

From: [REDACTED]
Sent: Mon 2/11/2013 10:57:49 AM
Subject: Early Tour 2.11.13

Good Morning ... European Markets up 10-40 bps (CAC +0.59%, IBEX & MIB -0.25%) ...
ASX -0.24%, NZ -0.12%, SENSEX +0.0% (most of Asia closed for holiday)

EUR 1.3388 (+0.18%) JPY 93.36 (-0.74%) EUR/JPY 124.99 (+0.90%) GBP 1.571 (-0.73%) AUD
1.0265 (-0.51%)

Spain 10yr 5.42% Italy 10yr 4.59% US 10yr 1.97% Copper -0.04% Silver -0.32%

Futures: Dow +29, Nasdaq +6, S&P +3 DXY \$80.29 (+5c) Crude \$95.55 (-16c) Gold \$1661.80 (-
\$5.10)

Australia was the only major market open overnight in Asia, with most of the region closed for holiday. ASX closed down marginally on light volume after hitting a fresh 33-month high intra-day. Home approvals were down for a third month in December (-1.5% vs est +0.0%) despite the RBA cutting interest rates six times since last November. In Japan, potential BOJ candidate Haruhiko Kuroda spoke in Tokyo and reiterated that a 2% inflation target is appropriate and that monetary policy alone can achieve the goal. He also commented that the yen is in a "natural adjustment" from excessive value. Eurozone FinMins 2-day meeting begins in Brussels today and they will be discussing the recent strength in the EUR as well as a potential new option in relation to the Cyprus bailout ([FT](#)). Relatively quiet start to a week that will bring us Obama's state of the union address tomorrow evening as well as the G20 on Thursday and Friday. European markets mostly higher with Spain & Italy underperforming -0.25%. Volumes tracking ~ 90% of 20day average. In single stock news, Novo Nordisk (NOVOB DC) trading -11.7% after the FDA denied approval of its diabetic drug. SPA's +3 handles = 1515.60 last.

EU Fin Min meeting today & tomorrow, Sterne Agee Financials Conf (Miami) begins

Asia Markets closed today: China, HK, Japan, Korea, Malaysia, Singapore, Taiwan

- AMR and US Airways near \$11B merger says *Reuters* (would create largest single airline in world)
- Google chairman Eric Schmidt enters 10b5-1 trading plan to sell up to 3.2 million shares
- Novo Nordisk: FDA denies approval of its diabetes drugs Tresiba & Ryzodeg (trading -11.7%)

- Ahold to Sell ICA Stake to Hakon Invest for \$3.1b, better than expected (trading +4.4%)
- Barclays: FT says bank preparing £2bn worth of cost cuts as part of strategic overhaul (trading +0.85%)
- Symrise: CFO gives positive weekend interview in *FAS*, citing FY sales growth of 3-5% (trading +2.3%)
- Galp mixed Q4, EBITDA light, net income beats, refining good, guidance in line, flat Q1 (trading unch)
- Eiffage Q4 revs inline, order book down y/y, gives cautious outlook (trading -0.60%)
- Essar Q3 IMS good, Vadinargross refining offsetting Stanlow output fall (trading +3.8%)
- Fidessa FY sales inline, strong derivatives, equities weak, guidance maintained (trading +4.2%)
- *Ansa News* reporting that Pope Benedict will resign Feb 28 citing Vatican spokesman (health reasons)
- France December industrial production -0.1% m/m vs est -0.2% (-3.1% y/y vs est -2.1%)
- SNB governing board member Fritz Zurbrugg says that the Swiss Franc is still overvalued
- Mariano Rajoy publishes tax returns going back 10 years in effort to defend himself from scandal (FT)
- Berlusconi ally says that he may support plan to create local currency used alongside EUR
- One of Merkel's closest confidants (Annette Schavan) steps down on plagiarism scandal

Leading European Sectors: Utilities +0.54%, Insurance +0.35%, Chemicals +0.24%

Lagging European Sectors: Trav/Les -0.78%, Oil & Gas -0.62%, Healthcare -0.60%

FLR 8M shr buyback inc – BWP penny light – HCLP lock-up expires

Asia Schedule Next Week ... Closed:

- Tues: China, HK, Malaysia, Singapore, Taiwan
- Weds: China, HK, Taiwan

- Thurs & Fri: China, Taiwan

Secondaries (announced/priced): N/A

IPO's (filed/priced): Cerberus Mortgage Capital (1562457) files \$150M IPO through Citigroup, Deutsche Bank and Wells Fargo

US Key Research:

- Citi downgrades SCHW (sell), Atlantic cuts S, DB cuts POWI & upgrades GPK (buy)
- GS downgrades 3-month view on equities (neutral) – overweight over 12-months & initiates USAC (buy)
- JPM upgrades NKE, MLV & Co downgrades ALNY, Roth initiates COSI/HYGS (buy's)
- Stifel upgrades USB/WFC (buy's) & cuts FITB/PDH and CMA/KEY (sell), RBC upgrades AOL
- KBW upgrades RNST & downgrades PRI and SIAL (sell), Barcap initiates USAC (ow)
- Key upgrades KNX/SWFT/HTLD (buy's)

Europe Key Research:

- Citi downgrade TCG LN, Nomura upgrade ETL FP, JPM upgrade BBVA SM, LKOH RM, NEX FP
- BofAML downgrade RICHT HB, CGL LN, upgrade KOZAL TI, reinstate ABE SM (n), ATL IM (up),
- GS upgrade PGE PW, initiate BEZQ TI, HSBC downgrade PGE PW, UBS downgrade ELN ID, +ve PP FP
- SocGen upgrade KPN NA, downgrade VOLVB SS, CS upgrade MND SJ, downgrade SAP SJ, UPM1V FH
- DB downgrade DANSKE DC, upgrade DMGT LN, Exane upgrade TSCO LN, Chev downgrade TLSN NO
- Swedbank downgrade GETIB SS, NOVOB DC, upgrade RATO A SS, Mediobanca upgrade SWEDA SS
- Natixis downgrade NOVOB DC, upgrade NESN VX, Bere upgrade ROS AV, SEB downgrade CARLB DC

➤ Nordea downgrade CRA1V FH, downgrade EVRY NO, REC NO, KOG NO, Oriel downgrade PFC LN

Reporting Pre-Open: LOW, ACAS, ASFI, BWP, CAN, MDCI, NAT, NSSC, RDN, WPP

Reporting Post-Close: DNB, MAS, ACGL, AFG, API, ASEI, BKD, BNNY, CGNX, CHH, CNO, CPST, CRK, CUTR, DAC, FWRD, LDR, LGF, MNKD, NCLH, NLSN, OMI, OTTR, PKY, RICK, RXN, SKH, TWTC, UNIS

Economic Data: no major releases

Fed Speakers: Yellen on economy @ 1pm (Washington)

Conferences: BIO ceo & investor (NYC), Sterne Age Financial (Miami)

Analyst/Investor Days: SNCR, EMR, SQI

Non-Deal Roadshows: ACO, ADM, CEMI, HAS, HNI, LTRX, MKC, SPWR, TCRD

Shareholder Meetings: NRT, PBIP, CENT, SRDX

Equity/Mixed Shelves: ABCB (\$100M), UNP, TYY (\$300M)

Other Newspaper Articles & Stories

Barron's cover: The Barron's/Lipper one-year ranking of fund families [Barron's](#)

Barron's positive: CSX Corp (CSX) [Barron's](#), Hospira (HSP) [Barron's](#), Wendy's (WEN) [Barron's](#)

Barron's feature: Barron's examine the DELL LBO [Barron's](#)

- LA & Long Beach ports face labor discord [LA Times](#)
- Obama weighs executive action on housing, gars, and other issues [Washington Post](#)
- In State of the Union address, President will focus on the middle class [NYT](#)
- US must do more than focus on deficit: Larry Summers op-ed [FT](#)
- Ireland shows the way with its debt deal [FT](#)
- Global deals put Qatar debt in spotlight [FT](#)
- Radical rescue proposed for Cyprus [FT](#)
- Barclays plans £2bn cost-cutting [FT](#)
- Horsemeat scandal reverberates across Europe [FT](#)
- Investors dive into euro-yen policy gap [FT](#)
- Few bargains to be found in Europe [FT](#)
- Cashed out: Visa/MasterCard [Lex](#)
- Barclays: time to be bold [Lex](#)
- China capital flows: tides are turning [Lex](#)
- Daimler: engine trouble [FT](#)
- HP: debt advice [FT](#)
- Spanish Leader divulges income to quell scandal [WSJ](#)
- Makeover at Barclays won't be extreme [WSJ](#)
- Apple is testing watch-like device [WSJ](#)
- Japan embraces era of Abenomics [The Times](#)
- India wakes up and smells an opportunity [The Times](#)
- Seymour Pierce finds saviour [The Times](#)
- UK 'needs to be more like Germany' in business [Telegraph](#)
- Standard Chartered planning to push into Iraq [Telegraph](#)
- Let's make the most of the clever Mark Carney [Telegraph](#)
- Bond and equity returns could both end up in doldrums [Telegraph](#)
- British sugar giant caught in global tax scandal [Guardian](#)

- Europe has to play to its many strengths Independent

Key Events This Week

Tuesday: Obama delivers State of the Union (Marco Rubio to give GOP response), Treasury Monthly Budget Statement, JOLTs Job Openings, PacCrest Emerging Technology Summit (SF), Sterne Agee Financial Institutions Investor Conference (Miami), GS Technology and Internet Conference (SF), Earnings (AVP, FIS, FOSL, KO, MHP, MMC, GT, WU)

Wednesday: Retail Sales, Import Price Index, Business Inventories, MBA Mortgage Applications, Eurozone IP, BOE releases Quarterly Inflation Report, Bofa Insurance Conference (NYC), Leerink Swann Global Healthcare Conference (NYC), Earnings (CMCSA, DE, DPS, DUK, LO, AMAT, CSCO, MDLZ, WFM)

Thursday: G20 Fin Min/CB meeting (Feb 14-15), BMO Auto Finance Conference (Toronto), Earnings (APA, BWA, DISCA, GM, PEP, TAP, WM)

Friday: Empire Manufacturing, US IP, Michigan Consumer Confidence, TIC Flows, Earnings (AEP, CPB, SJM, VFC, WBC)

Key Events on the Horizon

February 19/20/21/22 – CAGNY Conference in Boca Raton (Consumer Staples)

February 24/25 – Italian elections

February 27 – First repayment for LTRO2

March 1 – Automatic spending cuts of sequestration set to begin (\$1.2 trillion, 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



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