

From: Ike Groff <[REDACTED]>
Subject: early tour 10.19.11
Date: Wed, 19 Oct 2011 10:17:14 +0000

Good Morning ... European Markets up 50-150 bps (Greece +2.2%) ... Nikkei closed +0.35% (HSI +1.29%, China -0.25%, KOSPI +0.93%)

EUR 1.3853 (+0.73%) EUR/CHF 1.2427 (+0.53%) JPY 76.79 (+0.04%) AUD 1.0342 (+0.78%)
Copper -0.85% 10yr 2.21% 30yr 3.21%

Futures: Dow +16, Nasdaq -12, S&P +1 DXY 76.62 (-0.68%) Crude \$88.63 (+0.33%) Gold \$1657.70 (+\$4.80)

At 3pm yesterday a Guardian story hit that Germany & France reached agreement to increase the eurozone's rescue fund to €2 trillion (the S&P futures rallied to Monday's overnight high of 1230 on this). This story was refuted by Dow Jones as 'totally wrong' moments before the closing bell. This morning, FT Deutschland is reporting that German FinMin Schäuble has explained the mechanics of a levered EFSF to the government coalition (and according to the sources a maximum volume of €1 trillion was named with the larger part of this coming from a kind of insurance which would secure 20-30% of the losses if one country would not be able to pay the debt). Meanwhile, the earnings barrage continues here in the U.S. with 27 more S&P 500 companies reporting today. S&P futures lower overnight but have now rallied back and turned positive on the day = 1224 last (Nasdaq futures -0.47% because of AAPL) as European markets near the highs of the session.

CPI & Housing Starts @ 8:30am, Fed's Beige Book @ 2pm
FCX, MS #'s pre-open & AXP, EBAY, WYNN, CAKE after close

· BOE minutes out (unanimous 9-0 votes at last meeting on interest rates and £75 billion QE bump)

· Spain cut 2 levels by Moody's (3rd time in 13 months debt has been downgraded by Moody's)

· European banks vow \$1 trillion cuts in the next two years as recapitalization looms (Bloomberg<<http://www.bloomberg.com/news/2011-10-18/banks-in-europe-vow-1-trillion-shrinkage-amid-threats-of-recapitalization.html>>)

· EU ban on naked CDS on sovereign debt to become permanent (broad definition of hedging) (FT<<http://www.ft.com/intl/cms/s/0/cc9c5050-f96f-11e0-bf8f-00144feab49a.html#axzz1bDYVfxzE>>)

· 48-hour strike and protests begin today in Greece (the entire country is effectively shut down)

· Apple misses for first time in at least 6 years as consumers held out for new iPhone (trading -5.3%)

· Juniper Networks meets estimates amid buoyant demand for routers & switches (trading +0.89%)

· Yahoo beats estimates on internet advertising demand & continues to explore options (trading +2.7%)

· Intel beats estimates on strong demand for laptop computers in emerging markets (trading +4.4%)

· Intuitive Surgical reports 41% rise in Q3 earnings and boosts full-year sales guidance (trading +7.6%)

- Cree Q1 profit falls 78% on stagnant sales & higher costs (gives downbeat guidance) (trading -4.6%)
- Powerwave (makes amplifiers in wireless networks) predicts sharp drop in Q3 revenue (trading -34.9%)
- Republican debate last night (9-9-9 plan under attack, Romney/Perry get personal on immigration)
- Bullish sentiment increases to 35.8% from 34.4% in the latest U.S. Investor's Intelligence poll
- Sabmiller H1 organic lager volumes +3.0% & agrees to alliance with Anadolu Efes (trading +0.57%)
- Diageo reports sales growth that tops estimates led by gains in LatAm, Asia, Africa (trading +3.5%)
- BHP Billiton record iron ore production on Asia demand & expansions in Australia (trading -0.45%)
- Software AG (Germany's 2nd largest maker of business software) beats estimates (trading +10.7%)
- TeliaSonera misses estimates because of lower income at Russia & Turkey ops (trading -0.87%)
- Synthes Q3 sales rise 11% (posting its first quarterly billion-dollar milestone) (trading -0.20%)
- BSKyB first quarter profit rises 16% (topping analyst estimates) on web demand (trading +2.3%)
- Nordea Bank (Nordic region's largest lender) Q3 net income -43% (missing estimates) (trading +0.18%)
- Eurostar trains suffered a 2% drop in passengers carried thru tunnel from London to Paris in Q3
- Foreign direct investment in China grew 7.9% in September = the slowest pace in 3 months
- China reduced its holdings of Treasuries in August by the most in ~ a decade (cut position by 3.1%)
- SocGen's Hong Kong based economist Yao Wei says China may refrain from cutting rates this year
- Bank of Thailand keeps interest rate unchanged at 3.50% for 1st time in 2011 as floods hurt growth

Leading European Sectors: Insurance +2.40%, Banks +2.10%, Financial Services +1.47%
 Lagging European Sectors: Healthcare +0.17%, Retail +0.36%, Telecom +0.49%

TGP & MWE declare cash distributions - HA #'s better - CSX eps inline
 JBLU CFO leaves - SONC Q4 sales miss - PULB penny better
 CSC ceo to retire - JNPR Abu Dhabi airport contract - PZZI expands to China
 KCG #'s mixed - LUFK result inline - FCFS eps better/sss up

Notable Options Activity Yesterday:

SCHW earnings yesterday morning saw a working buyer of dec 12 calls throughout the day paid up to .95 on 15k total opening

CREE (27.10) closing cust sells 12k oct 27.5 calls at 1.75 to buy 17k nov 30/35 call spreads for 1.30 opening CREE was rumored takeover name last week

EEM (39.27 +2.7%) opening cust sells 80k dec 40 calls down to 1.41 in a separate trade cust buys 20k nov 38 puts for 1.29 to sell 40k nov 30 puts at .21

IVN (18.00 +7.1%) early in the session opening cust bought 10k march 20 calls for 2.70 outright ~430k bullish share impact

Secondaries (announced/priced): CTWR, BIP

IPO's: Zeltiq Aesthetics (ZLTQ) 7M share IPO priced at \$13 through JPM & GS

Key Research: Citi downgrades APU (sell) & initiates FOSL/SHOO/VRA (buy) and BID (sell), Roth initiates ZQK (buy)

Key Research: GS downgrades EDU, Jefferies downgrades ALU.FP & upgrades WFM and assumes FDP (hold) & CQB (buy)

Key Research: Wells initiates AKS/STLD/X (mp) and NUE (op) & downgrades JNPR, HSBC upgrades KO

Key Research: Mizuho initiates CVS (buy) & WAG (n), FBN downgrades IBM, JPM downgrades JAG, UBS initiates CMG (n)

Key Research: William Blair initiates ASGN (op), Baird upgrades UNF, MS initiates APC (ow) & downgrades ATW/RDC

Key Research: BB&T upgrades CNW (buy) & downgrades LNC, MKM initiates BMY (sell), Collin Stewart initiates BA (buy)

Key Research: Lazard initiates LNKD (n), Canaccord downgrades RRC, Bofa upgrades CP, GS upgrades HOT GY

Reporting Pre-Open: ABT, APH, APOL, BK, BLK, CMA, FCX, MS, MTB, NTRS, PNC, STJ, SVU, TRV, TXT, USB, UTX, AMR, ATMI, BPOP, CTBI, CRH, FCFS, KCG, KNL, LUFK, MEG, NYB, PJC, ROC, SCL, SEIC, ST, SYBT, TIN, VCBI, WNS, WABC

Reporting Post-Close: AXP, EBAY, ETFC, EW, LRCX, NE, NFX, SLM, SYK, WDC, WYNN, XLNX, AF, AMLN, BANR, BWLD, CAKE, CATY, CBST, CLB, CNS, COHU, CRUS, CVA, CVBF, CYS, DTLK, EGHT, EWBC, EXPO, FNB, FNF, FWRD, GHL, GLF, HCCI, HNI, IEX, KMP, LHO, MCRI, MKSI, NE, NVEC, PLCM, RJF, RVBD, SCSS, SPTN, STLY, TCBI, TSCO, UMPQ, WHG, WSTL, YDNT, ZHNE

Economic Data: MBA mortgage Applications @ 7am, CPI / Housing Starts & Building Permits @ 8:30am, Fed's Beige Book @ 2pm

Fed's Lockhart speaks in Atlanta @ 9am

Conferences: Citi Greater China Investor (Macau)

Analyst/Investor Days: PETD, SNSS

Non-Deal Roadshows: ANW, ARAY, ARE, AWH, BCRX, CASY, CBK, CWH, END, LPR, NUVA, PRGS, SMGKF

Shareholder Meetings: AHCI, CTRP, ANV

Equity/Mixed Shelves: N/A

Other Newspaper Articles & Stories

Barron's positive: Alcatel-Lucent (ALU)

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

WSJ positive: Apple Inc (AAPL)

WSJ<<http://online.wsj.com/article/SB10001424052970204479504576639564227940824.html>>

WSJ cautious: Goldman Sachs (GS)

WSJ<<http://online.wsj.com/article/SB10001424052970204479504576639162214231054.html>>

· Kinder-El Paso Merger to Face Antitrust Scrutiny

EFTA00425823

WSJ<<http://online.wsj.com/article/SB10001424052970203658804576639361756249384.html>>

. Nomura Sets Deal in China
WSJ<<http://online.wsj.com/article/SB10001424052970203658804576638860206448084.html?mod=wsjcrmain>>

. Bank of America Abdicates as Asset King
WSJ<<http://online.wsj.com/article/SB10001424052970203658804576639510673007804.html>>

. Post Office Wants More Than Mail
WSJ<http://online.wsj.com/article/SB10001424052970204346104576639333824055332.html?mod=ITP_marketplace_0>

. 'Too Big to Fail' Is Simply Too Big WSJ Opinion Jon Huntsman<http://online.wsj.com/article/SB10001424052970204346104576635033336992122.html?mod=ITP_opinion_0>

. Steel Makers Struggle
WSJ<http://online.wsj.com/article/SB10001424052970203658804576639461291700474.html?mod=ITP_marketplace_0>

. In a Battle of the E-Readers, Booksellers Spurn Superheroes
NYT<<http://www.nytimes.com/2011/10/19/technology/bookstores-drop-comics-after-amazon-deal-with-dc.html?ref=todayspaper>>

. RIM Unveils an Upgrade, but Little Else
NYT<<http://www.nytimes.com/2011/10/19/technology/rim-unveils-an-upgrade-but-little-else.html>>

. In Rift Between Murdochs, Heir Becomes Less Apparent
NYT<http://www.nytimes.com/2011/10/19/business/media/murdochs-infighting-clouds-future-of-news-corp.html?_r=2&partner=rss&emc=rss&pagewanted=all>

. UK recovery off-track, says King FT<<http://www.ft.com/intl/cms/s/0/05a21ae2-f9a7-11e0-9c26-00144feab49a.html#axzz1b21PIOil>>

. French warning to euro summit FT<<http://www.ft.com/intl/cms/s/0/27a2ad84-f9aa-11e0-9c26-00144feab49a.html?ftcamp=rss&ftcamp=crm/email/20111018/nbe/InTodaysFT/product#axzz1b21PIOil>>

. Countries fail to enforce Basel reforms FT<<http://www.ft.com/intl/cms/s/0/50f40604-f984-11e0-bf8f-00144feab49a.html#axzz1azzDFXUo>>

. Cloud service Dropbox reaches for the sky
FT<<http://www.ft.com/intl/cms/s/2/96d1a754-f9ab-11e0-9c26-00144feab49a.html#axzz1azzDFXUo>>

. Canadian Wheat Board seen as likely bid target
FT<<http://www.ft.com/intl/cms/s/0/aa94473e-f9a0-11e0-a805-00144feab49a.html#axzz1azzDFXUo>>

. Seasonal holiday hiring expected to stay flat LA
Times<<http://www.latimes.com/business/la-fi-seasonal-hiring-20111019,0,6924997.story>>

. Ford workers OK UAW deal Detroit
Times<<http://www.detnews.com/article/20111019/AUTO01/110190320/1148/Ford-workers-OK-UAW-deal>>

. Ottawa urged to create Asian trade strategy Globe and Mail<<http://www.theglobeandmail.com/report-on-business/economy/ottawa-urged-to-create-asian-trade-strategy/article2205592/>>

. Ottawa seeks leniency for Canadians in U.S. tax hunt Globe and Mail<<http://www.theglobeandmail.com/globe-investor/personal-finance/ottawa-seeks-leniency-for-canadians-in-us-tax-hunt/article2205001/>>

. I'll have a beer and a packet of shares, please
Independent<<http://www.independent.co.uk/news/business/news/ill-have-a-beer-and-a-packet-of-shares-please-2372477.html>>

· Nat Rothschild's Bumi wants £4bn tie-up after pulling deal
Telegraph<<http://www.telegraph.co.uk/finance/commodities/8835161/Nat-Rothschilds-Bumi-wants-4bn-tie-up-after-pulling-deal.html>>

· TNK-BP board could join lawsuit against BP
Telegraph<<http://www.telegraph.co.uk/finance/newsbysector/energy/oilandgas/8835014/TNK-BP-board-could-join-lawsuit-against-BP.html>>

· Skyepharma in a jam over asthma drug Daily
Mail<<http://www.dailymail.co.uk/money/markets/article-2050688/MARKET-REPORT-Skyepharma-jam-asthma-drug.html>>

· Glencore International in talks to acquire 24% stake in Croniment Alloys Economic Times<<http://economictimes.indiatimes.com/news/news-by-industry/indl-goods/-svs/metals-mining/glencore-international-in-talks-to-acquire-24-stake-in-croniment-alloys/articleshow/10409834.cms>>

· HDD prices to rise in November due to flooding in Thailand
DigiTimes<<http://www.digitimes.com/news/a20111018PD214.html>>

Key Events This Week

Thursday: Philadelphia Fed Index, Leading Indicators, Existing Homes Sales, EU Commission proposes measures on securities markets and insider dealing, Earnings (BBT, DO, FITB, KEY, LLY, LUV, PM, T, CB, CMG, COF, MSFT, SNDK)

Friday: Options Expiration, Earnings (GE, HON, MCD, VZ)

Ike Groff | 680 Washington Blvd | Stamford, CT 06901 | • [REDACTED] | •
[REDACTED]<[mailto:\[REDACTED\]](mailto:[REDACTED])>

[Description: Description: cid:image001.png@01CBB0FB.045D89F0]

This e-mail and any files transmitted with it are confidential and intended only for the person or entity to which it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this e-mail and any attachment(s) is strictly prohibited. If you have received this e-mail in error please immediately notify the sender at 203-302-7300 or by replying to this e-mail and delete the e-mail and any attachment(s) from your system. Nothing herein shall be construed as a financial promotion to any person or persons, or a solicitation or recommendation to buy or sell any security or other investment or to engage in any trading strategy. Information presented is from sources believed to be reliable, but is not guaranteed to be accurate or complete. This information should not be taken as an offer nor as a solicitation of an offer to buy or sell securities or other financial instruments. Email transmission cannot be guaranteed to be secure, timely or error free. Tourmaline Partners, LLC may review and store both incoming and outgoing messages. Use by other than the intended recipients is prohibited.