From: Ike Groff <[redacted]>
Subject: Early Tour 5.4.12
Date: Fri, 04 May 2012 10:22:20 +0000

Good Morning … European Markets off 40-90 bps (Spain +1.1%, Italy +0.06%) … Nikkei closed today (HSI -0.77%, China +0.49%, KOSPI -0.30%)

EUR 1.3128 (-0.19%)   JPY 80.22 (-0.04%)   AUD 1.0240 (-0.25%)   NZD 0.7972 (-0.30%)
Copper -0.03%   Silver -0.63%   US 10yr 1.929%

Futures: Dow -18, Nasdaq +2, S&P -1   DXY $79.30 (+9c)   Crude $101.14 (-$1.39)   Gold $1629.10 (-$5.70)

European markets getting hit into elections this weekend after service sector PMI's out this morning come in very weak across the board (Spain, Italy, France in particular). IMF's Lipton has said China is going to make a significant contribution to the IMF's fundraising, adding that he is satisfied with the country's efforts although they have still yet to specify an exact amount says the China Business News). In a brief statement on their website, the China Foreign Ministry says that Chen Guangcheng can apply to study abroad just like other Chinese citizens (it doesn't say his application would be accepted however). Clinton & Geithner wrap up their economic talks in China this morning and there will be a press conference shortly. UK local election results piling in and it looks like the Labour party has gained 450 seats while the only bright spot for the Conservatives is the likely re-election of Boris Johnson as the mayor of London later this evening. There will be local & municipal elections in Italy this weekend as well. But focus will be on the elections in France & Greece on Sunday. While it looks like Hollande is set to win in France despite his lead in the polls narrowing to 5%, Greece is more of as wildcard as opinion polls have not been published since April 20 b/c of local electoral laws. Will the 2 main parties (Pasok & New Democracy) be able to secure a majority? They need 300 seats between them in order to renew their coalition government.
WSJ<[redacted]
mg=reno64-sec-wsj> article suggests that up to 10 parties could win seats and that there is a high probability new elections will be needed by the fall (and all of this political turmoil puts the bailout package at risk). SX7E Index (Eurozone Banks) opened -1.6% this morning after making new YTD lows yesterday but has recovered and now +1.3% and trying to cling on. Miners getting hit hardest in Europe on good turnover with the SXPP Index thru its 200 day and currently -2.66%. Labor Report @ 8:30am will set the tone in the US. [redacted] futures holding ~ flat = 1384.70 last.

April Labor Report (Payroll Estimates: NFP +160 / PP +165k)
Sunday: French/Greek elections, BIS central bank meeting
Berkshire Hathaway annual meeting in Omaha this weekend
Denmark closed today for holiday (General Prayer Day)

· Facebook expects to hit a valuation of as much as $95.9 billion in its IPO (pricing on May 17)

· AIG posts $3.2B profit in q1 up more than twofold (outstanding US assistance down by 75%)

· First Solar restructuring led to $449M loss, announced replacement CEO & raised view

· Kraft beat ests as posted strong sales growth in Europe but margins fell due to high costs

· Baskin Robbins (Dunkin Brands) announces major expansion plans in the UK

· LinkedIn topped ests (sales > doubled) & agreed to buy SlideShare ($118M) (trading +11%)

· Richmont said arranging financing for an Avon Products bid to rival $10B bid from Coty Inc

· Spreadtrum (China mobile phone chipmaker) boosted forecast beating ests (trading +15%)

· Mohamed El-Erian writes a piece in the Washington Post: "The Fiscal Cliff Cometh" (link<[redacted]
fiscal-cliff/2012/05/03/gIQAx3F0zT_story.html>)

· BNP Q1 net better after Klepierre stake sale, positive progress in deleveraging, outlook ok (trading +0.46%)

· RBS Q1 Op profit small beat due to better than expected non-core losses, costs in line (trading +2.2%)

· Swiss Re Q1 strong, driven by [redacted] biz, great ROI, strong April renewals, targets confirmed (trading +1.5%)

· Alstom FY Op profit beats, net light, debt worse, positive FCF, sees sound level of orders (trading -1.7%)

· Rolls Royce Q1 trading statement in line with Feb guidance, reaffirms FY12 growth guidance (trading -0.35%)

· Lafarge Q1 revs inline, sees increasing cement demand, maintains growth outlook (trading +2.4%)

· Italicementi aquires 6.25% stake in West China Cement (trading +1.7%)

· Ciments Francais becomes partner off West China cement (trading -1.0%)

· Phoenix Group Q1 IMS inline, minimal release as with previous year (trading -2.7%)

· Air France Q1 weak - driven by poor cargo numbers, FY guidance confirmed (trading -0.48%)

· EasyJet April traffic numbers ahead, increased 8.6% (trading -0.67%)

· Saint-Gobain revs slight better, lighter Asian/Euro sales offset by US, confirms 2012 targets (trading +0.31%)

· Wacker Chemie Q1 EBITDA below, full year 2012 guidance confirmed with firming demand (trading -5.6%)

· Linde Q1 EBITDA below, full year 2012 guidance confirmed with firming demand (trading -1.3%)

· United Nations nuclear chief says he would not be surprised if North Korea carried out a nuclear test

Leading European Sectors: EMU Banks +1.3%, Telco +0.65%, Food/Bev +0.22%
Lagging European Sectors: Basic Resources -2.65%, Autos/Parts -1.92%, Tech -1.85%

CBOU cuts forecast - BEBE sees eps below - LF loss narrower
MHK strong sales growth - BAGL to explore merger/sale - NCMI #'s better
HEK sees revs above - CFN cuts top end forecast - CEC penny better
TQNT $50M buyback - TRMB guides eps higher - SAPE rev guidance light
SPWR losses continue - ROVI eps inline, revs miss - SD tops expectations
MOVE rev view touch light - QLGC forecast light - JCP names cfo
STZ $1.65B credit facility - DLB narrows forecast - SWN profit down 21%
MTW revenues light - UPS $5B buyback - LEN $525M credit facility
EGO eps/revs miss - WSO ($500M) credit agreement - LNT eps light

Notable Options Activity Yesterday:

FXA (AUD/$ etf) (102.63) opening cust bought 2800 june 100 puts for .65 most likely a short term hedge on chinese growth

TIE (14.79 +.8%) opening cust bought 4500 may 15 calls for .35 to sell 3500 may 14 puts at .20

SODA (31.07 -9.8%) with stock getting crushed on heels of GMCR earnings custs were actively buying may 35 calls paying up to 1.30 looking for a snapback in shares into earnings 5.9

Secondaries (announced/priced): TAL, MHR, NRF, SGYP

IPO's (filed/priced): PetroLogistics (PDH) 35M units priced at $17

Key Research: BMO initiates RHT (op) & downgrades HAS, W Blair upgrades DLB & downgrades BODY
Key Research: Capstone initiates FRAN (buy), Piper downgrades PVH/BODY, Jefferies downgrades DRWI,
Key Research: Dougherty downgrades CBOU, Key initiates HUN (buy), JPM upgrades WFM, KBW cuts KBW
Key Research: Barcap upgrades ALL/SBH & downgrades PRU, Baird upgrades AHS & downgrades GPRO
Key Research: Citi upgrades IRM (buy), DB downgrades MD, Raja upgrades REG/FDX (buy) & downgrades H
Key Research: Bofa upgrades SRE (buy) & SPRD, Dougherty downgrades GMCR, CRT upgrades ANR (buy)
Key Research: Stifel initiates ARBA (buy) & KNXA/MCRS/TDC (holds) & resumes CTXS/MSFT/ORCL/TIBX (buys)
Key Research: GS upgrades HNT (buy)

Reporting Pre-Open: AES, AON, DUK, EL, EXC, POM, PPL, SE, WCRX, WPO, ABR, ARCO, ARGN, BPL, BPO, CBRX, CCO, CHD, CNIT, COWN, ELT, FSS, ITT, JOUT, KOP, LNT, MASC, MFA, MINI, MSG, NVAX, NWN, PNM, SEP, SHEN, SIRO, TDS, TICC, USM, XLS, ZINC, CNTY

Reporting Post-Close: BRK.A, MRC, TPC

Economic Data: April Employment Report @ 8:30am

Fed Speakers: Williams @ 11:25 (Dana Point, CA)

Conferences: No major conferences.

Analyst/Investor Days: N/A

Non-Deal Roadshows: ALE, ARIA, DGI, GASS, GD, MCK, PH, RFMD, T

Shareholder Meetings: SGC, BEAT, RLJ, BWEN, CELL, GEO, NFX, AA, OII, VECO, APKT, AXAS, CW, HPY, MJN, R, STFC, MAR, ROG, AKRX, B, BDGE, BFS, ETR, TRNO, ARI, ARW, UNS, MCHX, MYL, OXY, VASC, CDNS, ITW

Equity/Mixed Shelfs: WAL ($400M), DUF ($500M), EBS ($180M), NBTB, IPI

Other Newspaper Articles & Stories

Barron's positive: General Motors (GM)
WSJ<[redacted]>
WSJ positive: France Telecom (FTE FP)
WSJ<[redacted]>

· New Ripples for Gupta Case

WSJ<[redacted]
mod=ITP_moneyandinvesting_0>

· Warning Signs Rise for Big Lenders in Asia
WSJ<[redacted]
mod=ITP_moneyandinvesting_0>

· Detroit's Welcome Sticker Shock WSJ Heard on the
Street<[redacted]
mod=ITP_moneyandinvesting_6>

· China Activist Now Wants Out
WSJ<[redacted]
mod=ITP_pageone_0>

· U.S. Chose Better Path to Recovery
NYT<[redacted]
recovery.html>

· Once Remote, Goldman Sachs Puts on a Friendly Public Face NYT
DealBook<[redacted]
public-face/>

· Draghi predicts 2012 eurozone recovery FT<[redacted]
11e1-8faf-00144feab49a.html>

· Draghi urges eurozone to focus on growth FT<[redacted]
9540-11e1-8faf-00144feab49a.html#axzz1tsX8REYN>

· Consider the small nations caught in the central bank crossfire FT:
Comment<[redacted]>

· Beware pitfalls of rule-makers pursuing their agendas
FT<[redacted]>

· Hollande warns supporters of task ahead FT<[redacted]
11e1-ad38-00144feab49a.html#axzz1tsX8REYN>

· Italians expected to deliver protest vote FT<[redacted]
953f-11e1-8faf-00144feab49a.html#axzz1tsX8REYN>

· Mandelson to call for referendum on EU FT<[redacted]
11e1-ad38-00144feab49a.html#axzz1tsX8REYN>

· Merkel seeks swift talks with Paris victor FT<[redacted]
953a-11e1-8faf-00144feab49a.html#axzz1tsX8REYN>

· Young Italians flock to become shepherds
Telegraph<http://www.telegraph.co.uk/finance/jobs/9244441/Young-Italians-flock-to-become-shepherds.html>

· RBS set to pay back last of £163bn loan from taxpayer
Telegraph<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9244389/RBS-set-to-pay-back-last-of-163bn-loan-from-taxpayer.html>

· King's 'revisionist' view of BoE role creates pressure for offical review
Telegraph<http://www.telegraph.co.uk/finance/economics/9244262/Sir-Mervyn-Kings-revisionist-view-of-BoE-role-in-financial-crisis-creates-pressure-for-offical-review.html>

· 'Zombies' kill off house price recovery
Times<http://www.thetimes.co.uk/tto/business/economics/article3404298.ece>

· The day investors bit back
Independent<http://www.independent.co.uk/news/business/news/the-day-investors-bit-back-7712357.html>

· 'Drugs cartels used HSBC to launder cash' Independent<http://www.independent.co.uk/news/business/news/drugs-cartels-used-hsbc-to-launder-cash-7712361.html>

· Spain must halt rail expansion, says expert Guardian<http://www.guardian.co.uk/world/2012/may/03/spain-halt-rail-expansion>

· Chinese food firm wolfs down Weetabix for £720m Guardian<http://www.guardian.co.uk/business/2012/may/03/chinese-food-firm-wolfs-down-weetabix>

· It's green growth or nothing Guardian<http://www.guardian.co.uk/commentisfree/2012/may/03/green-growth-nothing>

· European Central Bank leaves Spaniards tied into austerity measures Guardian<http://www.guardian.co.uk/world/2012/may/03/european-bank-spaniards-leaves-austerity>

· Android 4.0 tablet PCs to dominate in 3Q12 DigiTimes<[redacted]>

Key Events Next Week

Monday: Consumer Credit, DB Healthcare Conference (Boston), Jefferies Global TMT Conference (NYC), Earnings (CTSH, BSFT, SYY, TSN, EA, VNO)

Tuesday: NFIB Small Business Optimism, UBS Financial Services Conference (NYC), Bofa Global Tech Conference (SF), Wells Industrial and Construction Conference (NYC), Earnings (DISCA, FOSL, IFF, LINTA, TAP, THC, DIS)

Wednesday: MBA Mortgage Applications, Wholesale Inventories, [redacted]. Davidson Financial Services Conference (Seattle), Earnings (DF, TEVA, SODA, ATVI, CSCO, MNST, NWSA, PCLN)

Thursday: Treasury Monthly Budget Statement, Trade Balance, China CPI/PPI, Houlihan Lokey Global Industrials Conference (NYC), Earnings (AGO, KSS, WIN, CA, ESRX, NUAN)

Friday: PPI, U of Michigan Confidence, EU Commission publishes its spring economic forecast for 2012-13, Earnings (NVDA)

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