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Subject: Early Tour 6.22.12

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Good Morning ... European Markets off 45-90 bps (Spain +1.1%, Italy +0.25%) ... Nikkei -0.29%, HSI -1.40%, KOSPI -2.21%, China closed (Dragon Boat Day)

EUR 1.2550 (+0.08%) JPY 80.27 (+0.01%) NZD 0.7873 (+0.12%) Copper -0.35%
Silver +0.20% US 10yr 1.63%

Futures: Dow +49, Nasdaq +9, S&P +6 DXY \$82.27 (-2c) Crude \$78.73 (+53c) Gold \$1570.70 (+\$5.20)

Moody's announced its widely anticipated downgrade of 15 global banks after the close last night. No big surprises although Credit Suisse getting cut by 3 notches and MS only getting cut by 2 getting some attention in the press (note CS is still the highest rated IB in the world & a 2-notch cut for MS was consensus despite fears of 3). Hollande, Merkel, Rajoy & Monti meeting in Rome today ahead of the key EU Summit next week and the proposal to allow the EFSF/ESM to buy peripheral sovereign debt will remain in focus (will Merkel continue to resist pressure?). The Wyman-Berger audit of Spanish banks out after the European close yesterday indicated capital needs of €51- €62 billion in an adverse scenario (-6.5% real GDP contraction plus additional 26% decline in home prices = down 55-60% from the peak). The deadline for Spain to formally request a credit line for the banks is Monday but could come shortly. BofA, Credit Suisse, UBS all lowering 2012-2013 eurozone GDP forecasts this morning. German IFO business confidence prints at a 2yr low = 105.3 versus estimate 105.6. Troika heads back to Athens on Monday to review reform progress (or lack thereof) and possibly pave the way for a tweaking of the bailout terms. Goldman's Jim O'Neill was on CNBC Europe early this morning and said that from talking to people who attended G20 in Mexico it was clear they felt something was in the works ("somewhere along the line here one of the bazookas is going to come out"). Stakes are high for the EU Summit next week as Monti has made clear says the Guardian<<http://www.guardian.co.uk/business/2012/jun/22/mario-monti-week-save-eurozone>>. Reminder that Sweden & Finland are closed today for midsummer holiday. Russell Rebalance on the close in the US. S&P futures +6 handles = 1324 last.

CCL & DRI report earnings pre-open

Greece vs Germany in Euro 2012 @ 2:45pm EST

Eurozone FinMin meeting wraps up in Lux later today

- IMF increasingly challenging Germany's game plan for fixing Eurozone crisis (FT<<http://www.ft.com/intl/cms/s/0/2f95ce94-bbed-11e1-9aff-00144feabdc0.html#axzzlyEcPuI7j>>)
- Telegraph article highlights "reform fatigue" in Italy and Monti under pressure (Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9347924/Debt-crisis-desperate-Monti-needs-Merkel-summit-deal-to-stop-revolt-at-home.html>>)
- No SC ObamaCare ruling yesterday so it is likely to come next week (before June 28)
- BBC's Mark Thompson said to be in talks to become the next CEO of New York Times
- Brazil's Eike Batista said to sell 49% of his AUX gold business to Qatar for \$2 billion
- Monster Beverages (MNST) will replace Sara Lee (SLE) in the S&P 500 (June 28 close)
- Renewable Energy \$712 million charge & plans NOK 1.3B private placement (trading -29.3%)
- Adidas CEO says he is confident in 2015 forecasts as World Cup to boost sales (trading -1.1%)

- Clariant aims to increase EBITDA margin >17% by 2015 and ROIC to above peer avg (trading -2.8%)
- Holcim will contest CHF 420M fine by the Indian competition authority over price fixing (trading -2.6%)
- KPN will begin sale of Belgian mobile unit next month, Carlos Slim increases stake to 21% (-3.9%)
- Telenet allows customers to terminate contracts without incurring termination fee (trading -1.8%)
- 3i trading +1.3% on press spec of organizational change and 40% staff cuts (AGM on June 29)
- IAG speculation making the rounds Qataris to acquire Bankia's 12% stake (trading -1.3%)
- Abertis sells 7% of its 15% stake in Eutelsat to CIC for €385M (ETL FP trading +2.2%)
- William Hill receives non restricted gaming commission license for Nevada (trading +0.30%)
- Italy consumer confidence index falls amidst rising taxes & unemployment 85.3 vs est 86.0
- Swedish finance minister says can look at banking union issue over next year or two (DJ)
- Pakistan's ruling party announces early parliament elections will be held later this year (AP)
- China 7-day repurchase rate +98 bps yesterday (gauge of funding availability in the system)

Leading European Sectors: Telco +0.88%, Banks +0.56%, Utilities +0.52%
 Lagging European Sectors: Chemicals -1.74%, Oil & Gas -1.47%, Basic Res -1.26%

CPWM Gabelli 13D - R guides lower - ABTL reverse 1-for-5 split
 TNAV cfo resigns - GTAT increases facility - BMTI study meets goal

Secondaries (announced/priced): CNDO, CNCO, HIS, AEC

IPO's: N/A

Key Research: Barcap downgrades CIM, Imperial initiates TPC (op), Nomura initiates FB (buy), Piper upgrades TFM

Key Research: Canaccord initiates SWKS (buy) & TQNT/RFMD (holds), Telsey initiates ADS/DFS/COF/AXP/V/MA

Key Research: GS adds VOW GR & VOD LN to Conviction Buy List & cuts PTEC LN, DB initiates PANL (buy)

Key Research: JPM initiates VFC (ow), MS upgrades ONYX, Think initiates MASI (buy), Baird initiates SHW (neut)

Key Research: Bofa upgrades JACK, BMO upgrades AIV, Wells downgrades R/RFMD & initiates RDEN/EL (op's)

Key Research: MainFirst initiates construction sector (GEBN VX, AFGN SW, SIK SW, WIE AV, STR AV)

Key Research: Exane initiates European Retailers (Apparel)

Reporting Pre-Open: CCL, DRI, MOC

Economic Data: No major releases

Fed Speakers: Pinalto @ 12:30pm (Cleveland)

Conferences: No major conferences

Analyst/Investor Days: PM

Non-Deal Roadshows: ACGL, ANF, BPFH, BYI, EBIX, ENDP, GSE, HUSKF, MSCC, MTZ, ORB, UPI, URS, XOMA, XOXO

Shareholder Meetings: AWI, BBBY, NWLI, CHCI, ERT, KCAP, ORBT, BPZ, SALM, SPPI, ASTX

Equity/Mixed Shelves: AEE, PMT, WRE, SGYP (\$250M), SARA (\$200M)

500 change (after close June-28): Monster Beverage (MNST) to replace Sara Lee (SLE)
400 change (after close June-28): Hillshire Brands (HSHwi - post spin Sara Lee stub) to replace Monster Beverage (MNST)
400 change (after close June-29): Alexander & Baldwin (ALEXwi) to replace Patriot Coal (PCX)

Other Newspaper Articles & Stories

Barron's positive: Bed Bath and Beyond (BBBY)

Barron's< [REDACTED] _nocache=20120621214522>

WSJ cautious: Chesapeake Energy (CHK)

WSJ< [REDACTED] >

. EU Banks' Risk in Eyes of Beholder

WSJ< [REDACTED] mod=ITP_moneyandinvesting_0>

. Spanish Aid Plan Is Flawed, Says IMF

WSJ< [REDACTED] >

. EU Banks' Risk in Eyes of Beholder

WSJ< [REDACTED] >

. U.K. Economy Shows Resilience

WSJ< [REDACTED] >

. Taliban Attack Afghan Hotel

WSJ< [REDACTED] mod=WSJ_hps_LEFTTopStories>

. Prisons, Privatization, Patronage (Paul Krugman Op-Ed)

NYT< [REDACTED] _r=1>

. IMF challenges Berlin's crisis response FT< [REDACTED]

11e1-9aff-00144feabdc0.html#axzzlyPFgSgUf>

. Madrid moves to ease bailout fears FT< [REDACTED]

9436-00144feabdc0.html#axzzlyPFgSgUf>

. The bank that broke Spain FT analysis< [REDACTED]

90e4-00144feabdc0.html#axzzlyPFgSgUf>

. Legal move threatens EU rescue fund FT< [REDACTED]

11e1-90e4-00144feabdc0.html#axzzlyPFgSgUf>

. Germany infected by deepening eurozone woe FT< [REDACTED]

bb7d-11e1-9436-00144feabdc0.html#axzzlyPFgSgUf>

. ECB to relax loan rules for Spanish banks FT< [REDACTED]

bbb4-11e1-9436-00144feabdc0.html#axzzlyPFgSgUf>

. A good time to buy crisis insurance FT markets< [REDACTED]>
bbbc-11e1-9aff-00144feabdc0.html#axzzlyPFgSgUf>

. How effective has QE in the UK been? FT markets< [REDACTED]>
bb8a-11e1-90e4-00144feabdc0.html#axzzlyPFgSgUf>

. Cut adrift between America and Europe FT
columnist< [REDACTED]>

. The US must not override EU regulators FT
opinion< [REDACTED]>

. Desperate Monti needs Merkel summit deal to stop revolt at home
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9347924/Debt-crisis-desperate-Monti-needs-Merkel-summit-deal-to-stop-revolt-at-home.html>>

. The IMF helping the euro is feeding the monster on our doorstep
Telegraph<<http://www.telegraph.co.uk/finance/currency/9347171/The-IMF-helping-the-euro-is-feeding-the-monster-on-our-doorstep.html>>

. IMF unveils its blueprint to salvage the stricken euro
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9348292/IMF-unveils-its-blueprint-to-salvage-the-stricken-euro.html>>

. Lagarde hopes that wisdom will prevail in Germany The
Times<<http://www.thetimes.co.uk/tto/business/economics/article3453119.ece>>

. Mario Monti: we have a week to save the eurozone
Guardian<<http://www.guardian.co.uk/business/2012/jun/22/mario-monti-week-save-eurozone>>

. Eurozone crisis will cost world's poorest countries \$238bn
Guardian<<http://www.guardian.co.uk/business/2012/jun/21/eurozone-crisis-cost-poor-countries>>

. Return to capitalism 'red in tooth and claw' spells economic madness
Guardian<<http://www.guardian.co.uk/business/economics-blog/2012/jun/21/capitalism-red-tooth-claw-keynes>>

. Mrs Merkel's Germany is Europe's one musketeer
Guardian<<http://www.guardian.co.uk/commentisfree/2012/jun/21/merke-germany-europe-teutonic>>

. The Market Report: Unilever is back in favour with the City
Independent<<http://www.independent.co.uk/news/business/sharewatch/the-market-report-unilever-is-back-in-favour-with-the-city-7873466.html>>

. Impact of iPad on notebook market decreasing, say Taiwan ODMs
DigiTimes< [REDACTED]>

Key Events Next Week

Monday: Supreme Court ruling on ObamaCare expected this week, Chicago Fed Index, Dallas Fed Manufacturing, New Home Sales, GHS 100 Energy Conference (SF), Earnings (APOL)

Tuesday: [REDACTED]/CaseShiller Home Price Index, Richmond Fed Manufacturing Index, Consumer Confidence, MS Transportation Conference (Chicago), JPM Media CEO Conference (London), Earnings (HRB, ZZ, LDK)

Wednesday: Durable & Capital Goods Orders, Pending Home Sales, Opco Consumer Conference (Boston), Earnings (GIS, LEN, MKC, MON, PAYX)

Thursday: GDP, Kansas City Fed Manufacturing, EU Summit in Brussels, Earnings (FDO, CAN, NKE, RIMM)

Friday: Personal Income and Spending, Chicago PMI, Michigan Confidence, EC qtrly report on

Euro area, Earnings (STZ)

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