From: [redacted]
Sent: Mon 7/1/2013 10:02:41 AM
Subject: Early Tour 7.1.13

Good Morning … European Markets up 40-75 bps… ASX -1.92 NKY +1.28%, KOSPI -0.41%, TWSE -0.33%, SHCOMP +0.81

EUR 1.3053 (+0.33%) JPY 99.58 (-0.45%) EUR/JPY 129.98 (+0.77%) AUD 0.9189 (+0.56%) NZD 0.7775 (+0.48%)

Spain 10yr 4.66% Italy 10yr 4.50% Portugal 6.39% Germany 10yr 1.76% Japan 10yr 0.89% US 10yr 2.54%

Futures: **Dow +98, Nasdaq +24, S&P +9** DXY $83.04 (-9c) Crude $97.18 (+61c) Gold $1243.30 (+$19.60) Copper +1.91% Silver +1.36%

APAC region finished mixed in quiet trade with Hong Kong and Thailand closed. Japan was given a boost as the USDJPY continues to weaken, trading with a 99 handle, and on strong Tankan data. Large Industry Capex came in 5.5% vs. est. 2.9% for 2Q, Large Manufacturers Index +4 vs. est. +3, and jumped from 1Q's -8. Large Manufactures outlook also jumped to +10 vs. est. +7. There was another big move on the Mothers Index, up 6.8% following the 5.8% jump Friday, with gaming and biotech leading the charge. China ended higher but banks and props were under pressure after the CSRC denied rumors of opening the re-fi window for the developers. The official PMI came bang in line at 50.1 while the private HSBC PMI came in at a much weaker 48.2, lowest since Sep'12. Australia underperforms in light volume ahead of tomorrow's RBA decision after rallying ~3.2% heading into FY year end. European markets rallying after slow start as Euro-Area PMI contracted in June less than initially estimated with PMIs overall better (Eurozone 48.8 vs 48.7; German 48.6 vs 48.7; French 48.4 vs 48.3; Italian 49.1 vs 47.8; Swedish 53.5 vs 51.2). ECB and BOE are both meeting Thurs Jul 4 (when US markets will be closed). For the ECB, Draghi has mentioned remaining on hold pending either a material weakening in data or political progress therefore July 4 is expected to be a non-event. Carney takes over from Mervyn King as the Bank of England Governor and this week's BOE meeting will be the first one presided over by him but no incremental policy measures are expected to be either. Over the weekend, Soros told Kathimerini (Athens daily newspaper) that European conditions are set to worsen in 12-18 months, pointing at another needed write-down on Greek debt. Note talks between the Troika and Greece to unlock €8.1B of rescue loans are set to re-start today. This should be a relatively quiet week with July 4th Holiday but we will see some bigger eco data with US PMI today anchored by the Jobs Report on Friday. Barron's remains positive on stocks with a Feature "don't fear a summer swoon" – saying stocks will get through the present volatility **Barron's**. SPAs begin Q3 +10 handles = 1609 last.

Markit US PMI @ 8:58am, Construction Spending & ISM Manufacturing @ 10am

- Onyx Pharma rejected unsolicited $120/shr Amgen cash bid (in other talks) (trading +45%)
- Nokia agreed to buy Siemens AG's share in a six-year venture for $2.2 billion (trading +6%)
- Euro-area manufacturing output contracted less than initially estimated in June (48.8 vs 48.7 ests)
- UK June house prices rose 5th month (+0.4% same as May) as shortage boosted values
- U.K. factory index rose in June to a two-year high and mortgage approvals jumped in May
- Hunting trading update all in line, outlook remains positive, half year on 08/29 (trading +6.9%)
- KIA to invest up to $5bn in infrastructure assets, mainly in the UK, over 3-5 years *FT*
- Ocean Yield IPO Priced at NOK27 Per Share, expected to start trading 07/05
- SAP confirms Q1 2013 European Cloud business grew in the triple digits (trading -1.5%)
- Siemens Sells Its 50% Stake In NSN to Nokia for Eur1.7bn (trading +2.4%)
- *Handlesblatt* reports Puma to refocus on functional sportswear (trading +1.1%)
- Pirelli in the pits following F1 British Grand prix tire blowouts (trading -1.2%)
- France to sell Aeroport de Paris stake to Credit Agricole (ACA.FP), Vinci (DG.FP) for €738M
- Bankia Sells 38.5% Inversis Stake for EU82m trto Banco de Madrid (trading -1.5%)
- France Telecom new name, Orange – new ticker is ORA FP

Leading European Sectors: Fin Services +1.37%, Trav/Les +1.21%, Retail +1.20%
Lagging European Sectors: Chemicals -0.05%, Utilities -0.01%, Real Estate +0.18%

Secondaries (announced/priced): PEIX, FLTX, IDRA, AUMN, ANAC, ARRS

IPO's: Ardmore Shipping (ASC) files $160M IPO through MS, Jefferies and Clarkson

US Key Research:

- JPM upgrades NOK & cuts AVID/HFC/MPC, CS upgrades VE, MS cuts MMM & upgrades P

- CS initiates FOXA (op), DB upgrades IHG (buy), Bofa initiates IRC (neut), MS upgrades TYC
- Piper initiates REGN, GS initiates AOS/KMT/RBC (neut's) & KDN (sell) & WAB (buy), ISI upgrades XLNX (buy)
- BB&T upgrades YRCW (buy), Jeff upgrades CSRE (buy), BMO cuts CDE, FBR cuts AAWW
- Barcap reinstates SMLP (ow), W Blair upgrades SLH, Wells initiates NWSA (op) & upgrades STLD & cuts AKS

Europe Key Research:

- CS upgrade HAS LN, VIE FP, DB upgrade SCMN VX, SocGen downgrade BKT SM,
- JPM downgrade BBVA SM, upgrade NOK1V FH, Nomura upgrade TLW LN
- UBS downgrade AMS SM, Swedbank upgrade HUFVA SS, Investec upgrade RBS LN
- GS remove PKN PW from focus list, remove VOLVB SS from conv buy list
- JEFF upgrade CSR LN, Mira upgrade SAB LN, Beren reit buy SKYD GY
- MS +ve ZIGGO NA, SEB downgrade INDUA SS, SWMA SS, Exane downgrade AMS SM
- BofAML upgrade ALDAR UH, reinstate FGP LN (buy), Liberum downgrade BBY LN

Reporting Pre-Open: AKR, CSUN, HNI

Reporting Post-Close: API, IRET, SHLM, XRTX

Economic Data: Markit US PMI @ 8:58am, Construction Spending / ISM Manufacturing @ 10am

Conferences: No major events

Analyst/Investor Days: N/A

Non-Deal Roadshows: ANF, AWH, INXN, SMTC

Shareholder Meetings: N/A

Equity/Mixed Shelfs: KKR, IRM, KFN, NMFC ($57.7M), KMP ($2.2B)

Other Newspaper Articles & Stories

Barron's cover: Barron's list of Most Respected Companies Barron's

Barron's positive: Kansas City Southern (KSU) Barron's, Dole (DOLE) Barron's

- Defensive Stocks Won't Shield Investors WSJ Heard on the Street
- China reports weak manufacturing sector growth in June FT
- Bob Geldof condemns fund industry FT
- Dutch bonus rules to crunch fund market pay FT
- The fund emperors' new clothes FT
- Japanese business sentiment turns positive FT
- Norway's opposition mulls oil fund split FT
- Samsung tightens grip on major European smartphone markets FT
- Rousseff gains respite in Brazil's Confederations Cup victory FT
- Kuwait plans $5bn investment for the UK FT
- Expectations high as Mark Carney takes over at Old Lady FT
- The EU will regret terminating a banking union FT
- Investors move out of cash and into bonds FT
- Banking is heading towards its Spotify moment FT
- Coal: seaborne ultimatum Lex
- Antitrust fines: calm before the storm Lex
- Floating rate debt funds: one eye on the floor Lex
- Mark Carney: welcome to London Lex

- New Governor Carney Has BOE Bridges to Rebuild WSJ
- Widespread Opposition Protests Grip Egypt WSJ
- Croatia Joins EU, Amid Strains WSJ
- Asia PMI Data Shows Slowdown in Manufacturing WSJ
- Slice of ABN Thrives in Netherlands WSJ
- Dell's Cash Overseas Is Needed at Home WSJ
- Obama's Anti-Energy Agenda WSJ
- The Middle-Class Revolution WSJ
- Green Regulations and Jobs WSJ
- China's Reform Moment WSJ
- Taking a Sword to the Tax Code WSJ
- Paid via Card, Workers Feel Sting of Fees NY Times
- Debate over minimum wage reignites decades-old arguments LA Times
- Shale gas revolution 'could halve oil price' The Times
- China's banks put the rest in the shade The Times
- The Governor will need the Goldilocks touch The Times (Opinion)
- The State's been cut but Britain hasn't bled The Times (Opinion)
- Dear Mark.... An open letter to Mr Carney, the new governor of the Bank of England Independent
- Stella Creasy: A cap on the cost of credit will curb the loan sharks Independent
- Special report: The dark side of credit - a million new payday loans every month Independent
- Funds: The good, the bad and the ugly Independent
- EU referendum law hits trouble Telegraph
- Help to Buy 'could be hazard to economy', says Taylor Wimpey chief Telegraph
- France's triumphant 'Joan of Arc' vows to bring back franc and destroy euro Telegraph
- Forget a quick shale gas revolution here– we don't have the technology Telegraph
- Miliband is taking his cue from loser Kinnock, not winner Blair Telegraph (Comment)
- Carney does not have a silver bullet to fire Telegraph (Comment)
- The shape it's in Telegraph (Comment)

➢ It's no longer unthinkable to shrink the state Telegraph (Comment)

➢ New NSA leaks show how US is bugging its European allies Guardian

➢ Mark Carney urged to kick start lending to small businesses Guardian

Key Events This Week

Tuesday: ISM New York, Factory Orders, Vehicle Sales, RBA rate decision, China NBS & HSBC non-manufacturing PMIs, Earnings (STZ, AYI)

Wednesday: US markets close @ 1pm, ADP Employment Change, US Trade Balance, US non-manufacturing June ISM, Germany hosts labor summit, Earnings (ISCA)

Thursday: US markets closed for Independence Day, BOE/ECB rate decisions, Jobless Claims

Friday: June Employment Report, Banks to submit mid-yr stress test result to Fed

Key Events on the Horizon

July 10 – Fed Minutes from June 18/19 FOMC meeting

July 11 – BOJ rate decision

July 21 – Upper House elections in Japan

July 31 – FOMC rate decision

August 1 – BOE/ECB rate decisions

August 21 – Fed Minutes from July30/31 FOMC meeting

September 5 – BOE/ECB rate decisions

September 18 – FOMC rate decision

September 22 – German elections

[redacted]