

**From:** Ike Groff <[REDACTED]>  
**Subject:** Early Tour 6.20.12  
**Date:** Wed, 20 Jun 2012 10:14:09 +0000

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Good Morning ... European Markets mixed (Italy +1.2%, Spain +0.84%) ... Nikkei +1.11%, HSI +0.53%, China -0.34%, KOSPI +0.65%

EUR 1.2704 (+0.15%)      JPY 78.94 (+0.02%)      AUD 1.0202 (+0.13%)      Copper -0.33%  
Silver +0.20%      US 10yr 1.626%

Futures: Dow +1, Nasdaq +5, S&P -0      DXY \$81.32 (-6c)      Crude \$83.86 (-17c)      Gold \$1618.00 (-\$5.20)

Europe markets mixed and spinning its wheels ahead of FOMC later today. Heading into today, it appears to be setting up as one of the more uncertain Fed meetings with both the street and the Fed board itself somewhat divided on what action to take (if any). Consensus seems to be that if they do anything (UBS thinks refrain from easing) they will extend operation twist (and possibly ZIRP), lower economic forecasts and note increased downside risks, reiterate that they will continue to monitor data and all options remain on the table, and in general strike a more dovish tone. An outright expansion of the balance sheet (QE3) via more MBS or long-term UST purchases is also a possibility (GS is calling for this) but it seems that a high bar has been set and the Fed will want to keep powder dry given the Eurozone uncertainty and looming fiscal cliff in the US (although it may get a little trickier from a political perspective the closer we get to the election). G20 summit is over and the final communique can be read here<<http://www.g20.utoronto.ca/2012/2012-0619-loscabos.pdf>>. There were also some press reports that an Italy proposal to allow the ESM to buy peripheral sovereign debt to lower borrowing costs is gaining some traction although Merkel remains non-committal. Spain 10yr yield -14bps to 6.91%. Greece coalition government expected to be officially announced late today or tomorrow morning between New Democracy, Pasok, and the Democratic Left (troika will send a team to Athens as soon as it is). Procter & Gamble issues a profit warning at the DB conference in Paris today (following Danone yesterday), causing further weakness in the broader consumer staples space. Flash PMI data out tonight and tomorrow morning for China, Europe, US. GS short basket outperformed by 110bps yesterday indicating some position squaring into the Fed. S&P futures flat after once again running into an "event" = 1350 last.

\*\*\*FOMC Rate Decision @ 12:30pm (Forecasts @ 2pm & Bernanke Press Conf @ 2:15pm)\*\*\*  
\*\*\*Day 2 of DB consumer conference in Paris / BBBY, MU, RHT report #'s after close\*\*\*

· Procter & Gamble says for April-June quarter organic sales growth in 2-3% range vs 4-5% prior

· Adobe beats but cuts top end of rev growth forecast (cites weak euro demand) (trading -4.0%)

· Jabil Circuit reports inline quarter but sees q4 eps/revs below estimates (trading -1.0%)

· Insight Venture Partners to offer \$25.75/share for Quest Software (up from prior offer of \$23/share)

· H&M Q2 beat across the board, Spring sales good, input cost pressures easing (trading +2.8%)

· Ryanair to make all share cash offer for Aer Lingus, €1.30/share (trading +0.60%)

· Technip awarded Boyle field contract from Marathon oil worth €300 million (trading +0.54%)

· Eutelsat to pay \$228 million for GE-23 satellite and orbiting rights from GE

capital (trading +3.2%)

- ITV: UK press speculation of PE bid of 150p or Pro7 bid between 130-150 (trading +3.2%)
- Kesa Electricals FY PBT/net debt inline with prior guidance, div cut expected (trading -8.1%)
- BOE voted 5-4 to maintain asset purchase target (first time King in the minority since Aug 2009)
- UK jobless claims +8,100 (forecast was for -4,000) (unemployment rate = 8.2% as expected)
- German PPI slows to a 23-month low in May (-0.3% m/m vs est -0.2%) (+2.1% y/y vs est +2.2%)
- German sells €4.0B 2yr notes (avg yield 0.10% vs 0.07% on May 23) (bid-to-cover 1.9 vs 1.7 prior)
- Italian industrial orders decreased -1.9% m/m in April (orders -12.3% in unadjusted y/y terms)
- Moody's to publish impact on Spain banks stemming from June's sovereign downgrade next week
- LCH lifts margin costs for trading most Spanish government bonds (effective on close June 21)
- El Economista says it is being considered to allow EU rescue funds to buy Spanish debt
- German lawmakers may pause summer break over Spain (10 week break begins Jun 29) (Bild)
- News Corp. offers to buy Consolidate Media for A\$2 billion in cash (13.6% premium to close)
- Japan trade deficit exceeds forecasts (first trade deficit with the EU) (exports to EU -0.9%, US +38.2%)
- China Securities Journal says China boosts lending (June new CNY loans to increase significantly)
- China president Hu Jintao will meet with Spanish deputy PM in Spain on way back from G20 today

Leading European Sectors: Basic Res +1.89%, Banks +1.27%, Insurance +1.04%

Lagging European Sectors: Food/Bev -1.49%, Healthcare -0.85%, Chemicals -0.55%

GNC \$300M buyback - FSII net forecast below - FCF \$50M buyback

AMAT names president - CIM cuts dividend - LZB misses on revs

FULT 5M shr buyback - RGP equity distribution - MTL profit falls but beats

O raises monthly div - AET wins Medicare contract TX - IDIX drug data

Notable Options Activity Yesterday:

HNR (\$5.53 +0.7%) customer bought 5500 July 5 puts for \$0.65.

GGB (\$8.88 +3.1%) volatility buyer purchased 6800 January 7.5 calls for \$1.75 and 15,500 January 7.5 puts for \$0.72.

MET (\$30.88 +5%) call buying throughout the day with the most actives being +10k August 33 calls and +2k of each of the July 31 and 32 calls.

Secondaries (announced/priced): SHO, GNMK, AFFX (convert)

IPO's: N/A

Key Research: William Blair initiates TIF (mp), Think initiates CTXS (hold), Sterne Agee downgrades ATHN

Key Research: Cantor initiates WFM/UNH/HUM (buy's) & AET/HNT/WLP (hold's), Raja downgrades EAT

Key Research: GS downgrades COP/COL (sell) & upgrades TSO, Barcap upgrades AMAT, Multiple brokers initiates EVAC

Key Research: Jeff downgrades APKT, Bernstein upgrades DTEGY, JMP downgrades ADBE, Bofa cuts SO & upgrades NVE

Key Research: UBS downgrades DANNOY & initiates AHS/CCRN/LPNT/ASGN/THC/UHS/VHS (neut's) an CYH/HMA (buy's)

Key Research: Nomura upgrades Honda Motor (7267 JP) (buy), Baird upgrades CHH, BMO upgrades CSCO

Key Research: Wells initiates APOL/CECO/DV/LRN (op's) and ESI/STRA/COCO (mp's), RBC downgrades KEX

Key Research: BB&T upgrades SMP (buy), Atlantic downgrades ADBE, Roth initiates NBIX (buy), JPM initiates HBAN (neut)

Reporting Pre-Open: ATU, GAGA, JKS, MTL

Reporting Post-Close: BBBY, MU, RHT, APOG, CLC, SCS, SONC

Economic Data: MBA Mortgage Applications @ 7am, FOMC Rate Decision @ 12:30pm

DOE oil inventories @ 10:30am

Conferences: MS China Industrials Summit (Beijing), Jefferies Global Consumer (Nantucket), Wells Health Care (Boston)

Conferences: DB Global Consumer (Paris), Citi Water & Renewables Investment (NYC), Bofa Utilities & Renewables (London)

Analyst/Investor Days: FRX, EQIX, HOT

Non-Deal Roadshows: ABT, ALEX, ALTE, ARLP, BPFH, CAVM, CCK, CJES, DHI, DRC, EE, ENS, FLR, GHM, GLUU, HIG, JWN, KTOS, LKQ, MCRS, MEOH, MGA, MRX, NBR, OIS, OZM, RYN, SA, SD, SLXP, SSW, STO, VZ, WES, XOMA, AET

Shareholder Meetings: ZIOP, ATHX, IACI, XRM, BLKB, DXPE, ECHO, KIOR, LAKE, NWY, SATC, TRAK, PFBI, ADUS, GNRG, ANX, DRRX, SUNH, ECTE, FSGI, QBAK, VRNM, CBMX, ONCY, NSR

Equity/Mixed Shelves: BPOP, HEB (\$150M), WY, CBI

Other Newspaper Articles & Stories

Barron's positive: [REDACTED]. Smucker (SJM)

Barron's< [REDACTED]>  
mod=BOL\_hpp\_highlight\_top>

. CFTC Moves to Brake High-Speed Traders  
WSJ< [REDACTED]>  
mod=ITP\_moneyandinvesting\_0>

. Associate of Bo Xilai's Wife Arrested  
WSJ< [REDACTED]>  
reflink=barrons\_redirect&mg=reno64-wsj>

. Three Parties Near Greek Coalition Deal  
WSJ< [REDACTED]>

. Hillary Clinton: Trade With Russia Is a Win-Win WSJ  
Opinion<[REDACTED]>  
mod=ITP\_opinion\_0>

. Investors Plow Equity Into Projects  
WSJ<[REDACTED]>  
mod=ITP\_moneyandinvesting\_0>

. Trying to Squeeze Life Out of 'Zombie' Funds  
WSJ<[REDACTED]>  
mod=ITP\_moneyandinvesting\_0>

. Martin Feldstein: The Fed Shouldn't Bother With More Easing Business  
Insider<[REDACTED]>

. Facebook Shifts Its Approach to Payments  
NYT<[REDACTED]>

. Rio commits extra \$4.2bn to iron ore projects The  
Australian<[REDACTED]>  
iron-ore-projects/story-e6frg9df-1226403139142>

. Hedge funds bet on big Bunds sell-off  
FT<[REDACTED]>

. G20 bid to cut cost of euro borrowing FT<[REDACTED]>  
11e1-84dc-00144feabdc0.html#axzzlyDZHmeWo>

. EU bank reforms FT Editorial<[REDACTED]>  
00144feabdc0.html#axzzlyDZHmeWo>

. EU foreign ministers discuss integration FT<[REDACTED]>  
ba23-11e1-84dc-00144feabdc0.html#axzzlyDZHmeWo>

. Germany urges no shift on Greece bailout FT<[REDACTED]>  
ba2f-11e1-84dc-00144feabdc0.html#axzzlyDZHmeWo>

. Contrarians buy into eurozone at their peril FT<[REDACTED]>  
ba2d-11e1-aa8d-00144feabdc0.html#axzzlyDZHmeWo>

. Spanish banks: banishing bancos' ghosts FT Lex<[REDACTED]>  
ba06-11e1-937b-00144feabdc0.html#axzzlyDZHmeWo>

. Italian companies focus on survival FT<[REDACTED]>  
11e1-8fbb-00144feabdc0.html#axzzlyDZHmeWo>

. G20 warns US over deficit amid fears it is the next crisis to hit  
Telegraph<<http://www.telegraph.co.uk/finance/g20-summit/9343110/G20-warns-US-over-deficit-amid-fears-it-is-the-next-crisis-to-hit.html>>

. The summit of delusion Telegraph<<http://www.telegraph.co.uk/comment/telegraph-view/9341613/The-summit-of-delusion.html>>

. Europe forced to fill gap as ECB 'refuses' to buy bonds  
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9342802/Debt-crisis-Europe-forced-to-fill-gap-as-ECB-refuses-to-buy-bonds.html>>

. LSE chief says regulation 'killing the equity markets'  
Telegraph<<http://www.telegraph.co.uk/finance/markets/9339975/LSE-chief-says-regulation-killing-the-equity-markets.html>>

. Eurozone leaders prepare for Greek negotiations over bailout terms  
Guardian<<http://www.guardian.co.uk/business/2012/jun/19/eurozone-leaders-greek-bailout-terms>>

· Eurozone crisis: Italy next in line for a bailout?  
Guardian<<http://www.guardian.co.uk/business/2012/jun/19/eurozone-crisis-italy>>

· Germans are now thinking the unthinkable on European integration  
Guardian<<http://www.guardian.co.uk/commentisfree/2012/jun/19/germans-european-integration-greek-elections>>

· One bailout may not be enough to rescue Spain The  
Times<<http://www.thetimes.co.uk/tto/business/economics/article3450744.ece>>

· Merkel poised to bring out the big bazooka to save euro The  
Times<<http://www.thetimes.co.uk/tto/news/politics/article3450815.ece>>

· Germans fear that now the party's over The  
Times<<http://www.thetimes.co.uk/tto/business/economics/article3450740.ece>>

· Europe will have to renegotiate Greek bailout, says official The  
Times<<http://www.thetimes.co.uk/tto/news/world/europe/article3450844.ece>>

· Market Report: \$10bn if Shell cracks it with Arctic drilling  
Independent<<http://www.independent.co.uk/news/business/sharewatch/market-report-10bn-if-shell-cracks-it-with-arctic-drilling-7866604.html>>

· Global solar demand in 2012 to grow by 20%, says NSP chairman  
DigiTimes<[REDACTED]>

#### Key Events This Week

Thursday: Eurozone FinMin meeting, Wyman-Berger audit of Spanish Banks due, Germany continues discussion on possible European Redemption Fund, Flash PMI's, Philadelphia Fed, Leading Indicators, Existing Home Sales, Earnings (CAG, KMX, ORCL)

Friday: Russell Rebalance, Earnings (DRI), Hollande/Merkel/Rajoy/Monti meeting in Rome, Sweden & Finland closed for Midsummer Holiday

#### Key Events on the Horizon

TBA (June) - Supreme Court ruling on Obama's Affordable Care Act

Week of June 25 - Moody's to publish impact on Spain banks stemming from June's sovereign downgrade

June 28/29 - EU leaders summit (growth measures & roadmap for fiscal union)

Ike Groff | 680 Washington Blvd | Stamford, CT 06901 | • (203) 302-7300 | •  
[REDACTED]<[mailto:\[REDACTED\]](mailto:[REDACTED])>

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