From: [redacted]
Sent: Mon 9/9/2013 10:02:28 AM
Subject: Early Tour 9.9.13

Good Morning … European Markets mostly lower 0-40bps (Italy +0.22%, Spain -0.63%) … ASX +0.71%, NKY +2.48%, KOSPI +0.99%, TWSE +0.34%, SHCOMP +3.39%, HSI +0.57%

EUR 1.3194 (+0.12%)   JPY 99.45 (-0.34%)   EUR/JPY 131.20 (+0.43%)   AUD 0.9215 (+0.33%)   ILS +0.64%   IDR +1.86%

US 10yr 2.89%   Japan 10yr 0.75%   Germany 10yr 1.95%   Portugal 10yr 7.06%   Italy 10yr 4.50%   Spain 10yr 4.51%

Futures: **Dow +30, Nasdaq +13, S&P +3**   DXY $82.09 (-5c)   Crude $110.07 (-46c)   Gold $1387.40 (+90c)   Copper +0.77%   Silver -0.46%

Asian markets were higher overnight, with China leading the way +3.39%. Trade data out over the weekend was better (exports +7.2% y/y vs est +5.5%, imports +7.0% y/y vs est +11.3%) and there was also talk that the CSRC will allow banks to issue preferred shares to shore up capital positions. China August CPI and PPI were released today as well (both in-line with estimates). Japan showed decent gains +2.48% led by construction and real estate plays following the 2020 Olympics announcement. Japanese Q2 GDP was revised up to +3.8% from an original estimate of +2.6% before the open (expectations were for +3.9%). Australia closed near the highs following the weekend's election where the Liberal National Coalition won a clear majority as expected. India was closed for holiday. European markets generally lower 0-40 bps to start the week. Italy's Senate committee will resume discussions @ 3pm local time on whether to expel Berlusconi following his conviction for tax fraud with a final vote expected in October (Berlusconi has threatened to withdraw his party's support for the Letta coalition government if he is expelled). The latest on Syria: Charlie Rose of PBS interviewed Assad in Damascus yesterday with Assad again denying anything to do with the recent chemical attack (preview here with the full interview airing tonight @ 9pm). Obama will get his turn to sit down with PBS today and will also address the nation tomorrow night at 9pm to make his case to move forward with limited strikes. Obama is scheduled to huddle with Senate Democrats on Capitol Hill today with the Senate expected to vote on the Syria resolution by the end of the week (and House to follow next week). John Kerry and his UK counterpart William Hague met in London this morning and hosted a joint press conference. Kerry acknowledged that a political solution (not a military solution) is needed to end the civil war in Syria, but stated that if the current government feels they can annihilate some of its own citizens with impunity then the two sides will never come to the negotiating table. In the Q&A, Kerry again presented what he called powerful evidence linking the Assad regime to the chemical attacks and argued that the risk of not acting is greater than the risk of acting. SPA's +3 handles = 1656.70 last.

Consumer Credit @ 3pm, General Election in Norway today, India closed for Holiday

Bofa Gaming (Las Vegas) & Barclays Financial Services (NYC) conferences begin

- Yum Brands reports Aug comps for China division -10.0% vs est -7.7% (KFC -12%, Pizza Hut +5.0%)
- SHFL Entertainment reported after the close on Fri (eps 16c vs est 22c, revs $73.5M vs est $77.7M)
- S&P 500 changes: Delta Airlines (DAL) to replace BMC Software (BMC) after the close on Sep 10
- Silver Lake said to consider selling Serena Software (acquired for $1.2 billion in 2006) (*Reuters*)
- Suntory Beverage & Food to buy Lucozade & Ribena brands from GlaxoSmithKline for £1.35 billion
- Kabel Deutschland shareholders worry that Vodafone bid may not go thru (75% tender by Sep 11)
- KPN CFO Eric Hageman to step down with immediate effect due to personal circumstances (trading -0.23%)
- Banca Monte De Paschi: €2.5B cap increase to repay state aid or face nationalization (trading -2.8%)
- AB Foods trading update: Primark strong, sugar inline but pricing concerns (trading -1.9%)
- BG guides production lower for Egypt, UK/Norway and US, keeps 2015 prod guidance (trading -4.8%)
- Uralkali: *Vedomosti* reports that Kerimov is selling his 21% stake to Vladimir Kogan (trading +6.2%)
- BBA Aviation merger talks with Dubai Aerospace Enterprise end, no reason given (trading -0.40%)
- Svenska Cellulosa (SCAB SS) bids HK11/share (35% prem) for Vinda (Chinese tissues (trading +0.50%)
- Forbo suspends share buyback program to sell up to 2.5% of treasury shares (trading -0.90%)
- Lloyds: may ask Brussels for more time with branch sale, Gov. may sell stake next week (trading +0.20%)
- Vivendi: may see new CEO in place quickly while Bertelsmann CEO withdraws candidacy (trading +2.2%)

- Zoopla (private real estate website in the UK) could be heading towards £1B IPO (DMGT owns 51%)

- Deutsche Tel: *Handlesblatt* reports company applying for online sports betting licence (trading +0.10%)

- Credit Ag & Soc Gen to end their brokerage and asset mgmt partnerships (ACA +0.40%, GLE +0.50%)

- Swedish Orphan Biovitrum acquires full rights to Kineret (anakinra) from Amgen (trading unch)

- Glenncore CMD tomorrow; press talking up synergy targets but below the street (trading +1.0%)

- Norway's Conservative party may sell parts of Statoil, Telenor, Yara, SAS if elected (STL NO -0.60%)

Leading European Sectors: Insurance +0.74%, Autos/Parts +0.74%, Basic Res +0.62%
Lagging European Sectors: Oil & Gas -1.25%, Utilities -0.94%, Food/Bev -0.89%

Notable Options Activity Friday:

RKUS ($15.30 +1.7%) elevated upside call buying on Friday. 3,600 traded which was 6x the average daily volume. Most of the action was in the Oct 17.5c, but the Sep 15s and 17.5s and Nov 15s and 17.5s all saw activity.

EPI ($14.93 +2.5%) someone looking for increased volatility in the Wisdom Tree India Fund bought 5000 January 14 puts/January 16 call strangle for $1.425. The trade would be profitable if it closes farther outside of those strike ranges by more than the premium paid (<$12.57 or >$17.43)

Secondaries (announced/priced): CHSP, UQA AV

IPO's: Stonegate Mortgage files $100M IPO BofA, Credit Suisse, Barclays and FBR

US Key Research:

- Nomura initiates ANF/CHS (buys) & ARO/AEO/ANN/BKE/FOSL/LTD/URBN (neuts)

- RBC upgrades BRCD, MSCO upgrades XEC/EOG/ETN & downgrades HFC
- UBS upgrades NTAP (buy), GS resumes WMT (buy) & COST/TGT (neuts), CS upgrades ZQK
- Piper upgrades NANO, Citi downgrades CYH & initiates LULU/ULTA (buys) & SBH (neut)
- Raja downgrades FITB, DB reinstates ROC (hold), Evercore reinstates S (ew), Canaccord downgrades IACI

Europe Key Research:

- CS downgrade HEIA NA, JPM downgrade DIXY RM, Barc downgrade ENQ LN, SMDR LN
- UBS downgrade TATE LN, IPJ SJ, add SZG GY, SSABA SS to least pref
- BofAML reinstate LAND LN (b), BLND LN (b), upgrade BATS LN, MUV2 GY, AKGRT TI, SPG SJ
- BofAML downgrade EOAN GY, THYAO TI, Exane downgrade BN FP, upgrade MC FP
- Citi double u/g PHIA NA, u/g REL LN, DEC FP, TFI FP, A3M SM, BANE RM, d/g INF LN
- Bern upgrade STMN SW, NOBN SW, LDEN LN, downgrade ITV LN
- Cantor downgrade DRTY LN, SocGen downgrade EN FP, MAQ upgrade TLW LN
- HSBC initiate EDCL LI (n), Mediobanca initiate PGHN SW (op), VONN SW (op)
- KepChev upgrade TEN IM, VK FP, Libr upgrade CSR LN, Panmure upgrade BDEV LN
- Mainfirst upgrade LONN SW, MUV2 GY, NOK1V FH

Reporting Pre-Open: HITK, HOV, HSOL, JW.A, STRM

Reporting Post-Close: PVH, CASY, COOL, FIVE, FLOW, HDS, IRET, PANW, PPHM

Economic Data: Consumer Credit @ 3pm

Fed Speakers: Williams @ 11am (San Fransisco)

Conferences: Bofa Gaming (Las Vegas), Baracp Financial Services (NYC), MS Healthcare (NYC)

Analyst/Investor Days: NS

Non-Deal Roadshows: ACFN, ANN, APRI, BRCD, CHTR, CRY, DTLK, EGN, ENSG, FIO, FRP, GPI, KEY, KVHI, MELI, MOVE, NOW, PBH, RDC, STBZ, VDSI, CRTX, WSR

Shareholder Meetings: JOB, PDCO, HGSH

Equity/Mixed Shelfs: N/A

Other Newspaper Articles & Stories

Barron's Cover: Lenovo Attacks WSJ

Barron's cautious: Microsoft (MSFT) Barron's

Barron's positive: Industrial companies Barron's, Bob Evans (BOBE) Barron's

WSJ cautious: German Utilities WSJ

WSJ positive: Sotheby's (BID) WSJ

- Financial Crisis: Lessons of the Rescue WSJ
- Instagram pictures itself making money WSJ
- Hedge Funds cut back on fees WSJ
- Benign inflation adds to sense Chinese economy recovering FT
- US investors pile into European equities FT
- Vickers calls for doubling of bank capital levels FT
- Neiman Marcus up for sale with $6bn price tag FT
- Money market credit ratings 'outlawed' FT

- 'The pitch was: New York City has $100bn in pension money' FT
- Welsh government demands £2bn compensation for costs of HS2 FT
- Europe bond rush brings in $29bn FT
- Irish distillers order a triple as whiskey flows FT
- Carmakers: New hands on the wheel FT
- Australia switches FT
- Rush and repent FT
- Assad and Kerry set out cases in battle for hearts and minds FT
- The arithmetic of Germany's election points to instability FT
- Broadcom: in a narrow spot Lex
- China earnings: dangerous waters Lex
- Tokyo 2020: The comeback kid Lex
- US grocers: class war Lex
- Investors Bet On Battered Markets WSJ
- Financial Innovation Is Suddenly Back in Fashion WSJ
- Mideast Derails Key Issues in Congress WSJ
- At Frankfurt Auto Show, Europe Takes Back Seat WSJ
- Miliband is told to take control or face defeat The Times
- TSB bank makes a return to the high street The Times
- Spending soars in search for British oil The Times
- Tea Party Man is stealing Obama's clothes The Times
- How's the economy? Don't ask economists The Times
- Britain's fashion stores 'face defeat by internet' The Times
- Interest rate swap scandal: Banks face hidden bill of up to £10bn to settle property developer claims Independent
- City brain drain 'may hurt growth prospects' Independent
- McRae: Markets blow Carney a raspberry as we enter an age of repression Independent

- Space race fuels resurgence in London offices Independent
- Osborne: We've saved the economy and proved Labour wrong Telegraph
- Lord Ashcroft poll: Independence near bottom of Scots' priorities Telegraph
- China embraces 'British Model', ditching Mao for Edmund Burke Telegraph
- Brussels fears European 'industrial massacre' sparked by energy costs Telegraph
- Worst of Greece's recession is nearly over, says prime minister Guardian
- National recovery? Don't believe the hype Guardian
- Mark Carney is a symbol of George Osborne's failure, not his success Guardian
- A new breed of super-entrepreneurs could leave HS2 looking antiquated City AM
- How to tackle Britain's NIMBYs and end crisis in new house building City AM
- From DC to Pearl, China-US military ties deepen China Daily
- Diamonds are this nation's best friend China Daily

Key Events This Week

Tuesday: Obama to address the nation on Syria @ 9pm, NFIB Small Business Optimism, JOLTs Job Openings, AAPL iPhone event, Key Basic Materials & Packaging Conference (Boston), Earnings (AEPI, PBY, RH)

Wednesday: MBA Mortgage Applications, Bofa Real Estate Conference (NYC), Barcap Energy Conference (NYC), Earnings (DQ, VRA, MW)

Thursday: Treasury Monthly Budget Statement, Import Price Index, Canaccord Infrastructure Conference (Toronto), Earnings (MANU, KR, LULU, ALOG)

Friday: PPI, Retails Sales, Earnings (ZAZA)

Key Events on the Horizon

September 18 – FOMC rate decision

September 20 – EuroStoxx 600 changes on the close

September 22 – German elections

September 30 – Fiscal Year End for US Federal Government

October 10-11 – G20 Fin Min/CB meeting (DC)

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