LUFK)

Barron's <

mod=BOL_hpp_highlight_top>

. Wary Fed Is Poised to Act
WSJ<[REDACTED]>
mod=ITP_pageone_0>

. The Facebook Flip: Funds Exit Early
WSJ<[REDACTED]>
mod=ITP_moneyandinvesting_0>

. Medical Care Time Warp
WSJ<[REDACTED]>
mod=ITP_marketplace_0>

. NBC Olympics: Hashtag \$\$\$
WSJ<[REDACTED]>
mod=ITP_marketplace_0>

. Weaker Euro Aids Region's Exporters
WSJ<[REDACTED]>

. Bundesbank Stresses Divide on Bond Buying
WSJ<[REDACTED]>

. Monti Pushes for ESM Banking License
WSJ<[REDACTED]>

. Euro Zone Weighs on Central Europe
WSJ<[REDACTED]>

. Chinese Banks and Solar Subsidies
WSJ<[REDACTED]>
mod=WSJBlog&mod=brussels>

. Too Big to Profit, a Hedge Fund Plans to Get Smaller
NYT<[REDACTED]>
investors/?ref=todayspaper>

. ING eyes sale of Canadian, U.K. online banks Globe and
Mail<[REDACTED]>
business/ing-eyes-sale-of-canadian-uk-online-banks/article4457217/>

. Bundesbank urges ECB to keep within remit FT<[REDACTED]>
dbdc-11e1-aba3-00144feab49a.html#axzz22HC1aUdg>

. Italy moves to bridge Europe's divide FT<[REDACTED]>
11e1-86f8-00144feab49a.html#axzz22HC1aUdg>

. Euro slips against dollar FT<[REDACTED]>
00144feab49a.html#axzz22HC1aUdg>

. Greece agrees €11.5bn spending cuts FT<[REDACTED]>
11e1-86f8-00144feab49a.html#axzz22HC1aUdg>

. Osborne's critics need to reflect FT<[REDACTED]>
ba60-00144feabdc0.html#axzz22HC1aUdg>

. Next - the devil is in the detail FT Lex<[REDACTED]>
11e1-aba3-00144feab49a.html#axzz22HC1aUdg>

. Brace for an era of crisis aftershocks: David Rosenberg
FT<[REDACTED]>

. Greek FinMin to begin negotiations with troika
ekathimerini<[REDACTED]>

· ECB preview: what can they do now?
Sprach<[REDACTED]>

· Bank bosses at odds over the euro The
Times<<http://www.thetimes.co.uk/tto/business/economics/article3495018.ece>>

· China's industry heads for contraction The
Times<<http://www.thetimes.co.uk/tto/business/economics/article3494986.ece>>

· Suddenly Ireland is leading the way The
Times<<http://www.thetimes.co.uk/tto/business/economics/article3494965.ece>>

· Pressure on Spain to bow to bail-out
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9445456/Pressure-on-Spain-to-bow-to-bail-out.html>>

· Competitiveness is improving but Europe urgently needs growth
Telegraph<<http://www.telegraph.co.uk/finance/comment/jeremy-warner/9444756/Competitiveness-is-improving-but-Europe-urgently-needs-growth.html>>

· Greece agrees to £9bn 'troika' cuts
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9445733/Greece-agrees-to-9bn-troika-cuts.html>>

· What could the ECB do to save the euro?
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9444699/Debt-crisis-What-could-the-ECB-do-to-save-the-euro.html>>

· Bundesbank warns over eurozone crisis as ECB prepares to meet
Guardian<<http://www.guardian.co.uk/business/2012/aug/01/bundesbank-warns-over-eurozone-crisis>>

· Jens Weidmann - the man with the key to Mario Draghi's handcuffs
Guardian<<http://www.guardian.co.uk/business/2012/aug/01/jens-weidmann-mario-draghi-euro>>

· European leaders must end 'panic mentality', says Finnish prime minister
Guardian<<http://www.guardian.co.uk/business/2012/aug/01/european-leaders-panic-mentality-finnish-pm>>

· The ECB has bought itself time, if not a stable euro
Guardian<<http://www.guardian.co.uk/business/nils-pratley-on-finance/2012/aug/01/ebc-bought-time-stable-euro>>

· Can Super Mario save the eurozone?
Independent<[REDACTED]>
[save-the-eurozone-7999340.html](http://www.independent.co.uk/news/economy/can-super-mario-save-the-eurozone-7999340.html)>

Key Events This Week

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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