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Subject: Early Tour 3.13.12

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Good Morning ... European Markets up 75-130 bps ... Nikkei Closed +0.09% (HSI +0.97%, China +0.86%, KOSPI +1.13%)

EUR 1.3140 (-0.11%) JPY 82.66 (-0.25%) NZD .8220 (+0.49%) AUD 1.0539 (+0.21%)
Copper +1.32% US 10yr 2.044%

Futures: Dow +74, Nasdaq +16, S&P +8 DXY \$79.92 (+3c) Crude \$106.93 (+59c) Gold \$1699.70 (-10c) Silver +0.66%

FOMC statement this afternoon (no big changes expected to message and no Bernanke press conference afterwards but he will be speaking tomorrow morning at 9am in Nashville). Merkel & Monti meeting today @ 12pm EST followed by a news conference. The Fed released its "worst-case scenario" criteria for bank stress tests yesterday which include 13% unemployment, 50% drop in stocks, 21% decline in housing prices and a significant contraction of other major global economies. The most recent stress test results will be published on Thursday after the close. Yesterday was the lowest volume day of the year in the US with only 5.2 billion shares on the tape (cannot find a lower non-holiday related day in last 4 years). VIX closed 15.64 = lowest level since July 2011. European indices opened higher and now on the highs of the session following a much better German ZEW (volumes better than yesterday but still < 90% of 3-month average). S&P futures +8 handles = 1375 last.

***Retail Sales @ 8:30am, Business Inv @ 10am, FOMC rate decision @ 2:15pm ***
Barclays Healthcare (FL) & JPM Transports/Defense (NYC) Conferences
TOD IM reports 12pm GMT, Alabama & Mississippi primaries today (polls tight)

· Germany ZEW March investor confidence rises to 22.3 vs est 10.0 (highest since June 2010)

· BOJ keeps rates & asset purchase target unchanged (sets up 1T Yen program for USD loans)

· Urban Outfitters misses on weaker gm's, full-price sales gaining & inventories ok (trading +5%)

· Manpower says that its Q2 employment index climbed to 10% (highest level since late 2008)

· Obama approval rating has slipped to 41 in the latest New York Times/CBS News poll (NYT<http://www.nytimes.com/2012/03/13/us/politics/obama-approval-rating-down-in-new-york-times-cbs-poll.html?_r=3&hp>)

· Sarkozy edges ahead of Holland in latest opinion poll of French election (positive for financials)

· Net earnings per share revisions for next year turn positive after 41 weeks of downgrades (FT<http://www.ft.com/intl/cms/s/0/30894398-6c70-11e1-bd0c-00144feab49a.html?ftcamp=published_links/rss/markets/feed//product#axzzlot9pyQbh>)

· Prudential op profit/div slightly ahead, Asia top earnings region for 1st time (trading +1.7%)

· Standard Life FY good with IFRS op profit ahead, sees margin improvement H1 (trading -0.34%)

· Munich Re #'s inline with prelims, div and guidance in line, +ve outlook 2012 (trading +2.6%)

- BMW says pretax profit will probably beat 2011's €7.38B (ebit margin may disappoint some)
- Antofagasta FY inline, div disappoints, sees copper production FY12 +10% (trading -3.5%)
- Weir Group withdraws from bidding for Ludowici, will make no further offer (trading +1.3%)
- Swatch sales may rise by ~ 10% in 2012 amid strong demand out of North America & Asia
- Audi is said to be in talks to buy Italian luxury motorcycle maker Ducati for €850 million
- European governments prod Spain to make deeper budget cuts in test of stiffer deficit rules
- France's inflation rate fell for 2nd month in Feb as slowing economy outweighs higher energy
- US is preparing to push a case against China involving rare earths before the WTO (WSJ<http://professional.wsj.com/article/SB10001424052702304450004577278132260314666.html?mod=WSJPRO_hpp_LEFTTopStories>)
- Militants attack Afghan government delegation visiting site where US soldier killed civilians
- Macau gaming best performing group in Asia on DB report that gaming revs may rise 25%
- Victor Vekselberg resigns as chairman of Rusal (says the company is facing a "deep crisis")
- NZ house sales record strongest Feb sales volumes since 2008 (+37% y/y) (prices steady)
- Australia Feb business confidence slumped to 5 month low on FX strength & rate pause
- Australia Jan home loans fell 2x pace forecast (first drop in 10months) (employment stagnates)

Leading European Sectors: Banks +2.03%, Basic Res +1.71%, Construction +1.40%
 Lagging European Sectors: Autos/Parts +0.50%, Healthcare +0.55%, Oil & Gas +0.83%

CME ceo to retire - NLS turns profit - CKEC swings to profit
 IPAR profit falls higher costs - COOL blow out revs - GNC pos view
 ENPH amended S1 - CPRT 2-for-1 split - IGT/LTO.IM partnership

Notable Options Activity Yesterday:

GPS (25.09 +.4%) rolling cust sells 5000 june 25 calls at 1.55 closing to buy 5000 april 26/28 call spreads for .45 opening not only is cust staying bullish but looking for move above 26 by april expiration (4/21)

AH (23.94 unchd) opening cust buys 2500 june 30 calls for .60 these are notably out of the money with the customer needing 28% higher for breakeven earnings 5.11

Secondaries (announced/priced): XPO, SB, MDVN (\$175M), MWE, SLXP (\$500M convert), TNGO
 IPO's: N/A

Key Research: Bernstein upgrades SAP, DB downgrades CVC & upgrades SNI (buy), Baird upgrades VOC
Key Research: Barcap initiates OIS (ow), Equinet upgrades S92 GR, Key initiates CVA (buy), W Blair initiates COV (op)
Key Research: Bernstein upgrades SAP & downgrades CSX, RBC upgrades AIV, Wells cuts BAH/MANT
Key Research: BMO upgrades HSFT & initiates CRIS (op), GS downgrades CSOD & adds ACE to Conviction Buy List
Key Research: Citi downgrades ISAT LN (sell) & initiates MTDR (neut) and IPCM (buy), HSBC downgrades GLE FP
Key Research: Janney upgrades NWE (buy), Kepler initiates Prada (hold), Stifel initiates ETN/IEX (buy's) and CIR (hold)

Reporting Pre-Open: AAON, ADES, BKR, BWEN, EBIX, EF, FDS, INSM, LDL, RAVN, REX, SYPR, TLP, UTSI, VIP, XRIT

Reporting Post-Close: ANAC, BAMB, BKEP, BMTI, CXPO, EVOL, FALC, FRAN, GWAY, HOGS, INFI, MED, OXGN, PNSN, PSUN, SCLN, SCMP, STEM, STRI, VISN, VOG, XRM

Economic Data: NFIB Small Business Index @ 7:30am, ICSC-GS Chain Store Sales @ 7:45am, Retail Sales @ 8:30am, Redbook Chain Store @ 8:55am, Business Inventories @ 10am, FOMC Rate decision @ 2:15pm

Treasury auctions in 10yr notes @ 1pm (\$21B), API crude oil inventories @ 4:30pm

Conferences: Barclays Global Healthcare (Miami), JPM Transports & Defense (NYC), CS Global Services (AZ)

Conferences: Roth Growth Stock (CA), Citi Global Property CEO (Palm Beach), Barclays Internet Connect (NYC)

Analyst/Investor Days: DAN, PETD, APC, CVX, END, EPL

Non-Deal Roadshows: ACTV, AGYS, ATRC, AVAV, AVID, AVNW, BCE, BR, BRCD, CALL, CRNT, CSCO, DTLK, EZCH, HTHT, INTC, ISIL, KS, MGRC, MIND, MIPS, MLNX, MT, PAY, POWI, PRGN, RATE, RDWR, SGEN, SIMO, SNI, SO, THR, USPH, VELT, WD, XLNX

Shareholder Meetings: COV, ADI, DFG, DIS, APFC

Equity/Mixed Shelves: FBR, AVP

Other Newspaper Articles & Stories

Barron's positive: Oracle (ORCL)

Barron's<http://online.barrons.com/article/SB50001424053111904797004577277472651971922.html?mod=BOL_hpp_highlight_top>

WSJ cautious: Michael Kors Holdings (KORS)

WSJ<<http://online.wsj.com/article/SB10001424052702303717304577277850699287354.html>>

· Apple Accuses Proview of Misleading

WSJ<<http://online.wsj.com/article/SB10001424052702304537904577278523672404582.html?ru=MKTW&mod=MKTW>>

· At Sprint, Directors Watch CEO Closely

WSJ<<http://online.wsj.com/article/SB10001424052702303717304577277764239257808.html>>

· Ireland presses debt restructuring now Greek deal is out of the way

WSJ<<http://online.wsj.com/article/SB10001424052702304537904577277490028880460.html>>

· Le Crédit Crunch Isn't Over Just Yet

WSJ<http://online.wsj.com/article/SB10001424052702304537904577277361689024988.html?mod=ITP_moneyandinvesting_0>

· The Ultraluxury-SUV Pitch

WSJ<<http://online.wsj.com/article/SB10001424052970204603004577267512502658628.html>>

mod=ITP_marketplace_0>

· Faulty Wells, Not Fracking, Blamed for Water Pollution
WSJ<[http://online.wsj.com/article/SB10001424052702304537904577277814040731688.html?](http://online.wsj.com/article/SB10001424052702304537904577277814040731688.html?mod=ITP_pageone_0)
mod=ITP_pageone_0>

· MF Global Customers Said to Get Offers for Their Claims NYT
DealBook<<http://dealbook.nytimes.com/2012/03/12/mf-global-customers-said-to-get-offers-for-their-claims/?ref=business>>

· Solyndra Is Blamed as Clean-Energy Loan Program Stalls
NYT<<http://www.nytimes.com/2012/03/13/business/energy-environment/stalled-clean-energy-loan-program-feels-solyndras-chill.html?ref=todayspaper>>

· White House Outlines Plan to Help With Job Search
NYT<<http://www.nytimes.com/2012/03/13/business/white-house-outlines-plan-to-help-job-seekers.html?ref=todayspaper>>

· How Mulally was courted to lead Ford Detroit
News<<http://www.detroitnews.com/article/20120313/AUTO0102/203130367/1148/AUTO01/How-Mulally-courted-lead-Ford>>

· Viterra bid may need Canadian component Globe and Mail<<http://www.theglobeandmail.com/globe-investor/viterra-bid-may-need-canadian-component/article2366636/>>

· Police raid home of France's richest woman
AP<http://hosted.ap.org/dynamic/stories/E/EU_FRANCE_HEIRESS_AFFAIR?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT&CTIME=2012-03-12-16-31>

· The US labour market is still a shambles
FT<<http://www.ft.com/intl/cms/s/0/22e87a10-6c34-11e1-8c9d-00144feab49a.html#axzzlot9pyQbh>>

· SEC set to file charges over private trading
FT<<http://www.ft.com/intl/cms/s/0/bfa42d96-6c92-11e1-bd0c-00144feab49a.html#axzzlot9pyQbh>>

· China hints at halt to renminbi rise FT<<http://www.ft.com/intl/cms/s/0/972b0948-6c33-11e1-b00f-00144feab49a.html#axzzlot9pyQbh>>

· Sarkozy has lead for first time in new poll after populist speech
FT<<http://www.ft.com/cms/s/0/14c816dc-6ca9-11e1-bd0c-00144feab49a.html#axzzlosmq6Ucr>>

· German law firm opens the door with class action suit against banks and Greek State
FT<<http://www.ft.com/cms/s/0/79ed422c-6c67-11e1-bd0c-00144feab49a.html#axzzlosmq6Ucr>>

· Spain pressed to reduce 2012 budget by 0.5%, with new target of 5.3%
FT<<http://www.ft.com/cms/s/0/b66be660-6c65-11e1-bd0c-00144feab49a.html#axzzlosmq6Ucr>>

· LTRO's were ill-designed making it probable that the ECB will have to discontinue them FT<<http://www.ft.com/cms/s/0/6b850158-6c34-11e1-8c9d-00144feab49a.html#axzzlosmq6Ucr>>

· Few winners in the Greek debt saga FT<<http://www.ft.com/cms/s/0/d29f7edc-6c51-11e1-b00f-00144feab49a.html#axzzlosmq6Ucr>>

· The Greek debt drama has merely paused for an interval (El-Erian op-ed)
FT<<http://blogs.ft.com/the-a-list/2012/03/13/the-greek-debt-drama-has-merely-been-paused-for-an-interval/?ftcamp=crm/email/2012313/nbe/ExclusiveComment/product#axzzloz2KqlwX>>

· Network rail branded "fictional" private sector company
Independent<<http://www.independent.co.uk/news/business/news/spending-watchdog-hits-out-at-network-rail-7563370.html>>

· Lockheed jet deal to create thousands of jobs in the UK
Guardian<<http://www.guardian.co.uk/business/2012/mar/12/lockheed-jet-fighter-thousands-uk-jobs>>

· Charterhouse eyes up flbn sale of Wood Mackenzie
Telegraph<<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/9139538/Charterhouse-eyes-up-lbn-sale-of-Wood-Mackenzie.html>>

· Diageo cheers over Beam talk Daily
Mail<<http://www.dailymail.co.uk/money/markets/article-2114104/MARKET-REPORT-Diageo-cheers-Beam-talk.html>>

· Head of UK's Treasury Select Committee calls for Greek euro exit
Telegraph<<http://www.telegraph.co.uk/finance/financialcrisis/9139702/Greece-should-exit-the-euro-says-Treasury-Select-Committee-chairman-Andrew-Tyrie.html>>

· Apple likely to adopt slim bezel displays for 7.85-inch iPads
DigiTimes<<http://www.digitimes.com/news/a20120312PD205.html>>

· DRAM contract prices to rise 5-10% in March
DigiTimes<<http://www.digitimes.com/news/a20120312PD213.html>>

Key Events This Week

Wednesday: Bernanke speaks in Nashville (9am), Import Price Index, US Current Account Balance, Japan Industrial Production,

Thursday: Empire Manufacturing, PPI, Philly Fed

Friday: CPI, Industrial Production, Michigan Confidence

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