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Subject: Early Tour 6.14.12

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Good Morning ... European Markets off 50-150 bps (Greece +6.5%) ... Nikkei -0.22%, HSI -1.15%, China -0.99%, KOSPI +0.65%, ASX -0.53%

EUR 1.2560 (+0.02%) JPY 79.32 (+0.20%) NZD 0.7766 (+0.46%) CAD 1.0279 (+0.23%)
Copper -0.22% US 10yr 1.61%

Futures: Dow -8, Nasdaq -2, S&P -1 DXY \$82.22 (+16c) Crude \$82.53 (-10c) Gold \$1618.50 (-90c)

Spain cut 3 notches by Moody's to one level above junk with outlook still negative (Moody's also downgraded Cyprus). Spanish 10yr yield ticked up to 7.0% and currently 6.93% last (+91bps from Monday's post-bailout low). Spanish 5yr CDS +7bps to 606. ABC reports that Oliver Wyman & Roland Berger have set the capital needs for Spanish Banks at ~ €60-65 billion according to a draft report of the audit.

Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9330398/Debt-crisis-Germany-signals-shift-on-2.3-trillion-redemption-fund-for-Europe.html>> is running a story that Germany is warming up to the idea of a European redemption fund although not to expect any major progress at the EU summit in a few weeks. FT<<http://www.ft.com/intl/cms/s/0/a732fdbe-b553-11e1-ad93-00144feabdc0.html#axzzlxlkOdjjE9>> says France will submit a proposal for a financial stability package that would put the ECB in charge of bank supervision and allow ESM to recapitalize banks directly. Credit Suisse getting hit -8.0% after the SNB said they need a "marked increase" in capital this year to prepare for possible escalation of Eurozone risks (they also recommended UBS to boost capital = UBS trading -1.9%). In the US, S&P cash has traded in the 1310-1330 range for the last 5 days and seems to be in a holding pattern into the Greece elections this weekend and G20/FOMC next week. Volumes globally remain light (15-20% below 30day average). Italy sold max target €4.5 billion of 3-7-8 year bonds earlier (3yr average yield 5.3% vs 3.91% on May 14). European markets have been lower most of the morning and leaking in as periphery yields continue to rise. S&P futures have followed back to ~ unchanged on the session = 1308 last (overnight high 1315.50).

Current Account Balance / CPI / Jobless Claims @ 8:30am

Hollande & Monti meeting in Rome today

· Microsoft said to be in talks to acquire Yammer social network for businesses for ~ \$1B

· Matt Cain of the SF Giants throws a perfect game (22nd in league history, first for the franchise)

· Premiere League rights expensive = +40% inflation vs est +15% (BSY LN -8.1%, BT/A LN -2.8%)

· FT<<http://www.ft.com/intl/cms/s/0/fc93c0e8-b55f-11e1-ab92-00144feabdc0.html#axzzlxlkOdjjE9>> says BHP has trimmed medium-term commodity forecast (co. says no change since May)

· Kabel Deutschland FY inline, lighter div of €1.5/share, good guidance, elevated opex (trading -1.3%)

· Nokia warns again (devices & services), lowering op margin guidance, poor visibility (trading -10.9%)

· WH Smith Q3 IMS solid, high street better, strong balance sheet (trading +2.8%)

· Heidelberger Druck FY inline with prelims, broad outlook for 2012/13 (trading +0.40%)

- Unibail buys German real-estate assets worth Eur1.5bn via holding company (trading -0.11%)
- Mulberry (luxury handbags) FY prelims, PBT miss, notes challenging environment (trading -22.7%)
- Maurel & Prom says "not contacted by Shell re: takeover offer" says Reuters (trading -7.8%)
- Daimler trading -3.2% (rumors of a profit warning making the rounds in Frankfurt) (rumor only)
- Adidas trading -2.64% in sympathy with Nike weakness yesterday due to a cautious OTR note
- Royal Dutch Shell extends 220p/share bid for Cove Energy until 1pm London time on June 27
- SNB to enforce min rate of CHF 1.20 vs Euro with utmost determination (leaves rates unchanged)
- UBS lowers Spanish GDP forecast for 2013 from -0.6% to -1.3% (2012 unchanged at -1.6%)
- Greek unemployment rate 22.6% in Q1 vs 20.7% in Q4 (youth unemployment 52.7%)
- Credit Suisse lowers China GDP forecasts for 2012 (8.0% to 7.7%) & 2013 (8.2% to 7.9%)
- India's May inflation rate at +7.55% (median forecast +7.50%) (SENSEX trading -1.3%)
- New Zealand keeps rates on hold at 2.5% (signals rates may stay at record low for another year)

Leading European Sectors: Utilities +0.02%, Real Estate -0.10%, Food/Bev -0.11%
 Lagging European Sectors: Basic Resources -2.32%, Autos/Parts -2.25%, Tech -1.70%

BCR \$500M buyback, inc div - HOME inc buyback - TRIA pulls IPO
 UTX raises dividend - KFY sees eps below - CTRP \$300M buyback

Notable Options Activity Yesterday:

IMAX (21.07 -3.1%) rolling customer from yesterday continued rolling sold june 22 calls 16k at .30 closing to buy 16k july 25 calls for .49

FB (27.27 -.5%) custs were actively buying way out of the money puts in January 20k jan 22 puts for 2.35 and 25k jan 20 put up to 1.65

ITW (54.52 -1.7%) cust bot 5k sep 47.5 puts for 1.30 most likely closing the short side of sep 47.5/55 put spread that was purchased on 5/29 for 1.75

VGK (\$40.50 -1%) (Vanguard European Stock ETF) customer sold 10k July 41c and bot 10k July 31 puts, collecting \$0.70. Trade indicates near-term concern implying limited upside from here.

TSCO (\$84.07 -4.4%) customer bought 1750 July 80 puts and sold 3500 July 75 puts, paying a net price of \$0.10 for the package. The spread is profitable with stock between \$79.90 and \$70.10 at expiration, with maximum payout at \$75 so this investor sees more potential selling in a stock that was down 4.4% on Wednesday.

Secondaries (announced/priced): RGLD (convert), AEGR, DDD

IPO's (filed/priced): N/A

Key Research: Jeff cuts ADBE, Citi upgrades BBY, Sterne Agee initiates BPOP (neutral),
Key Research: Cantor initiates IMGN (hold), GS upgrades RF (buy), JMP downgrades HGSI,
Key Research: DB upgrades ATI/CEDC (buy's) & downgrades ABB, Raja downgrades SAPE,
Key Research: Lazard initiates TSLA (buy), Davenport upgrades UDR, RBC upgrades MOG/A,
Key Research: UBS downgrades BBVA (sell), BNP downgrades TSM, Wells initiates XNPT (op)

Reporting Pre-Open: KR, MDCI, NTSC, PIR, SCHS, SFD, WGO

Reporting Post-Close: CIDM, CPST, LAKE, SYUT

Economic Data: Current Account Balance / CPI / Jobless Claims @ 8:30am, Bloomberg Consumer Comfort @ 9:45am

EIA natural gas storage @ 10:30am, Treasury auctions in 30-yr bonds @ 1pm (\$13B)

Conferences: W Blair Growth Stock (Chicago), DB Global Industrials & Basic Materials (Chicago), GS Euro Financials (Brussels)

Conferences: Citi Euro Healthcare (London), JPM China (Beijing), Sidoti Microcap (NYC), CS Energy (London)

Analyst/Investor Days: CIT, CNC, APA, PGR, NCI, VFC

Non-Deal Roadshows: AVEO, BMC, CBT, CDNS, CIEN, CROX, CRZO, CSE, CY, DLLR, EGY, EW, HOT, ICON, IMRS, INSV, IPXL, JAZZ, KNXA, LABL, LTXC, MFI, MHL, NEE, PETS, PPG, PRGX, PVCT, QLT, R, RTN, SIVB, STO, TTX, VPHM, VRTU, PPS

Shareholder Meetings: ENG, DLP, ACIW, ICC, AOL, CTP, IRM, LCC, SLXP, SUMR, VNDA, ALIM, CHDN, DLTR, FCX, INAP, LMAT, LSE, MOV, OPK, SBGI, SCVL, TSYS, CBOE, CLVS, BCPC, CLR, CLWR, DSS, DUSA, GMO, REFR, SPRO, VC, KW, LNKD, MELI, NWPX, AETI, RCMT, MNOV, CYD, DATE, TBOW

Equity/Mixed Shelves: GNW, SPSC (\$100M), COT (\$300M), NCT, LO, CXPO (\$250M)

Other Newspaper Articles & Stories

WSJ cautious: Netflix (NFLX)

WSJ<<http://online.wsj.com/article/SB10001424052702303410404577464940518408950.html>>

· Armstrong to Face Doping Charges

WSJ<http://online.wsj.com/article/SB10001424052702303734204577464882123553256.html?mod=ITP_pageone_0>

· Large Institutions Discuss New Marketplace for Bonds

WSJ<http://online.wsj.com/article/SB10001424052702303410404577464580218513456.html?mod=ITP_moneyandinvesting_0>

· Web Video Companies Crank Up Lobbying

WSJ<http://online.wsj.com/article/SB10001424052702303410404577464871291061582.html?mod=ITP_marketplace_0>

· Greece's Rural Voters 'on a Tightrope'

WSJ<<http://online.wsj.com/article/SB10001424052702303444204577462662030045488.html>>

· Greek Bank Withdrawals Accelerate

WSJ<<http://online.wsj.com/article/SB10001424052702303822204577464783282542366.html>>

· Geithner Seeks More Euro-Zone Measures

WSJ<<http://online.wsj.com/article/SB10001424052702303734204577464993287673590.html>>

· German Central Bank Weighs Buying Australian Dollars

WSJ<<http://online.wsj.com/article/SB10001424052702303734204577465113835838688.html>>

· Manchester United Said to Consider Moving Stock Sale to U.S.
NYT<<http://dealbook.nytimes.com/2012/06/13/manchester-united-said-to-consider-moving-stock-sale-to-u-s/?ref=todayspaper>>

· Dollarama to introduce more products, but it will cost you Globe and Mail<<http://www.theglobeandmail.com/report-on-business/dollarama-to-introduce-more-products-but-it-will-cost-you/article4255044/>>

· Afghanistan mining wealth thwarted by delays The Australian<<http://www.theaustralian.com.au/business/wall-street-journal/afghanistan-mining-wealth-thwarted-by-delays/story-fnay3ubk-1226395155692>>

· France seeks eurozone stability package FT<<http://www.ft.com/cms/s/0/a732fdbe-b553-11e1-ad93-00144feabdc0.html#axzz1xSZU8EmA>>

· Greece's western ties strained by crisis FT<<http://www.ft.com/cms/s/0/122ac7f6-b562-11e1-ad93-00144feabdc0.html#axzz1xSZU8EmA>>

· Creditors stand firm on Greece bailout terms FT<<http://www.ft.com/cms/s/0/bf125696-b57b-11e1-b8d0-00144feabdc0.html#axzz1xSZU8EmA>>

· Europe: On to a smaller canvas FT<<http://www.ft.com/cms/s/0/belcd592-b46b-11e1-bb68-00144feabdc0.html#axzz1xSZU8EmA>>

· A proposal to end Europe's debt crisis FT Opinion<<http://www.ft.com/cms/s/0/b10257ea-b53f-11e1-ab92-00144feabdc0.html#axzz1xSZU8EmA>>

· Italy pays dearly to issue one-year debt FT<<http://www.ft.com/cms/s/0/6b4e293a-b53b-11e1-ab92-00144feabdc0.html#axzz1xSZU8EmA>>

· Spanish woes mount after credit rating sinks again The Times<<http://www.thetimes.co.uk/tto/business/economics/article3445431.ece>>

· Greece is as good as gone from euro, investment giant warns The Times<<http://www.thetimes.co.uk/tto/news/world/europe/article3445232.ece>>

· Rioting, hunger, IOUs: a vision of Drachmageddon The Times<<http://www.thetimes.co.uk/tto/news/world/europe/article3445270.ece>>

· Chancellor to split banks' high street and City arms Telegraph<<http://www.telegraph.co.uk/finance/9330253/Chancellor-to-split-banks-high-street-and-City-arms.html>>

· Moody's says Spain faces being cut to 'junk' within three months: full statement Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9330702/Moodys-says-Spain-faces-being-cut-to-junk-within-three-months-full-statement.html>>

· Germany signals shift on €2.3 trillion redemption fund for Europe Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9330398/Debt-crisis-Germany-signals-shift-on-2.3-trillion-redemption-fund-for-Europe.html>>

· BT makes shock grab for Premier League rights Telegraph<<http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/media/9330417/BT-makes-shock-grab-for-Premier-League-rights.html>>

· IMF approves €1.4bn Irish bail-out loan Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9330793/IMF-approves-1.4bn-Irish-bail-out-loan.html>>

· It's time for George Osborne to come up with a Plan C Independent<<http://www.independent.co.uk/news/business/comment/james-moore-its-time-for-george-osborne-to-come-up-with-a-plan-c-7845091.html>>

· UK bank shake up to cost £7bn Daily Mail<<http://www.dailymail.co.uk/money/saving/article-2159104/Banking-White-paper-Banking->

reforms-cost-7BN.html>

Genesis Photonics aims to cut costs of LED chips for lighting
DigiTimes<<http://www.digitimes.com/news/a20120613PD219.html>>

Key Events This Week

Friday: FTSE UK index series annual review & rebalance (new free float methodology) (£120B+ tracks FTSE UK indices), S&P 500/400/600 Quarterly Rebalance, Options Expiration, Empire Manufacturing, Industrial Production, Michigan Confidence

Sunday: Greek Elections & French Parliamentary elections (Round 2)

Key Events on the Horizon

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

June 17 - Greek presidential elections & French Parliamentary elections (Round 2)

June 18-21 - Oliver Wyman & Roland Berger audit of Spanish banking sector complete

June 18/19 - G20 leaders meet in Los Cabos, Mexico

June 20 - FOMC announcement (including individual economic and interest rate projections & Bernanke press conference)

June 22 - Russell Rebalance

June 28/29 - EU leaders summit

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