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Good Morning ... European Markets off 0.60% - 2.2% (CAC -2.2%)... Nikkei Closed +0.95% (China -1.06%, HSI closed today)

EUR 1.3640 (-0.28%) JPY 77.04 (+0.23%) AUD 1.0283 (-0.61%) NZD .8201 (-0.40%)
10yr 1.933%

Futures: Dow -89, Nasdaq -16, S&P -11 DXY \$77.30 (+19c) Crude \$88.67 (+48c) Gold \$1811.40 (-\$1.90)

S&P futures held onto positive gains overnight but turned sharply negative around 3am after WSJ out quoting BNP executive as saying "U.S. money-market funds are not lending to us anymore." BNP denied this report but nevertheless is trading -7.5%. Market News International also reporting that China government may not agree to any proposal to step in and buy Italian debt because Chinese purchases in the European bond markets are "unsustainable" (citing a senior banking industry official) (have not seen the link to this story but it is making the rounds). Greek 10yr yield hits 25% for the first time this morning and Greek CDS blowing out to new wides. S&P futures currently -0.92%.

Import Price Index @ 8:30pm, Treasury Budget @ 2pm
BBY reports pre-open, MSFT software-developer conference

· BNP official says bank can no longer borrow dollars says WSJ (BNP denies)
(WSJ<<http://professional.wsj.com/article/SB10001424053111904353504576566821711712348.html>>)
(trading -7.5%)

· Germany's Merkel says that euro-area countries must avoid an "uncontrolled insolvency" in Greece

· Italy sells €3.9 billion of a new five-year benchmark bond as borrowing costs rise & demand declines

· Fed's Fisher says bar remains high for further easing "until the fiscal authorities do their job"

· Geithner to make unprecedented trip to Eurozone Finance Ministers meeting this Friday (Reuters<[http://www.reuters.com/article/2011/09/13/us-eurozone-idUSTRE78B24R20110913?feedType=RSS&feedName=businessNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed:+reuters/businessNews+\(News+US+Business+News\)>](http://www.reuters.com/article/2011/09/13/us-eurozone-idUSTRE78B24R20110913?feedType=RSS&feedName=businessNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed:+reuters/businessNews+(News+US+Business+News)>)>)

· Republican Tea Party debate last night on CNN (no real surprises, a lot of candidates went after Perry)

· Nomura is said to plan to cut about 5% of jobs in Europe (reductions may be announced tomorrow)

· Peugeot (Europe's 2nd biggest carmaker) to cut jobs & increase savings as EU slump threatens profits

· Philips to deepen cost cuts as CEO seeks to streamline portfolio & confirms targets (trading -0.53%)

· Intersil cuts Q3 forecast but says inventory stabilizing and bookings likely to recover (trading +3.7%)

· Steel Dynamics cuts Q3 forecast on a substantial drop in its flat-rolled steel division (trading -3.2%)

· Swift Transportation says it sees Q3 trucking volumes up on its mid-quarter update last night

· IEA cuts oil demand growth forecast by 160k bpd for 2011 (financial & economic headwinds gathering)

· OSC to hold hearing to consider modifying trade halt on Sino-Forest regarding put option contracts

· U.K. August inflation accelerates to 4.5% as clothes prices jump (CPI +4.5% = inline with estimates)

· Japan's new trade minister Yukio Edano comments last night that banks should help bailout TEPCO

· Australian NAB business confidence in August comes in at -8 versus +2 prior (1st decline in 7 months)

Leading European Sectors: Healthcare -0.29%, Autos/Parts -0.32%, Telecom -0.36%

Lagging European Sectors: Basic Resources -1.92%, Construction -1.91%, Oil & Gas -1.79%

WLT names new CEO - SPWRA to reclassify into single class - NDSN \$100M buyback

KID CEO resigns - BNHNA reclassification vote - Fairholme buys more MBI

DIOD lowers GM guidance - BDC reits guidance - PBG CN 10% buyback

SPF ceo succession plan - RPXC amended S1 - BH ceo issues letter to CBRL shareholders

Notable Options Activity Yesterday:

FDX (\$73.63 +0.3%) A customer bought the Oct 60-65 put spread to sell Oct 82.5 calls 5000x paying \$0.75 for the package.

CRUS (\$14.46 +1.8%) Bearish activity as a customer bought 3,300 September 16 puts up to \$1.75 to open.

IL (\$8.30 +0.7%) Mid-afternoon with stock trading \$8.30 customers came in to buy the December and March 10 calls for \$0.75 and \$1.20 respectively pushing implied volatility up 10%.

Secondaries (announced/priced): ITMN (4M shares & \$100M convert)

IPO's: N/A

Key Research: Leerink upgrades ALNY, UBS upgrades CCE (buy), CLSA upgrades COP, Auriga upgrades SPWRA (buy)

Key Research: RBC downgrades FDX & upgrades FITB, Piper upgrades INAP & initiates VIVO (uw), MS initiates GS (ew)

Key Research: Chardan upgrades MON (buy), Barclays downgrades HSP & initiates AYR (ow), UBS downgrades NGG

Key Research: Citi upgrades KSU/HEI.GR (buys) & downgrades MLM (sell), RBS downgrades some Euro Airlines

Key Research: GS initiates CHSI (neutral), MF Global upgrades VOD.LN (conviction buy), Brean upgrades MGM (buy)

Key Research: Da Davidson initiates AXTI (neutral), Merriman initiates DLB (neutral), Multiple MTGE initiations, MS downgrades QLIK & SWI

Key Research: Wells initiates Chemicals (DOW/LYB/GGC/OLN/WLK/POL/PPG/SOA/HUN/KRO/DD/AGNC) & AGNC (op)

Key Research: Wedbush initiates CAVM (neutral) & assumes NVDA/TXN (op's) & LSI (neutral), Janey initiates SODA (buy)

Key Research: Ticonderoga initiates BX (buy) / KKR (neutral) / APO (buy), JPM downgrades SHO, Citi adds FINL to top picks live & replaces FL

Reporting Pre-Open: BBY, CBRL, DFZ, GNET, PMFG

Reporting Post-Close: COOL, FEIM, LRN, NDZ, WNI

Economic Data: NFIB Small Business Optimism @ 7:30am, Import Price Index @ 8:30am, IBD/TIPP Economic Optimism @ 10am, Treasury Budget Statement @ 2pm

API crude oil inventories @ 4:30pm

Conferences: Rodman Global Investment (NYC), Barcap Global Financial Services (NYC), Key Basic Materials & Packaging (Boston)

Conferences: DB Aviation & Transportation (NYC), GS Financial Tech (NYC), Think Growth (NYC), Moke Industrials & Transportation (Chicago)

Conferences: CL King Best Ideas (NYC), MS Global Healthcare (NYC), DB Tech (LasVegas)

Analyst/Investor Days: HTZ

Non-Deal Roadshows: AEGR, AERL, ALLT, AME, AMT, AXAS, BIN, BMC, COP, CPE, CPO, CSGP, CSU, CTCT, ENS, FLS, HES, HHS, HNI, IMG, IVAC, LAVA, LTC, MGM, NBR, NDSN, NUS, NVTL, PBH, PG, ST, TSON, UGNE, VRTU, WM, WNC, WXS, STN

Shareholder Meetings: SOL, DRY, WNS, LGE, ABCO, TCHC, TRNS, MOC, CSR

Equity/Mixed Shells: TU (C\$2.5B), NUE, ITMN

S&P 400 change (after close today): VeriFone (PAY) to replace Timberland (TBL)

Other Newspaper Articles & Stories

Barron's positive: Cameron International (CAM)

Barron's<http://online.barrons.com/article/SB50001424052702303392404576567021960747828.html?mod=BOL_hpp_highlight_top>

WSJ positive: Technip's purchase of Global Industries (TEC FP, GLBL)

WSJ<<http://professional.wsj.com/article/SB10001424053111904265504576566722494370248.html?mg=reno-secaucus-wsj>>

· Goldman Mulls Indonesian Brokerage

WSJ<<http://professional.wsj.com/article/SB10001424053111904353504576567642297284846.html?mg=reno-secaucus-wsj>>

· NYSE Euronext Bulks Up In Market for Receivables

WSJ<http://professional.wsj.com/article/SB10001424053111904265504576566932577007982.html?mod=WSJ_business_whatsNews&mg=reno-secaucus-wsj>

· Berkshire's New Hire Bears Shades of Buffett

WSJ<<http://professional.wsj.com/article/SB10001424053111904265504576566933743013152.html?mg=reno-secaucus-wsj>>

· Founder Departs TechCrunch Blog Over Spat With AOL

WSJ<<http://professional.wsj.com/article/SB1000142405311190426550457656694092557886.html?mg=reno-secaucus-wsj>>

· China's New Lenders of Last Resort

WSJ<http://professional.wsj.com/article/SB10001424053111904070604576515742512691416.html?mod=ITP_moneyandinvesting_0&mg=reno-secaucus-wsj>

· U.K. Banks Face Costly Overhaul

WSJ<http://professional.wsj.com/article/SB10001424053111904353504576565811468944054.html?mod=ITP_moneyandinvesting_2&mg=reno-secaucus-wsj>

· Fiat Shows U.S.-Built Maserati

WSJ<http://professional.wsj.com/article/SB10001424053111904353504576566942852363346.html?mod=ITP_marketplace_2&mg=reno-secaucus-wsj>

· The Trouble With French Banks WSJ Opinion Nicolas

Lecaussin<http://professional.wsj.com/article/SB10001424053111904353504576566821711712348.html?mod=ITP_opinion_0&mg=reno-secaucus-wsj>

· Microsoft, Behind in Mobile, Tries to Woo App Developers With Windows 8
NYT<http://www.nytimes.com/2011/09/13/technology/microsoft-tries-to-woo-mobile-developers-with-windows-8.html?_r=2&ref=business>

· Lawsuit Seeks the Removal of a Digital Book Collection
NYT<<http://www.nytimes.com/2011/09/13/business/media/authors-sue-to-remove-books-from-digital-archive.html?ref=todayspaper&gwh=EF24C53BA74F44635AAD8F6DC961C5AA>>

· At Frankfurt Show, German Auto Firms Hope to Rise Above the Gloom
NYT<<http://www.nytimes.com/2011/09/13/automobiles/autoshow/at-frankfurt-show-german-auto-firms-hope-to-rise-above-the-gloom.html>>

· Groupon Makes Foray Into U.K. E-Commerce
Bloomberg<<http://www.bloomberg.com/news/2011-09-13/groupon-makes-foray-into-e-commerce-discounts-challenging-amazon-in-u-k-.html>>

· Technip's purchase of Global Industries FT Opinion Steven
Rattner<<http://www.ft.com/intl/cms/s/0/0cebaala-dd47-11e0-b4f2-00144feabdc0.html#axzz1XuoKp2ty>>

· M&B rejects offer from Piedmont FT<<http://www.ft.com/intl/cms/s/0/ea6c3574-dd71-11e0-b6db-00144feabdc0.html#axzz1Xh5Re01c>>

· Republican candidates unite to attack Fed
FT<<http://www.ft.com/intl/cms/s/0/0243237a-ddb7-11e0-b6db-00144feabdc0.html#axzz1XpEDDEj4>>

· KKR's BMG Rights snaps up Bug Music NY
Post<http://www.nypost.com/p/news/business/kkr_bmg_rights_snaps_up_bug_music_zf0WJhDbnU9aCrom7mGjUJ>

· U.S. motorists may spend a record \$491 billion for gasoline this year LA
Times<<http://www.latimes.com/business/la-fi-gas-prices-20110913,0,3506608.story>>

· Ground shifts under copper's price as Codelco says orders cancelled Globe and
Mail<<http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/ground-shifts-under-coppers-price-as-codelco-says-orders-cancelled/article2163294/>>

· Prairie farmers vote to keep Canadian Wheat Board Globe and
Mail<<http://www.theglobeandmail.com/report-on-business/prairie-farmers-vote-to-keep-canadian-wheat-board/article2162272/>>

· RBS Dials Up New Direct Line Supremo
SkyNews<<http://blogs.news.sky.com/kleinman/Post:b5727415-fb13-4f3d-8c5d-0e2f943639fe>>

· UK growth slowing at fastest pace in more than a year, says OECD
Telegraph<<http://www.telegraph.co.uk/finance/economics/8758046/UK-growth-slowing-at-fastest-pace-in-more-than-a-year-says-OECD.html>>

· Peroni brewer shares fall flat as Foster's speculation intensifies Daily
Mail<<http://www.dailymail.co.uk/money/article-2036588/MARKET-REPORT-Peroni-brewer-shares-fall-flat-Fosters-speculation-intensifies.html>>

· Nine nations including UK reject EU's budget rise Daily
Mail<<http://www.dailymail.co.uk/money/news/article-2036784/Nine-nations-including-UK-reject-EUs-budget-rise.html>>

· Europe solar firms reportedly looking to Asia for funds
DigiTimes<<http://www.digitimes.com/news/a20110913PD205.html>>

· Foxconn August revenues down
DigiTimes<<http://www.digitimes.com/news/a20110912PD201.html>>

Key Events This Week

Wednesday: Troika returns to Greece, Fitch to unveil a new US RMBS model (10am), PPI, Retail Sales, Mortgage Apps, MSFT analyst day, Japan Industrial Production, RBNZ Official Cash Rate, CS Capital Goods /Aerospace & Defense Conference (London), Earnings (PLL)

Thursday: Boehner delivers speech about the economy, CPI, Empire Manufacturing, Philadelphia Fed Index, EU Commission will publish its interim economic forecasts, Earnings (RIMM)

Friday: S&P annual IWF review and quarterly share rebalance for the S&P 500/400/600 indices (after close), Options Expiration, Eurogroup meeting (euro zone finance ministers, central bank and EU commissioner and Geithner) in Poland, TIC Flows, Michigan Confidence, CS Chemical and Ag Science Conference (NYC)

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