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Good Morning ... European Markets mixed (IBEX +1.4%, MIB +0.74%, DAX +0.56%) ... Nikkei +0.69%, HSI +1.08%, SHCOMP -0.30%, KOSPI +2.07%, ASX +0.55%

EUR 1.2282 (+0.18%)    JPY 78.24 (-0.08%)    EUR/JPY 96.12 (+0.28%)    AUD 1.0529 (+0.25%)  
Spain 10yr 6.61%    Italy 10yr 6.00%    US 10yr 1.50%

Futures: Dow +44, Nasdaq +11, [REDACTED] +4    DXY \$82.71 (-9c)    Crude \$90.15 (+38c)    Gold \$1629.60 (+\$5.50)    Silver +1.02%    Copper +1.17%

Month end (SPX +1.7% mtd) and hopes for more central bank action had Asian markets close higher with the exception of the SCHOMP which continues to underperform. China PMI out tonight @ 9pm tonight and Europe/US PMI's tomorrow morning. Sueddeutsche reporting again that plans to give the ESM a banking license to give it access to unlimited ECB funding are gaining support (although Germany still opposes). Headline on Bloomberg saying Merkel adviser Bofinger advocates ECB buying of government bonds getting some attention but note this is not a new opinion from Bofinger. Some headlines out from Premier Wen as well saying he will boost policy support for the real economy in China in H2. Hollande hosts Monti for a working lunch in Paris this afternoon. FOMC tomorrow and most expect them to wait until the Sep meeting for further action. SPA's +4 handles =1384 last.

\*\*\*Person Income & Spending @ 8:30am, CaseShiller Home Price Index @ 10am\*\*\*

\*\*\*Chicago PMI @ 9:45am, Consumer Confidence @ 10am\*\*\*

\*\*\*COH, DISCA, PFE, TYC, X #'s pre-open\*\*

- Seagate eps & revs miss ests (trading -8%) (no mention deal with OCZ trading -15%)
- Former interim CEO Ross Levinsohn will leave Yahoo effective today (as expected)
- Fiserv profit +79% as eps beats & raised lower end of y reps forecast (trading inline)
- Flowserve Q2 adjusted eps & sales beat estimates - full year eps view reaffirmed
- Humana now sees FY eps \$6.90-\$7.10 (down from previous forecast \$7.38-\$7.58)
- Herbalife raises year views & sets new \$1B buyback (\$500M loan inc to credit facility)
- Chrysler reports strong growth in sales & profits and reits forecast (yesterday afternoon)
- AB Inbev Q2 EBITDA light, EPS better due to tax rate, weak organic growth (trading -4.0%)
- Deutsche Bank Q2 inline with pre-release on 24th, profit misses, IB pretax below (trading )
- UBS Q2 pretax miss, WM margin below, IB weak, takes hit on FB IPO, cautious outlook (trading -4.7%)
- Bayer Q2 beat across the board, underlying profitability beats, raising FY guidance (trading +3.0%)
- BBVA Q2 net income misses due to bad property loans, net profit better due to one off (trading +0.56%)

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- BP Q2 miss across the board in all divisions, consensus has been reduced into numbers (trading -4.2%)
- Eutelsat H1 inline, good mix, capex lower but net debt higher, Ka-band data points positive (trading -1.1%)
- Ziggo, JPM/MS placing 29M shares for Cinven/Warburg Pincus, reducing stake to 57% (trading -3.5%)
- DSV Q2 solid earnings per unit, good margins, guiding down freight vols but cutting costs (trading +5.0%)
- Safran H1 better with EBIT ahead, confirms 2012 guidance and outlook (trading +0.18%)
- Metro Q2 mixed, EBIT ahead due to "other", Mediamarkt miss, cautious guidance citing market (trading +2.8%)
- Xstrata production inline, copper & coal light, nickel & zinc slightly better (trading +1.6%)
- Infineon Q3 inline with pre-release, stabilizing margins, challenging outlook for 2013 (trading +6.7%)
- EDF H1 EBITDA better due to adverse cold weather in France, confirms 2012 guidance (trading +1.3%)
- Weir Group H1 solid, orders inline, increases div to 8p, cutting outlook and growth forecasts (trading -3.1%)
- Erste Bank Q2 inline, reducing FY guidance after previously stating outlook would be stable (trading -3.4%)
- GKN H1 inline although better tax rate guidance may see small upgrades, confirms guidance (trading +0.81%)
- HeidelbergCement Q2 EBITDA slight beat, Asia/Africa better, Europe/US weaker, guidance unch (trading -0.89%)
- Hugo Boss Q2 EBITDA slight beat thanks to Asia/Africa, Europe and US weaker than expected (trading -5.4%)
- MAN SE Q2 (pre-released 25th) weak European truck & bus, op income better, lowers guidance (trading+0.21%)
- Tullett Prebon H1 numbers look solid despite softening trading environment (trading +1.9%)
- Manchester United files IPO, sees offering 16.67 million shares, \$16-20 per share (\$2.67bn - \$3.34bn)
- Former ECB member Stark reiterates view that central banks should not finance governments
- German retail sales unexpectedly fell for a third month in June (-0.1% m/m vs est +0.5%)
- Unemployment: Eurozone 11.2% (inline), Germany 6.8% (inline), Italy 10.8% (est 10.3%)
- Spanish June adjusted real retail sales -5.2% y/y vs est -7.7%, Greek retail sales -10.3% in May
- Spain's budget minister will urge regions to deepen budget cuts (meeting in Madrid)

4:30pm CET)

· Gaming (-0.17%) DB & RBC say Macau July casino revs may drop 6%-7% on effect of typhoon Vicente

· Japan's unemployment rate unexpectedly declined in June to 4.3% versus estimate 4.4%

· Taiwan's economy unexpectedly shrank (Q2 GDP -0.16% y/y versus estimate +0.50%)

· South Korea June industrial production -0.4% m/m vs est +0.1% (+1.6% y/y vs est +1.8%)

· Local press says China is considering a 17% value-added tax rebate to domestic steelmakers

· China's Ministry of Railways increased spending on railroads and bridges for the 2nd time this month

· CBRC plans to conduct stress tests for Shanghai banks in H2 to gauge property lending & liquidity risks

· India held rates at 8% as expected (cut SLR to 23% from 24%) (cut GDP & raised inflation forecasts)

· Australian June building approvals -2.5% m/m vs est -15% (lower interest rates helping)

· Singapore's GIC boosts cash to levels > 2008 crisis (cash allocation 11% at March year-end)

Leading European Sectors: Tech +0.77%, Autos/Parts +0.62%, Retail +0.48%

Lagging European Sectors: Trav/Les -0.73%, Oil & Gas -0.71%, Construction -0.62%

PZZA names ceo - DNDN restructuring - TXRH higher Q2 earnings

CRUS raises view - HOLX revs miss - RLD profit/sales miss ests

IDTI #'s better - PCL improving real estate & log demand - PRE eps better

AVID expanded loss - BGC guides eps lower - HTZ beats eps ests

ADVS rev guidance weak - KONA eps/rev beat - PMCS guides down

MAS eps/revs miss - AH Minnesota settlement - PRSS big guide lower

MHGC ebidta light - LLGX withdraws ipo - MSTR beats by 16c, rev miss

JEC net beats ests - EEP earnings light - ALLT penny better

TYC eps better, revs light - ECOL earnings better - MDC revs light

#### Notable Options Activity Yesterday:

EFA (50.31 -0.1%)- Bullish customer bought 75,418 Dec 53 calls for \$1.52 (\$11.46mm in premium). Top 5 components are Nestle, HSBC, Novartis and BP.

AIG (31.72 +0.5%) - A customer bot 9,352 \$32c that expire friday for .60. Earnings 8/2.

GLD (\$157.43 -0.1%)- A customer expecting to see a moderate rise in gold prices over the next few months bought the Oct \$175-\$190 1x2 call spread 20k/40k paying \$0.38.

Secondaries (announced/priced): N/A

IPO's: Manchester United (MANU) amended S-1 discloses 16.67M shares, expected range of \$16-\$20

Key Research: Evercore downgrades VLCCF, GS upgrades BSFT (buy), Wells upgrades CXO

Key Research: Atlantic upgrades S, JPM downgrades DNDN, Piper cuts VRTX & upgrades NSPH/LMNX

Key Research: Barcap downgrades AJG/BRO, Think initiates RLOC (buy), MS initiates EXC (ew)

Key Research: Bern upgrades FB, DB cuts DNDN/TCK & initiates ASGN (buy) & reinstates TCRD

(buy)

Key Research: Jeff downgrades PMCS & initiates CMCSA/DTV/TWC (buy's) and CHTR/CVC/DISH (hold)

Key Research: Wedbush downgrades LNN, Wunderlich downgrades PMCS, CS downgrades CBI

Key Research: Swedbank downgrades ESV, Axiom initiates X (sell), Citi removes CVC from Top Picks Live

Key Research: DB upgrades AF FP & downgrades STL NO/ITV LN, Barcap upgrades DAI GR

Key Research: Nomura upgrades FP FP, Helvea upgrades ROG VX, Raja downgrades RYA ID

Reporting Pre-Open: ADM, AET, CMI, COH, DISCA, ECL, ETR, GT, HCP, HRS, NI, PEG, PFE, TYC, VLO, X, XRAY, ABFS, ACOR, ALLT, AMG, AUXL, AVX, BP, BRKR, CAS, CEVA, CIE, CPLP, CRS, CRY, CVLT, DIN, DORM, ECL, EXLS, FDP, FELE, PHCO, FWLT, GERN, GLT, HEP, HPY, HSC, HIS, HSON, HW, IDN, INGR, IPXL, KLIC, LCAV, LPLA, LPX, LQDT, LXRK, MCGC, MD, MDC, MDSO, MGAM, MLM, NMRX, NSP, NVMI, PAG, PEI, REV, RTIX, SHF, SLCA, TA CN, TECH, TFX, TICC, TRI, TRW, TVL, TWIN, UBSN VX, UNT, VSH, ZBRA, ZLTQ, WTR

Reporting Post-Close: ALL, BMC, CBG, EA, EIX, FMC, FTR, GNW, KIM, LIFE, OKE, PXD, QEP, ABCO, ACAS, ACHC, AFFX, AHC, AJG, AMRS, ATML, AQH, AXS, BBOX, BBRG, BGFV, BOOM, BRE, BTUI, BVN, CALX, CATM, CBT, CCG, CECO, CHEF, CHSP, CLD, CNL, CNW, CODE, CPTS, CRAY, CSCD, CUZ, CVG, CYTK, DDR, DEI, DENN, DGI, DRIV, DWA, EPIQ, EXAC, FALC, FARO, FIRE, GOOD, GSX, GUID, HBI, HCC, HR, HT, ININ, IRIS, ITX, IVAC, JLL, KEYN, NEYW, KFRC, KRA, LEDR, LMAT, LNDC, MGRC, MRCY, MRGE, MWA, NATL, NAVR, NBIX, OCLR, OKS, OMCL, OPTR, PCTI, POL, PPO, PROJ, PSE, PZZA, QEP, QNST, QTM, QUIK, RATE, RBC, REG, RJET, RLOC, RMKR, RNR, ROG, RPXC, RSO, SIMG, SKT, SPRT, SREV, SUNH, SYX, THRX, TISI, TMH, TRLG, TTMI, TWO, TX, ULTI, UQM, USU, WAIR, WBMD, WEYS, WNC, WWW, XCO

Economic Data: ICSC/Redbook retail sales @ 7:45am/8:55am, Personal Income & Spending / Employment Cost Index @ 8:30am, CaseShiller Home Price Index @ 9am, Chicago PMI @ 9:45am, Consumer Confidence @ 10am

API crude oil inventories @ 4:30pm

Conferences: KBW Community Bank Conference (NYC), BMO Biotech Corporate Access Day (Boston)

Analyst/Investor Days: N/A

Non-Deal Roadshows: ALB, ALTR, AVAV, AYI, CELG, CMA, COL, COP, EWBC, FET, GHM, GPC, INTU, KMX, MOG.A, NSPR, RTN, SANM, SQNS, WAG, WPI

Shareholder Meetings: MTOX, CSS, TII, GEOI, HK, CAMP, HGG, PKY, FX, PURE

Equity/Mixed Shelves: N/A

#### Other Newspaper Articles & Stories

. Heat Rises on Central Banks  
WSJ< [REDACTED] >

. Spanish Economy Contracts More Sharply  
WSJ< [REDACTED] >

. RBS Braces Itself for a Libor Deal  
WSJ< [REDACTED] >  
mod=ITP\_moneyandinvesting\_0>

. U.S. and Germany Seek Renewed Effort  
WSJ< [REDACTED] >

. In Crisis, a Rare Swede Spot  
WSJ< [REDACTED] >

. Greece Pushes for Extension on Bailout  
WSJ< [REDACTED] >

. Spanish Covered Bonds Are Looking Vulnerable  
WSJ<[REDACTED]>

. ICE Melts to Futures  
WSJ<[REDACTED]>  
mod=ITP\_moneyandinvesting\_0>

. Stephen Moore: The Man Who Saved Capitalism WSJ  
Opinion<[REDACTED]>  
mod=ITP\_opinion\_0>

. Muni Rates Examined for Signs of Rigging  
NYT<[REDACTED]>

. Tiger Management Helps Next-Generation Funds  
NYT<[REDACTED]>  
ref=todayspaper>

. Swedish economy beats forecasts FT<[REDACTED]>  
902d-00144feab49a.html#axzz220Rq1tuo>

. Greek leaders seek to defer austerity cuts FT<[REDACTED]>  
da72-11e1-902d-00144feab49a.html#axzz220Rq1tuo>

. Schäuble and Geithner urge reforms FT<[REDACTED]>  
a413-00144feab49a.html#axzz220Rq1tuo>

. Italy's bond auction soothes eurozone fears FT<[REDACTED]>  
da35-11e1-902d-00144feab49a.html#axzz220Rq1tuo>

. Time for west to adjust to 'new normal' FT<[REDACTED]>  
11e1-b476-00144feabdc0.html#axzz220Rq1tuo>

. Eurozone - Draghi raises the stakes FT Lex<[REDACTED]>  
11e1-b03b-00144feab49a.html#axzz220Rq1tuo>

. European airlines - bumpy rides FT Lex<[REDACTED]>  
11e1-902d-00144feab49a.html#axzz220Rq1tuo>

. America calls on eurozone to keep faith in the big bazooka The  
Times<<http://www.thetimes.co.uk/tto/business/economics/article3492496.ece>>

. Eurozone woes still hang over high street The  
Times<<http://www.thetimes.co.uk/tto/business/economics/article3492421.ece>>

. Rain washes away hopes of retail fillip  
Telegraph<<http://www.telegraph.co.uk/finance/economics/9439407/Rain-washes-away-hopes-of-retail-fillip.html>>

. ECB intervention hopes drive markets higher  
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9439285/Debt-crisis-ECB-intervention-hopes-drive-markets-higher.html>>

. HSBC must retrench fast  
Telegraph<<http://www.telegraph.co.uk/finance/comment/9439536/If-it-wants-to-stop-saying-sorry-HSBC-must-retrench-fast.html>>

. How the ECB came to control the fate of the world economy  
Guardian<<http://www.guardian.co.uk/commentisfree/2012/jul/30/ecb-control-world-economy>>

. Mario Monti and Italy: after the carnival, the meagre diet of Lent  
Guardian<<http://www.guardian.co.uk/commentisfree/2012/jul/30/mario-monti-carnival-meagre-diet-lent>>

· For Greece there is an alternative to austerity - as Argentina proved  
Guardian<<http://www.guardian.co.uk/commentisfree/2012/jul/30/greece-alternative-austerity-argentina-imf-germany>>

· More dire figures hit Britain's hopes for recovery  
Independent<<http://www.independent.co.uk/news/business/news/more-dire-figures-hit-britains-hopes-for-recovery-7988117.html>>

· HSBC sets aside £1.3bn to cover cost of scandals  
Independent<<http://www.independent.co.uk/news/business/news/hsbc-sets-aside-13bn-to-cover-cost-of-scandals-7988039.html>>

· Eurozone hope Independent<<http://www.independent.co.uk/news/business/news/eurozone-hope-7988123.html>>

#### Key Events This Week

Wednesday: FOMC Rate Decision, Vehicle Sales, ISM PMI, Construction Spending, Eurozone Manufacturing PMI, French financial transaction tax (FTT) effective today, Earnings (ADP, AMT, AVP, CMCSA, HOG, ICE, MA, MRO, PSX, TWX, FSLR, MET, PRU TSO)

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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