From: [redacted]
Sent: Tue 10/29/2013 9:53:13 AM
Subject: Early Tour 10.29.13

Good Morning … European Markets up 0-55 bps (Italy +1.3%) … NKY -0.49%, SHCOMP -0.23%, HSI +0.37%, KOSPI +0.18%, TWSE +0.16%, ASX -0.48%

EUR 1.3757 (-0.20%)   JPY 97.61 (+0.08%)   EUR/JPY 134.29 (-0.27%)   NZD 0.8261 (-0.50%)   AUD 0.9508 (-0.68%)

US 10yr 2.51%   Japan 10yr 0.61%   Germany 10yr 1.74%   Portugal 10yr 6.16%   Italy 10yr 4.14%   Spain 10yr 4.07%

Futures: **Dow +2, Nasdaq -3, S&P -1**   DXY $79.47 (+23c)   Crude $98.28 (-40c)   Gold $1345.60 (-$6.60)   Copper +0.29%   Silver -0.75%

Asia finishes mixed overnight following a choppy session in uninspiring volumes. The H-shares outperformed after the PBOC conducted a reverse repo for the first time in two weeks. Chatter of an imminent Preferred Shares program as well as IPO resumption next year also helped sentiment. But the SHCOMP finished in the red as the A-Shares sold off mid-morning as SHIBOR gained despite the PBOC's injection. Japanese equities recovered from early losses to finish marginally lower. The USDJPY continued to twist around its 200DMA with technical range bound trading persisting among earnings season and would expect that to continue ahead of FOMC/BOJ announcements on Wed/Thurs (no changes expected and Fed taper expectations have now been pushed out until at least March). European markets generally firmer despite the Banks lagging on disappointing numbers from UBS, DB, Lloyds (SX7P -0.36%). US futures flat this morning as major indices held their ground yesterday despite a lot of the big momentum stocks being better for sale. AAPL only -0.35% pre-open after dipping -5% briefly in extended hours trading on the gross margins forecast. SPA's -1 handle = 1758.10 last.

Sept PPI & Retail Sales @ 8:30am, S&P/CaseShiller Home Price @ 9am

Biz Inventories & Consumer Confidence @ 10am, Japan Industrial Output tonight

- Apple revs beat on iPhone sales pop but 3rd straight qtr earnings decline & gm forecast light (trading -0.3%)

- Herbalife Q3 profit +27% beating ests, Americas sales rose, boosts forecast, new boardmember (trading -1.0%)

- NutriSystem Q3 better than expected (2c eps beat), gm's improve, & raises guidance (trading +12%)

- Michael Kors (KORS) to join S&P 500 will replace NYSE Euronext (NYX) after close on November 1

- Seagate Technology profit dropped & eps/revs misses, sees Q2 revs below estimates (trading -5%)

- Morgan Stanley is considering asking the Fed for permission to buy back more stock next year (WSJ)

- UBS Q3 net income in line, ROE 4.9%, corp bank miss, NII/trading income decline, big litigation issues (trading -5.5%)

- Deutsche Bank Q3 revs in line, pretax miss (€1.2bn Q3 litigation charge) lower trading revs/debt sales (trading -2.0%)

- Linde Q3 revs in line, op profit beats, net income better, underlying subdued, trims FY profit forecasts (trading -1.3%)

- Oerlikon Q3 revs in line, order intake improvement, EBIT ahead, confirms outlook (trading +0.80%)

- SAAB Q3 sales slight below, orders miss, net income improvement, sees FY sales on a par with 2012 (trading +0.15%)

- Alfa Laval Q3 sales in line, net income below, order intake better, Q4 demand on par with Q3 (trading -2.1%)

- Dialog Semi Q3 revs in line, EBITDA better, maintains outlook on expectation of stronger H2 (trading -1.0%)

- Ferrovial Q3 revs improve, EBITDA declines slightly, dividend better, positive outlook (trading +2.7%)

- DSV Q3 revs shade light, EBIT ahead, EPS ahead, gaining mkt share, maintains 2013 outlook (trading -0.20%)

- BP Q3 adj profit light, net better, increasing quarterly div, plans further $10bn of assets by 2015 (trading +4.9%)

- Playtech Q3 IMS, revs +16% y/y, casino revs strong, confident of achieving FY goals (trading -0.50%)

- Regus Q3 good, adding more New Centres to impact Q4, potential risk to future profitability (trading -5.6%)

- Michelin Q3 sales light, FX headwind worse, lowering guidance by 100-150mn, pricing deterioration (trading -4.4%)

- Lloyds Bank Q3 underlying ahead, ongoing PPI & pension provision concerns, TBV -6.4% q/q (trading -2.2%)

- Standard Chartered Q3 update, rev growth softening, op profit mixed, wholesale margin pressure (trading -1.3%)
- Nomura Q2 net income miss, revs in line, comm & fees better, profit below, trading vols decline (trading -0.67%)
- Man SE Q3 revs light, net income loss worse, op profit in line, maintains FY, spec situation (VOW) (trading +0.20%)
- Swedish Match Q3 net income light, sales in line, snus & snuff op margin light, cautious outlook (trading -5.5%)
- Verbund Q3 revs & EBITDA decline y/y, sees higher FY EBITDA, keeps group targets (trading +1.1%)
- Eramet Q3 revs decline, given nickel market conditions sees H2 significantly lower in H1 (trading +4.3%)
- Wolfson Q3 revs in line, EPS and underlying below, sees Q4 revs at the low end of range (trading -1.2%)
- Vivendi agrees to buy out Canal+ from Lagardere for €1.02bn (trading +0.20%)
- India raises key rate for 2nd time in last 2 months as expected (warns inflation likely to remain elevated)
- Komatsu (6301 JP) cut guidance last evening (mining and weak US construction) (closed -8.06%)
- Hitachi Construction Machinery (6305 JP) H1 net -34% y/y missing estimates (closed -5.72%)
- China National Petroleum (CNPC) said to be near buying Petrobras assets in Peru for over $2 billion

- India raises key rate for 2nd time in last 2 months as expected (warns inflation likely to remain elevated)
- Komatsu (6301 JP) cut guidance last evening (mining and weak US construction) (closed -8.06%)
- Hitachi Construction Machinery (6305 JP) H1 net -34% y/y missing estimates (closed -5.72%)
- China National Petroleum (CNPC) said to be near buying Petrobras assets in Peru for over $2 billion

Leading European Sectors: Oil & Gas +1.62%, Utilities +0.90%, Healthcare +0.45%
Lagging European Sectors: Banks -0.35%, Retail -0.29%, Autos/Parts -0.29%

EPIQ rev growth – IDTI mixed – DENN sees lower end

GGP posted profit – PCL profit up outlook light – RVBD eps beats

PMCS guidance missed – NCLH raises guidance – SANM rev forecast below

IVAC mixed – JLL eps/revs beat – HIG profit jumped

MAS sales topped – CR lowered top end – WPP earnings light

CHE cuts eps view – AGNC eps miss – LINE wont include Berry in forecast rest of yr

Notable Options Activity Yesterday:

PEP ($84.61 +1.5%) 5000 December $90 calls were purchased for $0.12 shortly after the open, and by the end of the day on Monday, a total of 13,529 were on the tape, with the calls closing $0.25 - $.29. Total call volume in the name was over 46,000, which compares to an average daily volume of just 5100.

RLGY (42.7) opening cust buying nov and dec 50 calls 2500 nov 50 calls just bot for .25 2500 dec 50 calls bot earlier for .80 earnings 11.4

Secondaries (announced/priced): PCL, SLG, SHO, CLNY, ECOM, DATA, FNB, APAM, BKU, FSA IM

IPO's: Tarkett SA investor education begins, Numericable books covered (books close Nov 7), Just Retirement Group (JRG LN) price range 200p-250p

US Key Research:

- Barcap reinstates CCG (ew) & initiates OCIP/CHMI (ow's), Citi upgrades ONTX (buy)
- Stifel initiates GME (buy), Bofa & CS downgrades BBVA, Key initiates BBG (buy)
- BMO initiates LABL (op), Janney initiates CTIC (buy), Bernstein upgrades YHOO
- Wells downgrades KORS, RBC cuts UTL, DB downgrades WPP, Raja cuts ONB
- FBR initiates IPG/CBS/MHFI (op's), Canaccord downgrades VOLC, GS upgrades MKTO (buy)

Europe Key Research:

- Nomura initiate VOLVB SS (n), JPM upgrade HNR1 GY
- Barc initiate KNEBV FH (uw), initiate SCHP VX (ew), downgrade DIA SM
- Liberum upgrade BVS LN, RDW LN, ING upgrade BINCK NA
- GS upgrade ALM SM, Berenberg downgrade ITV LN, upgrade TDC DC
- SocGen upgrade CGM FP, BKIA SM, CS downgrade BBVA SM
- Citi upgrade IBE SM, DBK downgrade S92 GY, MAQ downgrade SPM IM
- KepChev downgrade MB IM, MS upgrade ABBN SW, Lampe downgrade SKYD GY
- Oddo downgrade ML FP, RayJ upgrade TNET BB, Pareto downgrade MHG NO
- Nordea upgrade ASSAB SS, Medio upgrade SPM IM, CBK downgrade DPW GY

Reporting Pre-Open: ACT, ADM, AET, AGN, AME, APD, CMI, CNX, ECL, ETR, FIS, GT, HCP, HRS, JCI, LLL, LYB, MWV, OXY, PBI, PCAR, PFE, VLO, VRTX, WM, X, XRAY, XYL, ACI, AGCO, ALLT, ALR, AMTD, CAS, CBR, CCMP, CGEN, CIE, CMLS, CRS, CRVL, CRY, CVLT, CYNO, DAN, DDD, DHX, DIN, EXAS, FDP, FLWS, GK, GLT, GOV, HSII, HUN, IBTX, ICON, IIVI, JBLU, LBY, LCAV, MDC, MSO, NCI, PAG, PROV, RTIX, SCHN, SCOR, SFI, SNH, SPAR, ST, STBA, SUI, TECH, TRW, UBSI, UDR, UTHR, VSH, WDR

Reporting Post-Close: AFL, AMP, BIDU, BXP, CBG, EA, EIX, FISV, GILD, GNW, KIM, RRC, WU, ACHC, ACMP, ACPW, AEGN, AFG, AJG, ANEN, ARTC, AZPN, BBOX, BGFV, BTUI, BUSE, BWLD, BXMT, CACI, CALX, CAP, CBI, CBT, CCUR, CERS, CLD, CRL, CRUS, CSFL, CSGS, CVD, CYNI, DAC, DLB, DLR, DWA, EEP, ENTR, EXAR, FALC, FEIC, FLEX, FSP, GPRE, HCC, HGR, HIW, IACI, INVN, IPHI, ISSI, KFRC, KTCC, KWR, LAND, LMAT, LNKD, LOCK, LOPE, MOVE, MRCY, MWA, NANO, NATL, NBIX, NCIT, NUVA, PBNY, PLT, PPC, PRXL, PSEM, QCOR, RBCN, ROG, RPXC, RYL, SFLY, SIMG, SKT, SM, SONS, SWI, SYX, TGI, TRLA, TTWO, UHS, ULTI, VPRT, VRTS, WBMD, WNC, WSH, WTS, XCO, XXIA, YELP

Economic Data: PPI & Retail Sales @ 8:30am, Case-Shiller Home Price Index @ 9am, Business Inventories @ 10am, Consumer Confidence @ 10am

API crude oil inventories @ 4:30pm

Conferences: no major conference

Analyst/Investor Days: AVNR, HA

Non-Deal Roadshows: ALK, ATRS, BDSI, CA, CASY, CUB, DTLK, ITMN, PLXS, QSII, SBNY, SCS, SLGN, STT, TXI, WAG

Shareholder Meetings: AIT, CREE, NAUH

Equity/Mixed Shelfs: KO

Other Newspaper Articles & Stories

WSJ cautious: AMC Networks (AMCX) WSJ

- Osborne to launch Islamic bond plan FT
- Iran tries to lure back western oil groups FT
- Briton charged with hacking US government FT
- Swiss launch criminal probe into F1 bribery scandal FT
- Curse of euro lands ECB in tricky dilemma FT
- Rights abusers can breathe more easily FT
- Bond funds look to cash in on equity surge FT
- US split over whether allies' spying fury is genuine FT
- A wobbly 'march of the makers' FT
- China central bank moves to ease cash crunch fears FT
- Thailand poised for $15bn of debt sales FT
- UBS ordered to increase capital reserves FT
- India raises rates to combat inflation FT

- Memory chipmakers: this time it's different Lex
- Burger King / McDonald's: watch the throne Lex
- US bank stocks: on the horizon Lex
- Alrosa: diamond in the rough Lex
- White House Will Stop Spying on Allies, Feinstein Says WSJ
- Sports Betting Gets a New Twist, but Old Issues Still Dog It WSJ
- John Taylor: Economic Failure Causes Political Polarization WSJ
- Gold Fades From Investment Picture WSJ
- Goldman Seeks to Improve Working Conditions for Junior Staffers WSJ
- Casual Eatery Flies on a Wing and a Beer WSJ
- Apple Shows Its Mettle Ahead of Holiday Season WSJ
- Syria Chemical Weapons Inspections Hit Snag WSJ
- Mexican Cartel Retaliates Against Civilians WSJ
- Australia Central Bank Wary of Rising Currency WSJ
- House, Set to Vote on 2 Bills, Is Seen as an Ally of Wall St. NYT
- Microcredit for Americans NYT
- Frenzy of Deals, Once Expected, Seems to Fizzle NYT
- Ukraine's Destiny The Times
- Iraq has forgotten what America taught it The Times
- Hackers target British banks and businesses The Times
- IMF to announce bailout for Slovenia as country struggles with indebted banks The Times
- Paul Reichmann: The world-class developer behind London's new City Independent
- Raja Teh: The West could learn a lot from the principles of Islamic financial practice Independent
- Britain must say 'no' to eastern European workers, says Cameron Telegraph
- Pig ignorance abounds in our cost of living crisis Telegraph
- London's astonishing boom can lift the whole of Britain Telegraph
- China's impossible contradiction Telegraph

- Business rates policy 'boosting supermarkets at expense of high street shops' Telegraph
- The storm has battered Britain – but will barely dent the economy Guardian
- Release Britain's cities from the shackles of too much central control Guardian
- Mainstream economics is in denial: the world has changed Guardian
- Don't blame foreigners for our self-inflicted housing shortage CityAM
- Ignore the cranks: Orthodox economics can account for the 2008 financial crash CityAM

Key Events This Week

Wednesday: FOMC Rate Decision (no press conference), Sept CPI, Oct ADP Employment Change, House/Senate conference expected to meet for the first time, Earnings (CMCSA, GLW, GM, GRMN, HES, PCG, PEG, SEE, WEC, ALL, CSC, EQR, EXPE, FB, KRFT, LNC, MAR, MET, MUR, SBUX, V)

Thursday: Month End, Jobless Claims, Chicago PMI, ISM Milwaukee, China HSBC/NBSD Markit PMI Oct, BOJ rate decision, BOJ Semiannual outlook report, Earnings (ABC, AVP, BEAM, CAH, EL, HAR, IRM, MA, PPL, PWR, TWC, XOM, AIG, FSLR, RSG, SWN)

Friday: Markit US PMI, US Manufacturing ISM Oct, Construction Spending, Global Vehicle Sales, Earnings (CVX, NEE, WPO, BLT)

Saturday: China NBS non-manufacturing PMI

Key Events on the Horizon

Nov 7 – BOE & ECB rate decisions

Nov 28 – US Thanksgiving (market closed)

Dec 5 – BOE & ECB rate decisions

Dec 18 – FOMC rate decision

Jan 15 – Current CR runs out

Feb 7 – Debt ceiling deadline (Treasury can use extraordinary measures for ~ 1 month past this date)

[redacted] | ✉