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**Subject:** Early Tour 4.18.12

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Good Morning ... European Markets off 15-115 bps (Spain -2.48%, Italy -1.69%) ... Nikkei Closed +2.14% (HSI +1.06%, China +1.96%, KOSPI +0.97%)

EUR 1.3087 (-0.30%)    JPY 81.44 (-0.74%)    GBP 1.5978 (+0.34%)    AUD 1.0379 (-0.11%)  
Copper +0.08%    Silver +0.02%

Futures: Dow -9, Nasdaq -1, S&P -1    DXY \$79.75 (+27c)    Crude \$104.12 (-8c)    Gold \$1647.70 (-\$3.40)

Asia followed US & Europe higher with Japan (+2.14%) outperforming the region following comments from the BOJ that it is "committed to implementing additional easing measures, if deemed necessary." SHCOMP (+1.97%) opened higher with the region and then posted a sharp rally mid-morning with the move being attributed to comments from a government economist that said he expects economic growth to accelerate in the second half. In Europe, Portugal's PM writes a piece in the FT<<http://www.ft.com/intl/cms/s/0/c27660d4-87e0-11e1-blea-00144feab49a.html#axzz1sBbs9roz>> today in which he states that he is confident in the reforms that have been put in place as well as Portugal's ability to return to the financial markets in 2013 (but then acknowledges in the next sentence that there are no guarantees). Italy's Mario Monti holds a cabinet meeting today on economic targets and is expected to cut growth forecasts for 2012 according to the Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9210015/Italian-PM-Mario-Monti-to-cut-economic-growth-forecasts-for-2012.html>>. Round 1 of the French elections this Sunday and unless a candidate garners > 50% of the vote (unlikely with 5 main candidates), the 2 front-runners will go onto Round 2 on May 6. Right now the latest polls from CSA have Hollande leading Sarkozy 29% to 24% in Round 1 (had been tied a few days ago) and ultimately winning the Round 2 run-off in a more convincing fashion 58% to 42%. Hollande is out saying today that if elected he will renegotiate the EU budget compact and that he will not accept austerity as rule for countries (he has said this before so nothing new). Data out today shows Spain's NPL ratio rose to 8.16% in Feb from 7.91% in Jan = highest level since 1994. Spain 10yr yield -11bps to 5.78% but IBEX -2.48% and they will be selling 2yr & 10yr debt tomorrow (Bill Gross noted yesterday on CNBC that you can't trust Spanish bond auctions b/c it is an "artificially controlled market.") Corporate earnings remain in focus both in Europe & the US. S&P futures holding ~ flat.

\*\*\*Mortgage Apps @ 7am, BK & BLK report pre-open\*\*\*

\*\*\*AXP, EBAY, FFIV, LRCX, MAR, QCOM, YUM #'s after close\*\*\*

\*\*\*IMF Global Financial Stability Report released today\*\*\*

· IBM eps beat and raised 2012 forecasts as net income +7.1% but revs trailed ests (trading -1.5%)

· Intel net off 13% on higher expenses but beat (sliding revs in all three major segments) (trading -3%)

· Yahoo earnings & sales beat (\$1.08B vs \$1.06B ests) as online ad market expanded (trading +3%)

· SXC to buy Catalyst in deal for ~\$4.4B implied \$81.02/shr = 28% premium based on April 17th close)

· Couche-Tard (ATD/B CN) offers to buy Statoil Fuel & Retail for \$2.8 billion (deal closes in June)

· Pfizer close to selling infant-nutrition unit to Nestle for at least \$9 billion according to the

WSJ<<http://professional.wsj.com/article/SB10001424052702304299304577350151957732924.html?>

mg=reno64-sec-wsj>

- Cree Q3 net off 50% on higher costs & top line miss - also q4 eps forecast weak (trading -8.5%)
- CSX Corp eps beats highest ests (43c vs 41c) as intermodal vols rose & pricing improved (trading)
- Intuitive Surgical profit +38% (\$3.50 vs \$3.14 ests) on strong revs from da Vinci systems (trading)
- Seagate Technology Q3 net soars on higher hard drive demand & boost June qtr gross margin view
- LVMH Q1 strong, accelerating demand, watches/jewellery outperform, cautious on Europe (trading -1%)
- Tesco FY inline (following Jan guidance) to invest £1bn in the UK, focus on internet growth (trading +0.6%)
- Casino (yesterday) Q1 in line, good emerging mkt growth, confirms FY targets (trading -1.4%)
- ASML Q1 slight beat, Q2 guidance looks inline, outlook unchanged (trading -3.8%)
- BHP Billiton Q3 iron-ore production rose 14% to 37.9 million metric tons (inline) (trading +1.8%)
- Heineken Q1 sales good, strong organic rev growth, confirms FY outlook (trading +3%)
- Accor (yesterday) Q1 better, demand for economy rooms strong, improving ARPU (trading +0.15%)
- Syngenta Q1 lower end driven by strong FX headwinds, outlook confirmed (trading -3%)
- Yara seeks authorization to buy back up to 5% of its outstanding shares (trading -0.3%)
- Sweden's Riksbank leaves key rate unchanged at 1.50% (as expected) as recession risks ease
- Wynn Macau closed +5.2% on chatter that government is close to giving thumbs up for Wynn Cotai
- China home prices fall in a record 37 of 70 cities tracked by the government in March
- UBS & JPM strategists upgrade Australian mining stocks on signs of improving China growth
- Australia's Westpac leading economic indicator advanced in February (+0.2% m/m to 284.2)
- Westfield (AU biggest shopping center operator) sells 8 US malls for \$1.15B to Starwood Capital

Leading European Sectors: Basic Res +0.94%, Food/Bev +0.41%, Healthcare +0.35%

Lagging European Sectors: EMU Banks -1.87%, Construction -1.74%, Utilities -1.17%

ABT phase 3 results - SYK eps meets, revs top - URI solid qtr  
FAF \$600M credit facility - EWBC lifts FY12 view - LLTC net falls  
IN cuts forecast - HBAN eps better - THQI guides higher  
MONY LN #'s ok - GKN LN reports better - IPF LN looks inline

Notable Options Activity Yesterday:

XLP (consumer staples) (34.11 +1%) very active call buying today across months 25k may 35 calls for .12, 10k june 35 calls for .22, 25k jan13 37 calls for .23 and 10k jan14 37 calls for .89 (PG, KO, PM, WMT ~43% of etf)

TIE (14.27 +1.9%) opening cust bought 2500 may 16 calls for .10 taking a shot into earnings on 5.4 but TIE has also been consummate mention in takeover rumor mill

M (40.18 +.4%) opening cust bought 5000 may 36/40 put spreads for .95 earnings 5.11

SFLY (30.19 +3.5%) opening cust bought 2000 may 25/30 put spreads for 1.75 earnings 4.27

CREE (\$31.90 +3.2%) customer bought 5,000 April 30-28 put spreads for \$0.52. Traded in smaller pieces as the stock was trading around \$32.00.

IILMN (\$44.00 -2.2%) customer bought 2,000 April 55 calls and bought the May \$46-\$50 1x2 call spread 2000x4000, paying \$0.40 for the package. The 1x2 looks for a deal in the \$46 to \$54 range.

Secondaries (announced/priced): FRAN, BEE, TNP, WNC (convert), TIBX (convert)

IPO's (filed/priced): SandRidge Mississippian Trust II (SDR) 26M shares priced @ \$21

Key Research: Bofa downgrades TEO, Bofa initiates WLT (buy) & reinstates ANR/BTU (buys) / ACI/CNX (up's), JPM downgrades DNB

Key Research: Citi upgrades BN FP/ING (buy's), Key initiates WIRE (hold), Piper initiates CBE/AYI (ow's)

Key Research: Baird upgrades MCEP & initiates FMS (neut), Wunderlich downgrades FSLR (sell), DB upgrades CHRW/SEMG (buys)

Key Research: GS resumes ETP (neut), SocGen adds BN FP to Premium List, BMO downgrades CMA

Key Research: Jefferies upgrades CNOOC (883 HK), Stifel initiates BX (buy), Nomura upgrades GPN (buy)

Reporting Pre-Open: ABT, APH, BK, BLK, DGX, HAL, HBAN, PNC, STJ, TXT, ASML, BLX, CTBI, FCFS, FRC, JAKK, MEG, MIICF, NYB, PII, PJC, SYBT, SYT, VCBI, WNS

Reporting Post-Close: AXP, EBAY, FFIV, LRCX, MAR, NE, QCOM, SLM, SWK, YUM, AF, ALB, BAS, BRKL, CBST, CCK, CLB, CNS, CVA, CVBF, CYS, EXPO, HNI, IBKC, KMP, LHO, MCRI, MLNX, PCBK, PLXS, PTP, RLI, SCSS, UFPI, UMPQ, VMW, WERN, WTEC

Economic Data: MBA Mortgage Applications @ 7am

Conferences: No major conferences

Analyst/Investor Days: ERF

Non-Deal Roadshows: ABAX, ALOG, AXU, CASC, CGI, COO, CPST, CRZO, DSW, GERN, HR, JE, LTC, MHR, NSSC, OPTR, QEP, SAAS, SBAC, SMSC, TTC, WAG

Shareholder Meetings: GNC, ZZ, EQT, AGRO, BCR, KCLI, ROMA, CBSH, NWBI, SON, STLY, ELSE, FORM, CRIC

Equity/Mixed Shelves: N/A

Other Newspaper Articles & Stories

Barron's positive: Targacept (TRGT)

Barron's<<http://online.barrons.com/article/SB50001424053111903835404577350180572736636.html>>

WSJ positive: Apple (AAPL)

WSJ<<http://online.wsj.com/article/SB10001424052702304818404577350011011687888.html>>

mod=ITP\_moneyandinvesting\_7>

WSJ cautious: Goldman Sachs (GS)

WSJ<[http://online.wsj.com/article/SB10001424052702304818404577349890915879050.html?](http://online.wsj.com/article/SB10001424052702304818404577349890915879050.html?mod=ITP_moneyandinvesting_7v)

mod=ITP\_moneyandinvesting\_7v>

· Buffett to Stay at Berkshire Helm Amid Cancer Fight

WSJ<[http://online.wsj.com/article/SB10001424052702304299304577350252824021744.html?](http://online.wsj.com/article/SB10001424052702304299304577350252824021744.html?mod=ITP_moneyandinvesting_0)

mod=ITP\_moneyandinvesting\_0>

· Explosion at Big Supplier of Resin for Automotive Parts Haunts Industry

WSJ<[http://online.wsj.com/article/SB10001424052702304432704577349883297625686.html?](http://online.wsj.com/article/SB10001424052702304432704577349883297625686.html?mod=ITP_marketplace_0)

mod=ITP\_marketplace\_0>

· Hedge Funds Use Donations to Boost Clout

WSJ<[http://online.wsj.com/article/SB10001424052702304432704577350314102280568.html?](http://online.wsj.com/article/SB10001424052702304432704577350314102280568.html?mod=ITP_newyork_0)

mod=ITP\_newyork\_0>

· First Solar Laying Off 30% of Workers, Slashing Production Amid Supply Glut

WSJ<[http://online.wsj.com/article/SB10001424052702304432704577349560013849248.html?](http://online.wsj.com/article/SB10001424052702304432704577349560013849248.html?mod=ITP_marketplace_1)

mod=ITP\_marketplace\_1>

· London Goes After Trading in Yuan

WSJ<[http://online.wsj.com/article/SB10001424052702304299304577350130446513396.html?](http://online.wsj.com/article/SB10001424052702304299304577350130446513396.html?mod=WSJ_World_LEFTSecondNews)

mod=WSJ\_World\_LEFTSecondNews>

· IMF Sees Hungarian, Czech Economies in Stagnation, Poland to Keep Growing

WSJ<<http://blogs.wsj.com/emergingeuropa/2012/04/17/imf-sees-hungarian-czech-economies-in-stagnation-poland-to-keep-growing/?mod=WSJBlog&mod=emergingeuropa>>

· Surprisingly Steady Euro Keeps Investors Guessing

WSJ<<http://online.wsj.com/article/SB10001424052702304299304577349543357523900.html>>

· Regulators to Ease a Rule on Derivatives Dealers

NYT<<http://dealbook.nytimes.com/2012/04/17/regulators-to-ease-a-rule-on-derivatives-dealers/>>

· Carriers Warn of Crisis in Mobile Spectrum

NYT<<http://www.nytimes.com/2012/04/18/technology/mobile-carriers-warn-of-spectrum-crisis-others-see-hyperbole.html>>

· Speedy economic recovery has Carney hinting of a rate rise Globe and

Mail<<http://www.theglobeandmail.com/report-on-business/economy/interest-rates/speedy-economic-recovery-has-carney-hinting-of-a-rate-rise/article2404851/>>

· Italy unlikely to balance budget by 2013 FT<[http://www.ft.com/cms/s/0/bfd00daa-](http://www.ft.com/cms/s/0/bfd00daa-88b0-11e1-9b8d-00144feab49a.html#axzz1sBBXUDwK)

88b0-11e1-9b8d-00144feab49a.html#axzz1sBBXUDwK>

· Why the eurozone may yet survive FT<[http://www.ft.com/cms/s/0/782965e6-87b1-11e1-](http://www.ft.com/cms/s/0/782965e6-87b1-11e1-ade2-00144feab49a.html#axzz1sBBXUDwK)

ade2-00144feab49a.html#axzz1sBBXUDwK>

· Argentina strikes at bad time for Rajoy FT<[http://www.ft.com/cms/s/0/236e8f4a-889c-](http://www.ft.com/cms/s/0/236e8f4a-889c-11e1-a727-00144feab49a.html#axzz1sBBXUDwK)

11e1-a727-00144feab49a.html#axzz1sBBXUDwK>

· Spain weighs financing options FT<[http://www.ft.com/cms/s/0/8bdca778-889d-11e1-](http://www.ft.com/cms/s/0/8bdca778-889d-11e1-a727-00144feab49a.html#axzz1sBBXUDwK)

a727-00144feab49a.html#axzz1sBBXUDwK>

· IMF urges eurozone to bolster banks FT<[http://www.ft.com/cms/s/0/cfcd6290-8859-](http://www.ft.com/cms/s/0/cfcd6290-8859-11e1-a727-00144feab49a.html#axzz1sBBXUDwK)

11e1-a727-00144feab49a.html#axzz1sBBXUDwK>

· Hedge funds feel pinch from new banking rules

FT<<http://www.ft.com/cms/s/0/8ff2dcce-8898-11e1-a526-00144feab49a.html#axzz1sBBXUDwK>>

· Beware of Franklin's Gambit in making decisions

FT<<http://www.ft.com/cms/s/0/f442alcc-87e0-11e1-blea-00144feab49a.html#axzz1sBBXUDwK>>

· Canadian approached for top BoE job FT<<http://www.ft.com/cms/s/0/1d085e5a-88a7-11e1-9b8d-00144feab49a.html#axzz1sBBXUDwK>>

· Hague welcomes China probe into businessman's death FT<<http://www.ft.com/cms/s/0/56f70176-8888-11e1-a727-00144feab49a.html#axzz1sBBXUDwK>>

· Disorderly debt default could rip the euro apart, says IMF Times<<http://www.thetimes.co.uk/tto/business/economics/article3387309.ece>>

· Bank forecast gets it wrong again as inflation rises Times<<http://www.thetimes.co.uk/tto/business/industries/banking/article3387196.ece>>

· IMF lifts UK growth forecast but sees risk of global slump Telegraph<<http://www.telegraph.co.uk/finance/economics/9209175/IMF-lifts-UK-growth-forecast-but-sees-risk-of-global-slump.html>>

· Italian PM Mario Monti to cut economic growth forecasts for 2012 Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9210015/Italian-PM-Mario-Monti-to-cut-economic-growth-forecasts-for-2012.html>>

· 4mn Britons sitting on interest rate time bomb Daily Mail<<http://www.dailymail.co.uk/money/mortgageshome/article-2131192/Interest-mortgages-How-million-Britons-sitting-time-bomb.html>>

· Intel/Microsoft aim to push down iPad global market share under 50% by mid-2013 DigiTimes<<http://www.digitimes.com/news/a20120417PD216.html>>

#### Key Events This Week

Thursday: Leading Indicators, Philadelphia Fed, Existing Home Sales, G20 Finance meeting begins, Earnings (BAC, BBT, DD, FCX, FITB, KEY, LUV, MS, PM, VZ, MSFT, CMG)

Friday: Options Expiration, Earnings (AEP, GE, HON, KMB, MCD, SLB)

Sunday: French Elections (Round 1)

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