From: [redacted]
Sent: Thur 2/21/2013 10:49:27 AM
Subject: Early Tour 2.21.13

Good Morning … European Markets off 1.3%-2.2% (Italy -3.0%) … ASX -2.33%, NKY -1.39%, KOSPI -0.47%, TWSE -0.89%, SHCOMP -2.97%, HSI -1.72%

DXY 81.40 (+0.41%) EUR 1.3196 (-0.65%) JPY 93.31 (+0.27%) EURJPY -0.89% GBP 1.5222 (-0.07%) SEK & NOK -1.0%

Futures: Dow -52, Nasdaq -12, S&P -5 Gold $1569.60 (-0.53%) Crude $93.91 (-1.38%) Copper -1.2% US 10yr 1.98%

Asian markets got hit across the board with the weak hand-off from the US, speculation of further curbs on China's property market and the PBOC pulling $146B out of money markets this week (most since 2008 according to Bloomberg) all seen as reasons to book profits. SHCOMP closed -2.97% and CSI300 (index of 300 A-share listed stocks) closed -3.4% = its biggest drop since Aug 2011. In Hong Kong, HSCEI fell more than 2% and erased YTD gains. European markets much weaker as well following yesterday's sell-off in the US as light is shined on the Fed's QE exit strategy in the incrementally more hawkish FOMC minutes. Weaker European Flash PMI Manufacturing #'s for February also contributing to the pullback: Eurozone 47.8 (est 48.5), Germany 50.1 (est 50.5), France 43.6 (est 43.8). Italy underperforming -3.0% on the day on some de-risking into the elections this weekend. EMU Bank Index -3.3% the worst performing sector with the Italian banks weighing the most (DBK GY also -3.9%). Volumes in Europe are big today at 180% of the 3-month average. Mobile payment space in focus after Verifone (PAY) cut guidance significantly last night and traded -30% after-hours (consensus is that it was predominantly company specific although they did partially blame the weak macro-economic conditions in Europe). Ingenico (ING FP) -6% earlier in sympathy but now only -3% as a couple of local brokers are out suggesting to buy the weakness. Wal-Mart (WMT) reports pre-open in the US and focus will be on any commentary on guidance given Friday's leaked internal emails about a brutal start to February (most likely due to rising gas prices and expiration of payroll tax cut). USD strong today and commodities weaker again. GBP hit down to overnight low of 1.5132 before bouncing back above 1.52. SPA's -5 handles =1501.40 last.

CPI & Jobless Claims @ 8:30am, Flash PMI @ 8:58am

Philly Fed, Existing Home Sales, Leading Indicators @ 10am

CHK,HRL,HST,SWY,WMT #'s pre-open / AIG,HPQ,INTU,JWN,SBAC after the close

- Verifone guides eps & revs significantly lower citing a number of reasons (trading -30%)
- Apple: Einhorn to host cc today with AAPL holders (2pm) (1-800-901-5241 / 62063868#)
- Synopsys reports Q1 profit +23% and lifts full-year outlook (beats estimates) (no volume pre-open)
- Dow Chemical loses $400 million verdict in trial for alleged price-fixing of urethane products (BN)
- Pinterest (site for sharing/discovering images) raises $200M in funding (valuing company at $2.5B)
- Gardner Denver sale said to stall due to management reluctance (2 bidders have walked away)
- Pentagon informs Congress of plans to furlough 800k civilian workers if sequestration kicks in (The Hill)
- Jan Swiss watch exports +10.8% to CHF 1.5 billion (mid/high end strong) (UHR VX -1.7%, CFR VX -1.9%)
- Swatch's Tissot revenue surpassed CHF 1 billion in 2012 according to *L'Agefi* newspaper
- AB InBev in discussions with DOJ (asks judge to suspend Modelo antitrust case until 3/19) (trading -1.0%)
- Allianz FY net income/op profit slight better, div okay, asset management solid, stabilizing outlook (trading -1.1%)
- Casino FY trading profit better, EBITDA in line, solid domestic, EM good, margin concerns remains (trading +1.3%)
- Saint Gobain FY sales light, net income miss (full of one offs), guiding lower, better cost reduction (trading -1.3%)
- Cap Gemini FY sales inline, better FCF, US slowing down, cautious guidance, Q1 to be down YoY (trading +1.3%)
- ATOS FY sales and operating margin inline, maintaining guidance, positive on EPS and FCF (trading -1.2%)
- BAE Systems FY EBITDA inline, sales light, div okay, good buy back, strong cash position (trading +4.5%)
- Ladbrokes FY revs inline, pretax good, UK retail growth strong, sports betting growing (trading -1.9%)
- Swiss Re Q4 beats, div 45% ahead will please, net income better, maintains guidance (trading +2.0%)
- Technip Q4 net better, rising backlog, good performance Subsea, solid guidance (trading +1.3%)
- Axa FY in line, new biz stable, raising cost cutting, solvency ratio good, LFL's okay (trading -1.7%)

- Schneider FY inline, solid organic growth, FCF/div good, positive guidance, weak into #'s (trading +3.0%)
- OMV Q4 inline, EBIT & net ahead, better div as expected, maintaining guidance (trading -2.0%)
- Safran FY sales & adjusted EBIT inline, good FCF, better div, conservative guidance (trading -2.9%)
- Kingfisher Q4 mixed, sales in line, UK misses, France ahead, reiterates guidance (trading -1.2%)
- Distribuidora Q4 good, EBIT slight better, raising dividend, strong run into #'s (trading -0.30%)
- Ashmore H1all inline but poor mix between management & performance may weigh (trading -1.2%)
- CSR Q4 revs ahead, increase div, EPS light, announce $50mn buyback, Q1 sales solid (trading +10%)
- Premier Foods FY beat, trading profit inline, year-end net debt higher, tough environment (trading +3.3%)
- Informa FY statement mixed, revs light, high margin better, EPS ahead, stk very strong (trading -1.2%)
- Straumann FY sales light, cautious outlook, no cost cutting announcement, big sht base (trading -2.8%)
- Rhoen Klinikum FY sales & EBITDA inline, guidance below (as expected) (trading +0.2%)
- GN Store Nord Q4 good, weak margins, solid margins, announce share buyback (trading +6.9%)
- Vallourec FY EBITDA slight better, margins inline, oil & gas solid, pricing pressures (trading +2.8%)
- China Construction Bank (CCB) submits non-binding $300 million for Rabobank unit
- Belle International (massive ladies footwear retailer in China) guides lower (closed -17.2%)

Leading European Sectors: Travel/Leisure -0.39%, Retail -0.44%, Food/Bev -0.46%
Lagging European Sectors: EMU Banks -2.6%, Autos/Parts -1.88%, Basic Resources -1.81%

CROX guidance light – TRN earnings better – WLT reports wider loss

JACK beats estimates – XCO earnings mixed – XRX boosts dividend

LHO earnings mixed – WMB numbers light – VITC COO resigns

SAM looks inline – FL $600M buyback – MANT eps/revs light

HURN eps better – RMD CEO successor – WCN penny light

UNTD earnings mixed – FDP raises dividend – HST raises dividend

CAKE penny light – HSY reits guidance – TSLA loss widens

FST earnings better – IDCC eps beats – KCG/GETCO mgmt team

KAR eps better – HAL boosts dividend – CTRP names CEO

SWN eps inline – SVM drilling results – ARII #'s much better

Secondaries (announced/priced): GNRC, KMP, ACHN, TAL, TRW, KORS priced $61.50

IPO's: N/A

US Key Research:

- Canaccord resumes ARMH (buy), Jeff cuts HEK/QEP, JPM reinitiates AAMRQ (ow) & upgrades LCC
- Wells downgrades BDN & upgrades VNTV, Bofa upgrades BRKR, Barcap downgrades CQP
- Raja downgrades GTIV, Piper upgrades GRPN, UBS Upgrades MA, Citi upgrades NKE (buy) & cuts BHP
- RBC upgrades PLD & downgrades DRE, Multiple brokers downgrade PAY, CS cuts gold price outlook

Europe Key Research:

- MS rate SAB LN new buy, JP upgrade WEIR LN, initiate ADM LN (n), downgrade OML LN
- UBS downgrade GBF GY, upgrade ARCLK TI, Nomura upgrade RSA LN, Numis d/g FLTR LN
- Citi downgrade BLT LN, KCO GY, MS downgrade TOM2 NA, Barc downgrade SOLB BB
- GS reit conv buy TFI FP, KD8 GY, remain sell FTE FP, Bere downgrade MTX GY
- Kepler downgrade TFI FP, MMT FP, upgrade OLE SM, KBC downgrade AKZA NA
- HSBC downgrade HAV FP, CBK downgrade KCO GY, Natixis upgrade SGO FP
- Chev downgrade SWMA SS, Exane upgrade AV/ LN, Medio upgrade ACA FP
- SocGen downgrade DRX LN, RIN FP, ING add PNL NA to Benelux favorites

➢ SEB upgrade SWMA SS, Bern upgrade BARC LN, Panm downgrade RPS LN

➢ Nordea upgrade SYDB DC, downgrade AKER NO, Jeff initiate TCG LN, upgrade AAL LN

Reporting Pre-Open: CHK, CMS, DNR, ESV, HRL, HST, PCG, PDCO, PEG, PWR, SCG, SWY, WMT, AYR, BRC, CAMT, CBR, CCC, CCOI, CDE, CG, CWEI, DAN, DFRG, DORM, FAF, FNP, GASS, GEO, GTXI, HEP, HSNI, HSON, IART, ICGE, IDA, IMAX, IRC, JAKK, KDN, LAWAS, LBY, LINE, LTM, LXP, LXEX, MDSO, OMX, PKD, PXP, ROIC, RS, SAFM, SFY, SMA, SPNC, SPPI, SUI, TASR, TFX, TGP, THS, TK, TNK, TOO, TTC, VAC, VCI, VDSI, WST, ZEUS, ZLC

Reporting Post-Close: AIG, COG, FLS, FTR, HPQ, INTU, JWN, NEM, PSA, SBAC, SWN, ACTG, AHS, AREX, ARUN, ATLS, ATNI, AVG, BBG, BLDR, BLMN, BLOX, BMRN, BSQR, BV, CEC, CENX, CHEF, CLGX, CUBE, CYH, DMRC, DXCM, ET, EXEL, EXR, FIRE, FPO, GDI, HITT, IL, INAP, INT, IPCM, ITMN, JOEZ, KONG, LONG, LTC, MDCA, MGRC, MHK, MMSI, MRC, MRVL, NCMI, NDSN, NPSP, NVTL, OFIX, ONXX, PAL, PEB, PTIX, RCKY, SBAC, SDBT, SEM, SSTK, SWN, TGB, TPC, TST, UACL, UEIC, UIL, VOLC, WBMD, WIFI, WMGI

Economic Data: CPI / Jobless Claims @ 8:30am, Markit US PMI @ 8:58am, Bloomberg Consumer Comfort @ 9:45am, Existing Home Sales / Philadelphia Fed / Leading Indicators @ 10am

Treasury Auction of 30-yr TIPS @ 1pm

Fed Speakers: Bullard @ 12:30pm (NYC), Williams @ 1pm (NYC)

Conferences: Barclays Industrial Select (Miami), ISI Inaugural Healthcare Tough Topic Symposium (Woodstock, VT)

Analyst/Investor Days: RLOC, WGL, MOH

Non-Deal Roadshows: AKS, AMAT, AUDC, BTU, CEMP, ELLI, ELNK, EOX, GNC, KEX, MTD, NANO, NGVC, NTWK, PSMI, PSTI, SEIC, SIMO, STO, SYMC, TDC, TDY, TSLA, UPS, WAG, WYN

Shareholder Meetings: ATHX, SPAN, TFSL, GEOS, HTSI, INTL, DGIT, LDR, PBNY, VAL, CLFD, HW, RJF, CZWI, MATW

Equity/Mixed Shelfs: MAS (N/A), BWP ($500M)

Other Newspaper Articles & Stories

Barron's positive: Walgreen Co (WAG) Barron's

- You may be right, Mr. President, but this is crazy National Journal
- Pound falls as King seeks more QE FT
- Fed doubtful on open-ended QE3 policy FT
- RSA under attack over dividend cut FT
- Deficit vow in doubt after 4G auction FT
- Twitter tries new tool to unlock ads FT
- Inflation slows in France and Germany FT
- Europe takes its bite from the City FT
- BHP Billiton: same old drill FT
- Akzo Nobel: painting by numbers Lex
- Lafarge: solidifying nicely Lex
- US CEO blasts French work culture WSJ
- Merkel calls Euro rate "normal" WSJ
- Europe reach deal on fiscal oversight rules WSJ
- Companies seek to avoid China New Year Hangover WSJ
- Fed Split Over How Long To Keep Cash Spigot Open WSJ
- Martin Feldstein: A Simple Route to Major Deficit Reduction WSJ Opinion
- Citigroup Chairman Not Pressing Bank Breakup WSJ
- Don't Get Caught in the REIT of the Moment WSJ Heard on the Street

- New Kind of Chip Pops on the Scene WSJ
- Atlas Copco CEO pushes US Manufacturing WSJ
- The SEC's big chance WSJ
- Deal Advances Development of a Smaller Nuclear Reactor NYT
- Larry Kudlow: The Sequester Cuts Are Pro Growth, Finish Them Please RCM
- The minimum-wage gamble LA Times
- Pound slides as King calls for more QE The Times
- Slim puts a further €1bn into telecom The Times
- More QE is a lame-duck policy Telegraph
- A mobile economy Telegraph
- Global banks shun UK Gilts on 'stagflation' risk Telegraph
- Spain's 'head is out of the water' Telegraph
- Europe: the Right Italy Guardian
- Disney deal gives BSkyB pay-TV movies stranglehold Independent
- Unease among US policy makers over bond strategy Independent

Key Events This Week

Friday: Earnings (ANF, IPG, PNW, WPO)

Key Events on the Horizon

February 23 – Cyprus run-off election

February 24/25 – Italian elections

February 25 – Troika due back in Athens to check on Greek progress

February 27 – First repayment for LTRO2

March 1 – Automatic spending cuts of sequestration set to begin ($1.2 trillion over 10 years, 50% from defense)

March 7 – Fed to release stress test results for big banks

March 14 – Fed to release decisions on proposed capital plans of banks

March 19 – BOJ governor Masaaki Shirakawa stepping down (successor likely to be named by end of Feb)

April 15 – #NoBudgetNoPay deadline for Congress

May 19 – US debt ceiling limit

July 1 – Mark Carney takes over as BOE Governor

September – German elections

[redacted]