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Subject: Early Tour 4.20.12

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Good Morning ... European Markets up 20-100 bps (Spain +1.4%) ... Nikkei Closed -0.28% (HSI +0.07%, China +1.19%, KOSPI -1.26%)

EUR 1.3169 (+0.24%) JPY 81.74 (-0.17%) EUR/JPY cross 107.63 (+0.39%) GBP 1.6093 (+0.25%)
Copper +0.51% US 10yr 1.98%

Futures: Dow +60, Nasdaq +12, S&P +6 DXY \$79.41 (-15c) Crude \$102.84 (+57c) Gold \$1643.50 (+\$2.10)

Asia mixed overnight with China higher on hopes of continued easing and Taiwan lower as Apple suppliers get hit following a local broker report highlighting a possible reduction in orders as the company moves to new technology. Apple is due to report on Tuesday next week, which will keep the Asian supply chain in focus. FOMC statement Wed & Bernanke press conference afterwards will also be closely watched next week. European markets choppy most of the morning in calm trading but have turned higher now. Spanish 10yr ticked above 6.0% briefly and now back to 5.93%. German IFO business climate index slightly better at 109.9 vs estimate 109.5. IMF/G20 FinMin meeting in Washington today where they continue to haggle over IMF funding and influence. China & Brazil indicate that they are not ready to set a figure on IMF contributions and Reuters<<http://www.reuters.com/article/2012/04/20/us-imf-idUSBRE83I19X20120420>> suggests they want to be assured they will play a bigger role before chipping in. Meanwhile, Canadian FinMin Jim Flaherty wants to propose that non-European countries should have a collective veto when European countries ask for aid. A G20 draft statement states that "significant downside risks still persist" and that "stress has increased as of late." Round 1 of the French election on Sunday and polls show Hollande with a slight 28%-25% edge over Sarkozy (Round 2 polls for May 6 run-off still have Hollande winning by a more comfortable margin of 57%-43%). BofA positive on the Euro banks as a contrarian value play and upgrades BNP (+4.7%) & SocGen (+5.3%) suggesting that election and sovereign risks are priced in at these levels for the French banks. Volumes elevated due to options expiration. S&P futures +6 handles and back above 50 dma = 1378.70 last.

GE, MCD, HON, KMB, SLB reporting pre-open

· Microsoft beats estimates driven by Windows and Office software (Xbox weak) (trading +3.0%)

· Qatar sovereign wealth fund owns a 5.2% stake in Tiffany (crossed 5% on Dec 30) (FT<<http://www.ft.com/intl/cms/s/0/a9255eb8-8a39-11e1-a0c8-00144feab49a.html#axzz1sBbs9roz>>)

· Chipolte beats ests as US sss +12.7% (traffic & price good, margins better) (trading +0.50%)

· Altera reports and guides below expectations (citi downgrades buy to neutral) (trading ~ unch)

· Capital One beats ests as credit-card rewards programs fueled customer spending (trading +1.9%)

· Advanced Micro Devices sales forecast beats estimates as supply chain recovers (trading +1.7%)

· SanDisk sees continued Q2 weakness (Q1 light on lower pricing and demand) (trading -13.8%)

· Expeditors cuts forecast (guides Q1 eps 35c-37c vs estimate 43c) (customers shipping at lower vols)

- Lubrizol CEO plans to increase revs by ~ 60% as he sets goals under new Berkshire ownership
- Ziggo (Dutch cable provider) Q1 ok, rising sales, confirms guidance, positive commentary (trading -1.7%)
- Nestle Q1 better across board, outlook confirmed, raw material headwinds, 2012 maintained (trading -0.5%)
- Schneider Electric Q1 inline, Europe & Asia weak, reiterates guidance (trading -0.15%)
- Wartsila Q1 mixed, orders inline, sales and EBIT miss, confirms FY sales outlook (trading +1.9%)
- Supergroup lowers FY12 pretax guidance by 17% due to "arithmetic errors" (trading -38%)
- Ingenico Q1 #'s look good, confirms guidance and reiterates FY targets (trading +1.1%)
- William Hill Q1 sales good, strong revenues maintains guidance, confident outlook (trading +3.1%)
- Suez Q1 inline, negative on waste disposal volumes, maintains FY targets (trading +1.2%)
- IMI Q1 IMS good, nothing new, positive start to year, eyeing potential acquisitions (trading +1.6%)
- PostNL CEO resigns over personal issues, not business driven but market won't like (trading -3.7%)
- Deadline for Vodafone to make offer or walk away from Cable & Wireless extended to noon on Apr 23
- DB denies that it is considering selling shares to raise capital after the WSJ report out yesterday
- UniCredit plans to keep its Italian government bond holdings at the current levels of around €38 billion
- Inmarsat & LightSquared reach pact (LightSquared has made payment to Inmarsat of \$56.25M)
- UK March retail sales rise 1.8% vs median forecast +0.5% on warm weather and fuel panic buying
- Posco Q1 profit falls 42% because of rising raw material costs and waning steel demand
- Traffic thru Suez canal (key cargo transport route) has nosedived in recent weeks/months (Reuters<<http://alphanow.thomsonreuters.com/2012/04/chart-of-the-week-global-trade-set-for-a-downturn/>>)
- Foxconn closes -3.8% to 6-month low after Nokia posted loss yesterday (24% of revenues from Nokia)
- China Mobile posts a 3.5% gain in Q1 profit that misses estimates on costs to add new users
- Woolworths (WOW AU) grocery sales stall as produce prices drop almost 20% (closed +0.12%)

Leading European Sectors: EMU Banks +2.97%, Insurance +1.65%, Basic Res +1.03%

Lagging European Sectors: Tech -0.72%, Oil & Gas -0.52%, Media -0.12%

HUBG record earnings - RCKY eps better - IBKR net drops
LSCC margin views below ests - CHE #'s mixed - CB tops ests
HBI loss narrower - RVBD outlook misses - ETFC swings to profit
EFII earnings better - MCO elects chairman - EXTR cuts forecast
TPX weak outlook - FSL ceo to retire - GDI lowers eps outlook
EXPD lowers guidance - SLB penny better - IDXX raises eps view

Notable Options Activity Yesterday:

APOL (\$35.23 -1.9%) increased put volume in following the news of an SEC inquiry into insider stock transactions. 5400 April \$35 puts, 1500 of the \$34 and \$33 puts that expire next week and 1600 May \$34 puts all changed hands. Put volume was 4x average daily volume.

DHI (\$14.60 -1.7%) a volatility buyer paid \$0.66 for 7500 May 15 calls tied to \$14.71 stock delta neutral.

Secondaries (announced/priced): PKT, HCCI, CIDM

IPO's (filed/priced): Infoblox (BLOX) 7.5M shares priced @ \$16, Proofpoint (PFPT) 6.3M shares priced @ \$13

Key Research: Citi downgrades ALTR/ABFS, Imperial initiates NM, Wells downgrades FHN/CHK, DB downgrades SNDK

Key Research: Piper initiates PRX/QCOR (ow's) and SGNT (neut), Brean Murray upgrades NJR (buy), Davenport initiates LL (neut)

Key Research: Evercore upgrades NOK, Stifel initiates AYI (hold), Wunderlich upgrades XXIA (buy) & downgrades IBKC

Key Research: GS downgrades LL & upgrades WR, UBS initiates SAM (neut) & assumes OKS (neut), CLSA upgrades DO

Key Research: Bofa upgrades Wynn Macau (1128 hk)/GLE FP (buy) and BNP FP, Maxim initiates EXEL (buy), FIG downgrades FHN

Key Research: JPM upgrades BRO & downgrades MMC, JMP initiates SYNM (mp), Barcap re-initiates PAA/ETE (ow's)

Reporting Pre-Open: AEP, GE, HON, IR, JCI, KMB, MCD, SLB, ACU, AOS, BPOP, CP CN, IDXX, LBAI, MAN, NPBC, ORB, RCL, SR, SXT, UA

Economic Data: No major releases

Conferences: No major conferences

Analyst/Investor Days: N/A

Non-Deal Roadshows: AEO, AFCE, ENZ, HNZ, NNN, RY, TTC

Shareholder Meetings: ASIA, DHX, LHO, AEA, PGR, K, GGG

Equity/Mixed Shelves: VGZ (\$200M), KIM

Other Newspaper Articles & Stories

Barron's positive: Range Resources (RRC) & KBR (KBR)

Barron's<http://online.barrons.com/article/SB50001424053111903835404577354203438713984.html?mod=BOL_hpp_highlight_top>

Ford Bets \$5 Billion on Made in China

WSJ<http://online.wsj.com/article/SB10001424052702303425504577353031028357826.html?mod=ITP_marketplace_0>

. U.S. Manufacturing, Defying Naysayers
WSJ<http://online.wsj.com/article/SB10001424052702304331204577354110694619358.html?mod=ITP_marketplace_0>

. EU Clears Sony's \$2.2 Billion Acquisition of EMI
WSJ<<http://online.wsj.com/article/SB10001424052702303513404577353842452856970.html>>

. Bill Ackman Riles Canadians
WSJ<http://online.wsj.com/article/SB10001424052702304299304577347831092522236.html?mod=ITP_marketplace_0>

. Irish Gear up for EU Compact Vote
WSJ<<http://online.wsj.com/article/SB10001424052702303513404577353260450247988.html>>

. Europe's Elections Question
WSJ<<http://online.wsj.com/article/SB10001424052702304331204577354090788109870.html>>

. Verizon's Answer to iPhone: Windows
WSJ<http://online.wsj.com/article/SB10001424052702303513404577353531322385366.html?mod=ITP_marketplace_2>

. Deutsche Bank: Sell Stock, or Not?
WSJ<http://online.wsj.com/article/SB10001424052702303513404577353751248221854.html?mod=ITP_moneyandinvesting_0>

. Threat of Credit Downgrade Persists for Morgan Stanley
NYT<<http://dealbook.nytimes.com/2012/04/19/profit-at-morgan-stanley-climbs-27-to-1-4-billion/?ref=todayspaper>>

. Investor to Oppose Goldman Director
NYT<<http://dealbook.nytimes.com/2012/04/19/investor-to-oppose-goldman-director/?ref=todayspaper>>

. Rogers, BCE set to divvy up MLSE broadcast spoils Globe and Mail<<http://www.theglobeandmail.com/globe-investor/rogers-bce-set-to-divvy-up-mlse-broadcast-spoils/article2408175/>>

. How an Election in Greece Could Cause Europe to Crumble The New Republic<<http://www.tnr.com/article/world/102781/greece-parliamentary-election-european-union-eurozone>>

. Spain needs a new deal for its regions FT<<http://www.ft.com/cms/s/0/6f81cbd8-894e-11e1-bed0-00144feab49a.html#axzz1sSqlyZ1Z>>

. A transatlantic tale of paralysis FT<<http://www.ft.com/cms/s/0/cc6db4ac-894d-11e1-bed0-00144feab49a.html#axzz1sSqlyZ1Z>>

. IMF expects \$400bn boost in firepower FT<<http://www.ft.com/cms/s/0/f9d42a96-8a35-11e1-93c9-00144feab49a.html#axzz1sSqlyZ1Z>>

. Germany: the miraculous machine FT<<http://www.ft.com/cms/s/0/df3976a-8a08-11e1-87f0-00144feab49a.html#axzz1sSqlyZ1Z>>

. Draghi's remedy must not become a panacea FT<<http://www.ft.com/cms/s/0/3fd26bb4-8588-11e1-90cd-00144feab49a.html#axzz1sSqlyZ1Z>>

. Dilemma for centrist who could be kingmaker FT<<http://www.ft.com/cms/s/0/a3a6bcae-8a3c-11e1-93c9-00144feab49a.html#axzz1sSqlyZ1Z>>

. Hedge fund assets swell to new high FT<<http://www.ft.com/cms/s/0/0211d0b6-8a3e-11e1-a0c8-00144feab49a.html#axzz1sSqlyZ1Z>>

. Wealth management: for and against FT<<http://www.ft.com/cms/s/3/aa426384-8a45-11e1-a0c8-00144feab49a.html#axzz1sSqlyZ1Z>>

· Some Tolstoyan advice for the UK on debt FT<<http://www.ft.com/cms/s/0/8d71907c-88b5-11e1-a526-00144feab49a.html#axzz1sSqlyZ1Z>>

· No avoiding credit squeeze as Europe's banks shrink
Reuters<<http://www.reuters.com/article/2012/04/19/banks-europe-shrinking-idUSL6E8FJ3VK20120419>>

· Defence stocks fail to fly despite clearer skies
Telegraph<<http://www.telegraph.co.uk/finance/markets/marketreport/9212543/Defence-stocks-fail-to-fly-despite-clearer-skies.html>>

· German tempers boil over back-door euro rescues
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9215232/German-tempers-boil-over-back-door-euro-rescues.html>>

· Banks' desire to play safety first threatens new disaster
Times<<http://www.thetimes.co.uk/tto/business/economics/article3388556.ece>>

· Chancellor reluctant as IMF passes hat around
Times<<http://www.thetimes.co.uk/tto/business/industries/banking/article3389784.ece>>

· German 'hypocrisy' over Greek military spending has critics up in arms
Guardian<<http://www.guardian.co.uk/world/2012/apr/19/greece-military-spending-debt-crisis>>

· OFT halves BA's record fine for price-fixing
Independent<<http://www.independent.co.uk/news/business/news/oft-halves-bas-record-fine-for-pricefixing-7661702.html>>

· Apple next-generation iPhone likely to adopt in-cell touch panels, say sources
DigiTimes<<http://www.digitimes.com/news/a20120419PD217.html>>

Key Events Next Week

Monday: Earnings (CHKP, COP, HAS, STI, NFLX, ZION, TXN)

Tuesday: GOP Primaries (CT, Rhode Island, Delaware, NY & PA), S&P/CaseShiller Home Price Index, Richmond Fed Manufacturing Index, Barcap Retail and Restaurant Conference (NYC), Earnings (ALXN, APD, BHI, COH, HSY, MMM, R, T, WU, X, AAPL, BIDU, JNPR)

Wednesday: FOMC Rate decision (Bernanke press conference after), NZ cash rate, Earnings (BA, CAT, GLW, GD, DPS, HST, LO, S, SAP GR, CTXS)

Thursday: Chicago Fed Nat Activity Index, Pending Home Sales, Kansas City Manufacturing, Japan CPI & IP, Earnings (BMY, CCE, CL, DOW, HOT, K, LMT, SWY, UPS, WM, AMZN, SBUX, ZNGA)

Friday: GDP, U of Michigan Confidence, Employment Cost Index, BoJ meets to discuss additional asset purchases, Earnings (CVX, COV, NEM, VFC, PG)

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