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Good Morning ... European Markets up 30-90 bps (Greece +3.5%) ... Nikkei Closed +1.58% (HSI +1.01%, China +0.01%, KOSPI +1.30%)

EUR 1.3147 (+0.12%) JPY 79.08 (-0.19%) NZD .8372 (+0.50%) AUD 1.0766 (+0.10%)
Copper +0.20% Silver +0.52% US 10yr 1.99%

Futures: Dow +5, Nasdaq -3, S&P -1 DXY \$79.32 (-5c) Crude \$102.75 (+44c) Gold \$1733.10 (+\$4.70)

Angela Merkel cancelled her trip to Rome to meet with Mario Monti today & German President Wulff announced his resignation this morning (as expected) after being accused of accepting improper benefits. Everyone now waiting on the Eurogroup meeting on Monday to see how the Greece situation will play out. There will be an advanced meeting on Sunday evening & the official meeting will take place in Brussels on Monday at 4pm local time (3pm GMT) so headlines most likely not out until after the close in Europe (U.S. is closed for holiday). Still plenty of moving parts but it has been reported that officials are likely to finalize the package on Monday although the FT<<http://www.ft.com/intl/cms/s/0/b38ee8c6-58c8-11e1-b118-00144feabdc0.html#axzz1mdCe3vmr>> notes that it would still include a list of 24 "prior actions" that Greece must complete by the end of the month before aid is released. Bloomberg<<http://www.bloomberg.com/news/2012-02-16/ecb-said-to-swap-greek-bonds-for-new-debt-to-avoid-loss-from-restructuring.html>> says that the ECB will exchange its Greek bonds for new ones that would be exempt from CACs and ensure that it does not take losses in a restructuring which would pave the way for a private-sector swap (and Greece will submit legislation to Parliament on Tuesday to allow CACs to be retrofitted and the PSI offer will start on Wednesday). Options expiration today. Europe higher playing catch-up to US move yesterday in very quiet trading. S&P futures flat.

Options Expiration today, CPI @ 8:30am, Leading Indicators @ 10am
***Congress starts vote on payroll tax cut extension @ 1pm ***
CPB & HNZ report pre-open, China Property Prices tonight

- . Applied Materials profit forecast beats estimates (20c-28c vs 16c ests) (trading +6.0%)
- . Baidu good #'s with upbeat outlook (strong growth in China mobile search) (trading +1.0%)
- . Nordstrom guides FY lower amid rising costs (\$3.30-\$3.45 vs \$3.60 ests) (trading -1.5%)
- . Leap Wireless narrower than expected loss as smartphone sales increase (revenues light)
- . Sun Power beats ests & 2012 sales guidance inline with previous forecast (trading +20%)
- . UBS said to tell regulators a group of traders and brokers manipulated yen Libor rate (WSJ<http://professional.wsj.com/article/SB10001424052970204059804577227452963906044.html?mod=WSJPRO_hpp_LEFTTopStories>)
- . David Cameron travels to Paris for talks with Nicolas Sarkozy to close landmark nuclear deal
- . Greek culture minister resigns after robbers seize items at antiquities museum in

Olympia

- An Ikea near Chieti, Italy said to have received more than 30,000 applications for 200 jobs
- U.K. January retail sales rise 0.9% versus median forecast +0.3% led by household goods
- Telnet Q4 sales slight better & FY outlook top end of range, €50M buyback (trading +2.2%)
- Lafarge Q4 surprise loss, more disposals, doubles cost cutting to reduce debt (trading +6.9%)
- Air Liquide inline #'s, saw slowdown in Q4, seeks growth in 2012, div misses (trading -2.3%)
- Aegon inline & reits FY at lower end, Dutch market solid, confirms financial targets (+6.3%)
- Frontline Q4 mixed with EBITDA better but VLCC rates below at -5% (trading +0.64%)
- Anglo American FY Low quality beat due to lower tax and interest costs (trading +1.0%)
- ANZ Bank Q1 profit +4.1% (credit growth unlikely to return to pre-crisis levels near-term)
- NZ Reserve Bank's Bollard says country's economic performance may be understated
- Woori Finance (SK biggest bank) posts an almost seven-fold jump in Q4 profit (closed +3.4%)

Leading European Sectors: Construction +1.78%, Autos/Parts +1.66%, Banks +1.23%

Lagging European Sectors: Food/Bev -0.11%, Media +0.14%, Retail +0.20%

BMRN loss widens - WOOF eps, revs miss - XOXO 5c eps beat
MDRX revs climb - DVA eps, net op revs beat - ARUN penny better
CBEY rev forecast below - BJRI earnings better - RP weak outlook
WWW swings to profit - ROVI inline eps - DMD cuts q4 loss
PLD cfo to retire - NR inline eps - FTR 46.7% dividend cut
QLIK eps miss, poor outlook - WOOF #'s light - CLD 18c eps beat
ALKS registers 31.9M shrs holder - TLB \$75M term loan - SNI div inc
EOG net up - BKD loss widens, expenses rise - BGS strong net sales

Notable Options Activity Yesterday:

EFTC (\$9.25 +0.9%) customer sold 20,000 March \$9 straddles at \$.80. The trader expects the stock to remain in the \$8.20 - \$9.80 range over the next month and collect premiums from his sales.

WTW (\$77.67 +1.1%) customer sold 5500 Apr 67.5 puts at \$1.70 to buy 3,000 Apr 75 puts \$ 4.60. Looks like the trader could be rolling up put protection.

HTZ (\$13.97 -4.4%) early in the session, as the stock was trading \$13.80 a customer bought 3100 March 13 calls for \$1.325, which was followed seven minutes later buy a purchase of 3100 March 14 calls for \$0.85

Secondaries (announced/priced): MCC

IPO's: N/A

Key Research: GS removes SJM/HEIA.NA from Conviction Buy List, SocGen downgrades BA.LN & Euro Energy Service Sector

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Key Research: Jeff downgrades UPL/AIMC/ARTC, Key downgrades ITRI, CS downgrades STO
Key Research: Baird downgrades MXWL/DELL, Cantor initiates MSPD (buy), DB initiates FL
(hold) & FINL (buy)
Key Research: HSCB downgrades BG, Raja initiates JEF (mp), JPM downgrades OVTI & initiates
OKE (ow)
Key Research: MS downgrades MHS & initiates PRGO (ow), Citi downgrades HSP/ACOR & initiates
XYL (neut)
Key Research: MKM cuts NVR/LEN/DHI and JBH (sell), Stifel upgrades CHK (buy), RBC upgrades
PFCB

Reporting Pre-Open: CPB, HNZ, VTR, AGP, B, COT, DLR, DRAD, ECA, FRO, HMSY, KSWs, LECO, LPNT,
LSE, NRF, POL, PPC, RAIL, SFL, VTR, ZINC

Reporting Post-Close: N/A

Economic Data: CPI @ 8:30am, Leading Indicators @ 10am

Conferences: No major conferences

Analyst/Investor Days: N/A

Non-Deal Roadshows: CHKP, CPWR, FN, MCO, MPWR, MTZ, OFC, PROJ

Shareholder Meetings: ALCO, JACK, SLP

Equity/Mixed Shelves: WWWW, MAR, ALXA

Other Newspaper Articles & Stories

Barron's positive: Vodafone (VOD)

Barron's<online.barrons.com/article/SB50001424052748704625304577227403950704074.html>

WSJ positive: Nestle (NESN VX)

WSJ<<http://online.wsj.com/article/SB10001424052970204059804577227333097919976.html>>

· IMF attitude to austerity shifts to ensure government credibility

WSJ<<http://online.wsj.com/article/SB10001424052970204792404577227273553955752.html>>

· Google's iPhone Tracking

WSJ<http://online.wsj.com/article/SB10001424052970204880404577225380456599176.html?mod=ITP_pageone_0>

· TV's Big Ad-Sales Bazaar Inspires an Online Copycat

WSJ<http://online.wsj.com/article/SB10001424052970204792404577227504044474154.html?mod=ITP_marketplace_0>

· Stock and Awe for Facebook and Zynga Investors WSJ Heard on the

Street<<http://online.wsj.com/article/SB10001424052970204059804577227662383460078.html>>

· Options to Ease 'Stress' At BofA

WSJ<<http://online.wsj.com/article/SB10001424052970204059804577227512125289328.html>>

· Germany Vs. the Rest Of Europe

NYT<<http://www.nytimes.com/2012/02/17/business/global/the-rest-of-europe-vs-germany.html>>

· Collection and Credit Firms Facing Broad New Oversight

NYT<<http://dealbook.nytimes.com/2012/02/16/consumer-bureau-proposes-first-crackdown/?ref=todayspaper>>

· Paul Krugman: Moochers against Welfare NYT Op-

Ed<<http://www.nytimes.com/2012/02/17/opinion/krugman-moochers-against-welfare.html>>

· Cerberus takes a stab at risky natural gas business NY

Post<http://www.nypost.com/p/news/business/pe_frack_attack_wG4taNdXu6uhn8FAopFQ3N>

- Starboard prepping for AOL seats NY
Post<http://www.nypost.com/p/news/business/starboard_prepping_for_aol_seats_oS6WqwieszqsbtATfoQYfjN>
- Monti looks to end property tax breaks for the church
FT<<http://www.ft.com/cms/s/0/1d61448e-58be-11e1-b118-00144feabdc0.html#axzz1mKzUclJP>>
- Germany cannot win: speak out and they are a bully, remain silent and they are lacking leadership FT<<http://www.ft.com/cms/s/0/ca04f9fa-58ba-11e1-b118-00144feabdc0.html#axzz1mKzUclJP>>
- ECB secures protection on its Greek bonds, could lead to legal action from private bondholders FT<<http://www.ft.com/cms/s/0/6144c5b6-58ca-11e1-b118-00144feabdc0.html#axzz1mKzUclJP>>
- Anglo-French relations to be tested as Cameron meets Sarkozy in Paris today FT<<http://www.ft.com/cms/s/0/a5a55426-5890-11e1-b9c6-00144feabdc0.html#axzz1mKzUclJP>>
- European pension burden bigger than health, education or defence spending in some countries FT<<http://www.ft.com/cms/s/0/22c416b8-57ec-11e1-ae89-00144feabdc0.html#axzz1mKzUclJP>>
- City insider crackdown sees broker fined £350k for passing on sensitive information The Times<<http://www.thetimes.co.uk/tto/business/industries/banking/article3322983.ece>>
- Porridge popularity soars The Times<<http://www.thetimes.co.uk/tto/business/industries/naturalresources/article3323109.ece>>
- UK high street pawnshop enjoys robust growth The Times<<http://www.thetimes.co.uk/tto/business/industries/retailing/article3323133.ece>>
- Sixth austerity package in 5 years leaves Greece floored and angered Telegraph<<http://www.independent.co.uk/news/world/europe/greeks-rage-at-erosion-of-sovereignty-while-leaders-haggle-over-deal-6989029.html>>
- FTT would raise Eurl0bn for the UK government with minimal disruption The Telegraph<[The Telegraph](http://www.telegraph.co.uk/news/economy/2012/02/17/ftt-would-raise-eurl0bn-for-the-uk-government-with-minimal-disruption-the-telegraph/)>
- UK big four banks warned they face fresh competition enquiry Independent<<http://www.independent.co.uk/news/business/news/oft-boss-warns-banks-of-competition-inquiry-6988999.html>>
- Vatican told to pay taxes as Italy tackles budget crisis Independent<<http://www.independent.co.uk/news/world/europe/vatican-told-to-pay-taxes-as-italy-tackles-budget-crisis-6988938.html>>
- China Telecom denies rumors of iPhone 4S launch China Daily<http://www.chinadaily.com.cn/usa/business/2012-02/17/content_14634370.htm>
- Nvidia wins adoption of Tegra series from China-based ZTE, Huawei DigiTimes<<http://www.digitimes.com/news/a20120217PD207.html>>

Key Events Next Week

Monday: US Markets Closed (President's Day), Eurogroup FinMin meeting in Brussels

Tuesday: Chicago Fed Index, IAEA meeting regarding Iran, Eurozone Flash PMI's, Earnings (COG, EXPD, GPC, HD, M, MDT, MHS, MYL, WMT, CHK, DELL, KFT)

Wednesday: Existing Home Sales, MBA Mortgage Applications, CS Global Paper & Packaging Conference (NYC), Jefferies Global Clean Tech Conference (NYC), Earnings (DLTR, GRMN, RRD, TJX, ADI, ESRX, FLS, HPQ, LTD, WMB)

Thursday: EU Commission publishes GDP, FHFA House Price Index, Kansas City Fed Manufacturing

Activity, Earnings (AEE, AMT, CMS, DNR, KSS, PCS, SWY, TGT, AIG, GPS)

Friday: Michigan Consumer Sentiment, New Home Sales, Earnings (ANR, JCP, NEM, WPO, IPG, PNW, POM)

Saturday: G20 finance ministers/central bank governors meet

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