From: [redacted]
Sent: Tue 8/20/2013 9:56:54 AM
Subject: Early Tour 8.20.13

Good Morning … European Markets off 70-175 bps (Portugal -2.0%, Spain -2.3%)… ASX -0.67%, NKY -2.63%, KOSPI -1.55%, TWSE -0.86%, SHCOMP -0.62%, HSI -2.35%

EUR 1.3396 (+0.46%) JPY 97.37 (+0.19%) EUR/JPY 130.47 (+0.29%) AUD 0.9060 (-0.54%) NZD 0.7987 (-1.01%)

US 10yr 2.81% Japan 10yr 0.74% Germany 10yr 1.86% Portugal 10yr 6.33% Italy 10yr 4.28% Spain 10yr 4.42%

Futures: **Dow -22, Nasdaq -4, S&P -2** DXY $81.03 (19c) Crude $106.29 (-81c) Gold $1364.50 (-$1.20) Copper -0.61% Silver -1.23%

It was an ugly day with AsiaPac indices lower across the board on combination of tapering concerns from the US, ASEAN continued weakness on fx/current account deficit worries, and rising bond yields. Emerging market outflows continue with Indonesia's JCI Index down another -3.2% today taking its 3-day drawdown to -11.0%. The Indonesia Rupiah (IDR) is currently -1.8% to its lowest level since 2009. While India's Rupee (INR) is -0.88% to new record lows vs the USD. The Emerging Market Bond ETF (EMB) looks set to rack up its 7th straight down day. Despite holding up for the AM session, Japan closed on the lows after the Yen strengthened and the Nikkei broke through support at 13,500. RBA meeting minutes were released for August meeting: some of the highlights included comments that the GDP growth is expected to remain sub-trend for longer and that the AUD could fall further. In a strategy call, JPM downgraded India from neutral to underweight and upgraded China from underweight to neutral. Philippines remained closed to due to the Monsoon. European markets lower across the board as well after the weak overnight in the US/Asia. EMU Banks, Basic Resources, Construction, Autos/Parts all leading the way lower on general de-risking. Some M&A in the German real estate sector with Deutsche Wohnen agreeing to buy GSW Immobilien (GIB GY) in an all-stock deal. Volumes stronger today and currently tracking 115% of the 3m average. US 10yr yield backing up -7.3bps to 2.8078%. Several retailers reporting pre-open in the US. SPA's -2 handles = 1642.10 last.

BBY, DKS, HD, JCP, TJX, BKS, AMWD, MDT report pre-open / INTU #'s post close

***Chicago Fed Nat Activity Index @ 8:30am ***

- Kyle Bass said to bet on JC Penney comeback with secured loan purchase and selling cds (Bloomberg)

- Urban Outfitters 25% rise in Q2 profit on improved sales both retail/wholesale segments (trading +6%)

- Fed advises the largest US banks to hold regulatory capital beyond their own internal targets (FT)

- Apple supplier (Hon Hai) to begin shipping both a new high-end & low-end iPhone in early Sep (WSJ)

- Deutsche Wohnen to buy GSW Immobilien (GIB GY) via exchange offer (51:20 ratio = 14.7% premium)

- BHP Billiton FY revs inline, net misses, $2.6bn Jansen (potash) investment, positive on US (trading -3.4%)

- Glencore Xstrata H1 sales light, EBIT inline, $7.66B Xstrata impairment, no synergy update (trading -3.6%)

- Lindt & Spruengli H1 net better, sales inline, market gains, reit organic growth forecasts (trading +3.0%)

- Persimmon H1 revs inline, forward sales solid, cash review end of year, positive outlook (trading -0.77%)

- CRH H1 revs slight light, Europe recovery weak, reduces H1 EBITDA guidance (trading -5.9%)

- Forbo H1 revs inline, operating profit light, all regions solid, reaffirms guidance (trading +0.50%)

- Wood Group H1 broadly inline, cuts engineering guidance, slowdown fears (trading -6.8%)

- Wienerberger Q2 sales inline, EBITDA light, net income misses, confirms outlook, broker d/g (trading -3.5%)

- Cairn Energy H1 numbers out, EPS of $0.37, update of multi well development inline (trading -0.43%)

- Straumann H1 revs shade better, EBITDA better y/y, EPS ahead of estimates (trading +5.8%)

- Peab huge restructuring, cost SEK 920M on EBIT, appoints Winkvist CFO & Goransson CEO (trading -2.4%)

- Fiberweb: 97.5p/shr offer from Polymer, includes 1.2p/shr interim div, board to recommend (trading +7.4%)

- Novartis granted break through status for muscle wasting drug BYM338, off the radar drug (trading +1.3%)

- Eurozone June construction output +0.7% m/m vs -0.3% prior, -3.0% y/y vs -5.1% prior (fastest pace in 2.5 yrs)

- Germany July PPI comes in at -0.1% m/m versus estimate +0.2%, +0.5% y/y versus estimate +0.7%

- Galaxy Entertainment inline to slightly better results, mass market GGR strong, no dividend (closed -2.6%)

- RBNZ imposes restrictions on low-deposit home lending (loan-to-value > 80%) beginning October 1
- RBA Minutes: direction of AUD will be important in setting policy, further cuts remain a possibility

Leading European Sectors: Healthcare +0.33%, Telco -0.48%, Trav/Les -0.64%
Lagging European Sectors: Construction -2.62%, Basic Res -2.61%, Autos/Parts -2.33%

BOBE eps beats/sales miss – PWRD rev view tops – ANW mixed

Notable Options Activity Yesterday:

AMJ (mlp etn) (45.06 -.8%) for the second day we note an opening cust buy 5000 march 42 puts outright (2.65 today, 2.35 on Friday) most likely a hedge

AMLP (mlp infrastructure etf) (17.24 -.6%) rolling cust sold 20k sep 18 puts to buy 20k oct 17 puts collected .25 early last week we also saw an opening buyer of 17k of these same oct 17 puts most likely a large position hedge

FOSL (115.04 -1.8%) two notable bearish trades today first opening cust bought 2000 dec 105 puts for 5.75 followed about 15 mins later by 2500 oct 105 puts for 2.20 both traded outright and outsize most of the open interest in FOSL

ECA (17.54 -.8%) opening custs buying notable upside exposure 3700 total sep 19 calls for .10 followed by 1500 oct 19 calls for .25 ECA is down 11% ytd and these calls breakeven ~9% higher earnings were released 7.24

Secondaries (announced/priced): CODE (144A Senior Exchangeable Notes), Z

IPO's: N/A

US Key Research:

- Barclays initiates BLMN (ow), DB downgrades RVBD (sell), GS initiates QIHU (neut)
- Canaccord initiates APA/APC/COG/DVN/PXD/RRC/SWN (buys) & QEP/UNT/UPL (holds)
- Janney upgrades ANN (buy) & initiates FB (buy), Stifel initiates CLD (hold), BB&T cuts CLF
- Jefferies upgrades CMG and RRGB (buy) & downgrades BBRG/PNRA/GTXI
- UBS downgrades DO/ESV, JPM cuts LG/XEL, Raja upgrades SAVE, Longbow upgrades XEL (buy)

Europe Key Research:

- JPM downgrade RJHI AB, MS downgrade MT NA, SZG GY, GS push sell KNEBV FH
- BofAML remove PFC LN from Europe 1, add BEYN GY to most pref – GN DC removed
- BofAML add GALN SW to least pref – EKTAB SS exits, downgrade VED LN
- ING initiate AAL PW (b), Citi upgrade BVS LN, downgrade SZG GY, KepChev downgrade WIE AV
- DNB positive ALGETA NO, DBK upgrade BBY LN, LAD LN, MainFirst downgrade CON GY
- Sarasin downgrade GIVN SW, Berenberg reit sell PSM GY, Macquarie upgrade MAERSKB DC
- RBC downgrade KENZ LN, upgrade CPG LN, SEB u/g STL NO, Investec u/g BA/ LN, BATS LN
- Numis upgrade HFG LN, Investec upgrade MGGT LN, Liberum downgrade KENZ LN

Reporting Pre-Open: BBY, HD, JCP, MDT, AMWD, BKS, CNTF, DAKT, DKS, GASS, GLOG, NNA, SKS, TSLM, TJX

Reporting Post-Close: ADIS, INTU, CISG, DL, EPAY, KTCC, LZB, STV, TUES, ULGX, VELT, VNET

Economic Data: Chicago Fed National Activity Index @ 8:30am

API crude oil inventories @ 4:30pm

Conferences: N/A

Analyst/Investor Days: N/A

Non-Deal Roadshows: ACOR, AMAT, ANDE, ASGN, BREW, CNW, CPF, CWH, CY, DAR, DCO, ENTA, GCA, HF, IPAR, MAS, MCHP, MPAA, MYGN, NEWP, NOG, ONB, OSK, PERI, PRA, RBCN, SSH, ST, STI, STRP, TRMR, TRS, UDR, WYN

Shareholder Meetings: ICH, FBC, SYRG, SVA

Equity/Mixed Shelfs: SSW

Other Newspaper Articles & Stories

WSJ cautious: Home Depot (HD) WSJ, Oil E&P companies WSJ

- Builders face curbs on construction of 'rabbit hutch' homes FT
- Guardian newspaper ordered to destroy files, claims editor FT
- Sinai ambush raises stakes for Egypt and Israel FT
- UK gold exports surge tenfold this year FT
- Financial services companies lift salaries to beat bonus cap FT
- Hugo Chávez: His legacy at stake FT
- Fed advises US banks to lift capital targets FT
- P&G lobbies EU over teeth-whitener sales curbs FT
- Male managers winning UK gender war with bonuses twice as large FT
- How to cure the malaise afflicting Europe's left FT
- Singapore's strains FT
- Rewards of social chat are worth the risks FT

- Rupee tumbles as India concerns grow and emerging markets turmoil builds FT
- Decision on RBS branches likely within two weeks FT
- QBE profit hit by spike in US claims FT
- Target / Walmart: wagers, please Lex
- M&A fails: pass the aspirin Lex
- OMV / Statoil: a tale of two companies Lex
- Thailand/Indonesia: From hot to not Lex
- Fear of Fed Retreat Roils India WSJ
- Nepotism: Is It a Crime? WSJ
- Amazon Losing Its Price Edge WSJ
- Supplier to Ship Two Apple iPhones in September WSJ
- J.P. Morgan Faces New Probe on Energy Trades WSJ
- Glencore Xstrata Takes $8.47 Billion Charge WSJ
- Banks Work Around China's Lending Limits WSJ
- We Need to Talk About Gibraltar WSJ
- Exposing Asbestos Fraud WSJ
- Why Fewer Americans Live Abroad WSJ
- Ben Bernanke's Anger and the AIG Case WSJ
- A question of ethics proves too much for young bankers The Times
- The tax virus killed Detroit and it's spreading The Times
- Men's bonuses more than twice size of women's: Male managers take home £140,000 more in a lifetime Independent
- LinkedIn lowers age limit to 13 to recruit career-minded youngsters Independent
- Hi-tech UK manufacturer sucks up new foreign owner Independent
- Jim Armitage: Relief at Goldman Sachs as scandal stories abate…thanks to JPMorgan Independent
- Ministers at war over secret wind farm evidence Telegraph
- Recovering economy needs investors prepared to take a property risk Telegraph

- Prepare to add HS2 and Universal Credit to our depressing list of fiascos Telegraph
- Algeria's civil war is a dreadful precedent for Egypt Telegraph
- Ethical shopping growing in popularity, survey suggests Guardian
- Bank of England v the City: who's right on interest rates? Guardian
- What if Germany's Social Democrats win this election? Guardian
- The Tories can't rely on directionless Ed Miliband to gift them 2015 victory City AM
- The economy may be looking up but the public finances are far from fixed City AM
- BT Sport has a mountain to climb in its bid to beat BskyB City AM
- Western program new engine for growth China Daily
- China, Kenya agree to bolster relations China Daily

Key Events This Week

Wednesday: Fed Minutes from July30/31 FOMC meeting, Existing Home Sales, Citi MLP & Infrastructure Conference (Las Vegas), China Flash Aug PMI, Earnings (LOW, PETM, SJM, SPLS, TGT, HPQ, LTD, TOL, EV)

Thursday: Eurozone Flash PMI's, Fed's 3-day Jackson Hole Annual Economic Policy Symposium begins, Kansas City Fed Manufacturing Activity, House Price Index, Earnings (ANF, DLTR, GME, HRL, PDCO, ROST, SHLD, ADSK, GPS)

Friday: New Home Sales, Eurozone Consumer Confidence, Earnings (ANN, FL, HIBB)

Key Events on the Horizon

August 30 – MSCI reweight on the close

September 5 – BOE/ECB rate decisions

September 5-6 – G20 Leaders Summit (St. Petersburg, Russia)

September 7 – Australian election

September 10 – AAPL iPhone event

September 18 – FOMC rate decision

September 22 – German elections

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

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