**From:** [redacted]
**Sent:** Mon 4/8/2013 9:59:43 AM
**Subject:** Early Tour 4.8.13

Good Morning … European Markets up 30-85 bps (Portugal -0.71%) … ASX +0.29%, NKY +2.80%, KOSPI -0.44%, TWSE -2.39%, SHCOMP -0.62%, HSI +0.08%

EUR 1.3006 (+0.12%) JPY 98.65 (-1.07%) EUR/JPY 128.27 (+1.15%) Spain 10yr 4.70% Italy 10yr 4.30% US 10yr 1.71%

Futures: **Dow +25, Nasdaq +5, S&P +3** DXY $82.65 (+16c) Crude $93.41 (+70c) Gold $1576.70 (+80c) Copper +0.69%

Japan continues to grab most of the attention in the region as the JPY's move > 98.50 level saw the Nikkei gap up to end only a few points away from Friday's high. Volumes were -25% vs. Friday but significantly above recent averages as Financials and Property names once again led. CS is now calling for the JPY to fall to 105 in 3 months and to 120 in 12 months vs. their previous forecast of 100/105 respectively. Taiwan (-2.4%) underperformed as it caught up on the downside after reopening for the first time since Wednesday with bird flu fears, rising Korean tensions, and Friday's US tech sell-off weighing on sentiment. China also resumed trading after the long weekend, gapping down nearly 2% on the open but managed to grind back much of its early losses on strength in health care, auto and large-cap banks. Other major bourses were fairly quiet with indices ending +/- 50 bps from Friday's close. Thailand was shut for Chakri Memorial Day.

In Europe, Portugal's Supreme Court rejected cuts in state pensions and public sector wages as unconstitutional on Friday evening, forcing PM Coelho to find other ways to slash spending in order to keep the bailout program on track (FT). Nevertheless, peripheral bond markets (ex-Portugal) are seeing a big move higher this morning with yields on the Spain & Italy 10yrs backing up to 4.70% & 4.30% respectively. Equities are following with most major indices in the region bid up to start the week. US Treasury Secretary Jack Lew makes his first trip to Europe this week (meeting Draghi later today) and will likely be pressing for more growth and less austerity (NYT). The Hannover Fair kicks off in Germany today = leading European trade fair for industrial technology. Alcoa reports tonight. SPA's +3 handles = 1549.70 last.

***Bernanke speaks at Atlanta Fed Conference***

***Telsey Spring Consumer Conference (NYC) begins***

***Earnings Season kicks off with AA tonight, China CPI & PPI tonight***

***Jack Lew in Brussels/Frankfurt today (Van Rompuy/Barroso/Rehn/Barnier/Draghi)***

- Google in talks to buy WhatsApp for close to $1 billion according to website Digital Trends
- Pirelli postpones its 2013-17 business to Nov 2013 due to low visibility in Europe (trading -5.2%)
- Tesco: Telegraph reports company is facing a £1bn write down to quit US business (trading +1.0%)
- AB Inbev reach agreement in principal over Modelo, planning Chinese acquisitions (trading +1.6%)
- Credit Agricole: FT reports CEO looking to cut costs by 15% between now and 2015 (trading +0.02%)
- Barry Callebaut H1 revs, EBIT and net light, confident on mid-term targets (trading -2.4%)
- Gemalto selected to implement Ghana visa border management system (trading +0.48%)
- Lundbeck's Brintellix drug (depression) shows positive phase III results (trading +1.1%)
- Technip awarded €500 million Congolese Moho Nord Subsea contract (trading +2.9%)
- Lundin Petroleum reports "potentially significant oil discovery" on Luno II prospect (trading +3.3%)
- Porsche Q1 global deliveries +21% on the year to 37,009 cars (March +20%) (trading +0.64%)
- Greek Banks: National Bank of Greece and subsidiary Eurobank -30% after merger plans put on hold
- EU's Rehn says big bank depositors could take hit under planned EU law if bank fails (Reuters)
- German FinMin Schauble says "we have too much liquidity in the markets" in a local radio interview
- Statement out over the weekend by the European Commission on Portugal attached here (Link)
- Luxury: Prada closed -4.0% in Hong Kong after reporting last Friday (Barclays downgrades to EW)
- HTC posts record low profit (misses) after latest smartphone delayed (out after the local close)
- North Korea may carry out a joint missile/nuclear test this week says South Korea government

**Leading European Sectors:** Media +1.36%, Food/Bev +1.08%, Healthcare +0.95%
**Lagging European Sectors:** Autos/Parts -0.70%, Insurance -0.64%, Telco -0.29%

**Secondaries (announced/priced):** N/A

**IPO's (lock-up expires):** Intercept Pharma (ICPT), Kythera Biopharma (KYTH), Realogy Holdings (RLGY), Shutterstock (SSTK)

**US Key Research:**

- Barcap initiates GIII (ow), Canaccord initiates VRTX (hold), Several brokers initiate SSNI
- GS resumes Engineering & Construction (neut): CBI/KBR (buy's) & FLR/FWLT/JEC (neut's) & GVA (sell)
- KBW upgrades FNF, Mizuho downgrades CA, Jefferies initiates ACRX (buy), Evercore upgrades FNFG
- JPM downgrades LLL & upgrades WLL/NOC/SCCO, MS initiates MU, CS upgrades NWSA & cuts MTN
- Longbow upgrades WCC (buy),

**Europe Key Research:**

- Barc downgrade 1913 HK, initiate HEXAB SS (ow), Numis upgrade PMO LN, HFG LN
- GS downgrade PRU LN, upgrade LKOH RM, reinstate ROSN RM (n), UBS downgrade SPT LN
- BofAML downgrade AF FP, upgrade NOVN VX, add SCR FP most pref insurance list - PRU LN removed
- Nomura downgrade LXS GY, MS initiate UTDI GY (ow), SocGen downgrade ASC LN
- Citi upgrade European Industrials, ENRC LN, KAZ LN, downgrade European Retail sector
- Investec upgrade IQE LN, Mainfirst downgrade EMSN VX, Carnegie downgrade IC DC
- Kepler upgrade WPP LN, Natixis remove PP FP from recommended list - add MC FP
- BEREN downgrade ISP IM, UCG IM, JEFF initiate ELM LN (b), VCT LN (h), SYNT LN (h)
- SEB downgrade WDH DC, upgrade INDUA SS, Espirito upgrade AGK LN, Nordea upgrade FIS1V FH

**Reporting Pre-Open:** AZZ

**Reporting Post-Close:** AA, ANGO, MG, SHLM

**Economic Data:** No major releases

**Fed Speakers:** Pianalto @ 8:30am (West Palm Beach, Fl), Bernanke @ 7:15pm (Atlanta Fed Conf)

**Conferences:** No major confereces

**Analyst/Investor Days:** HILL

**Non-Deal Roadshows:** ACW, AMRC, ARIA, CDE, HIBB, IMUC, KOS, SIG, SUPN

**Shareholder Meetings:** JOEZ, HRG, OTTR

**Equity/Mixed Shelfs:** CAN, AVHI ($200M)

***Other Newspaper Articles & Stories***

Barron's cover: Comparison of four different strategies for successful actively managed funds **Barron's**

Barron's positive: Verizon & Vodafone (VZ & VOD LN) **Barron's**, United Technologies (UTX) **Barron's**, Occidental Petroleum (OXY) **Barron's**

WSJ cautious: Hewlett-Packard (HPQ) **WSJ**

- Portugal Seeks New Cuts to Stay on Course **WSJ**
- Big Question in U.S. vs. S&P **WSJ**
- Credit Suisse Threatens to Cut Off German Clients **WSJ**

- France: Growth Prospects in Line With EU Forecasts WSJ
- Silicon Valley's Mouthwatering Tax Break WSJ
- UPS to Appeal EU's Blocking of TNT Merger WSJ
- U.S. Treasury Chief to Press EU Officials on Growth WSJ
- MPs call for top banker's pension to be cut back The Times
- High Street recovery halted by big freeze The Times
- Egypt seeks increase to IMF loan FT
- Lagarde welcomes Japan's big stimulus FT
- Earnings cloud for surging US stocks FT
- Reserves: oil well that ends well Lex
- Fannie Mae: homing in on cash Lex
- Japan has finally joined the quantitative easing party - and better late than never Independent
- Nikhil Kumar: The best things in life may be free...but I fear Facebook Home won't be Independent
- BP bounces back – but can it last? Independent
- China: a new nation of shoppers Telegraph
- China's local government debt may be £1 trillion more than estimated Telegraph
- North Korea suspected of preparing for nuclear test Guardian
- The feeblest economic growth looks good once you're used to austerity Guardian
- UK wealth hits a record high City AM
- Online betting site Intrade faces liquidation NYT

***Key Events This Week***

Tuesday: Grant's Spring Conference (NYC), Jack Lew meeting with Wolfgang Schauble in Berlin & Pierre Moscovici in Paris, IMF world economic outlook update, JOLTs Job Openings, NFIB Small Business Optimism, CIBC Real Estate Conference (Toronto), Earnings (ADTN, SEAC)

Wednesday:  Obama to publish his budget, FOMC Minutes, MBA Mortgage Applications, Citi Diamond Day (NYC), Earnings (FAST, KMX, PGR, STZ, BBBY)

Thursday:  Import Price Index, Jobless Claims, Earnings (JBHT, PIR, RAD)

Friday:  PPI, Retail Sales, Michigan Confidence, Eurozone Fin Min meeting, Earnings (JPM, WFC)

***Key Events on the Horizon***

April 18 – Politicians in Italy expected to vote for new President

May 8 – Ira Sohn Conference NYC

May 19 – US debt ceiling limit

May26/27 – Mayoral elections in 720 cities across Italy

July 1 – Mark Carney takes over as BOE Governor

September – German elections

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