From: [redacted]
Sent: Mon 12/17/2012 11:05:31 AM
Subject: Early Tour 12.17.12

Good Morning … European Markets off 25-75 bps… ASX -0.21%, NKY +0.94%, KOSPI -0.60%, TWSE -0.88%, SHCOMP +0.45%, HSI -0.41%

EUR 1.3157 (-0.05%) JPY 83.73 (-0.23%) AUD 1.0538 (-0.27%) Italy 10yr 4.58% Spain 10yr 5.42% US 10yr 1.71%

Futures: Dow +5, Nasdaq -8, S&P +1 DXY $79.59 (+2c) Crude $86.58 (-15c) Gold $1691.30 (-$5.70) Copper -0.46%

NKY225 closes +0.91% after Japan's LDP won a landslide victory in Sunday's elections, taking more than two-thirds of the lower house, giving them a supermajority – Abe is expected to be named prime minister on Dec 26th in a special Diet session – JPY weaker vs USD (traded above 84 earlier this morning – the LDP win was largely expected however there are two additional announcements that are getting attention:

- Abe will re-start the Council on Economic and Fiscal Policy, which according to Nikkei is was a "key decision-making body under the LDP's Koizumi cabinets in the early 2000's" and Abe will ask the BOJ governor to participate in order to bolster communication with the central bank

- Nikkei saying the BOJ is planning to start an annual Y15tn lending facility which will supply low-rate funding four times a year to private-sector banks that have increased loans – the program is designed to encourage lending to both households and businesses

And the SHCOMP managed to extend its biggest rally in 3 yrs, closing +0.45%, despite no "new" news coming out of this weekend's China's Economic Working Conference. Over the weekend, Boehner gives some ground and proposes raising tax rates on incomes > $1 million per year on the condition that Obama agrees to deep spending cuts on pension & healthcare programs (FT). He has also reportedly agreed to increase the debt ceiling for one year as part of the compromise (Washington Post). But the White House has indicated this is still not enough. AAPL trading < $500 pre-market after Citi downgrades the stock buy to neutral and lowers price target from $675 to $575. SPA's +1 handle = 1410.50 last.

Empire Manufacturing @ 8:30am

- Obama has chosen John Kerry as next Secretary of State (*Chicago Sun-Times*)
- Holcim continues restructuring of Euro operations (trading -1.0%)
- Zurich see $700mn of claims from storm Sandy, slightly higher than exp (trading -0.40%)
- RWE bidding for Iberdrola and Dong Polish wind assets (trading -0.40%)
- Gemalto CEO dismisses retirement speculation (trading -2.1%)
- Pernod CEO says large acquisitions unlikely before 2015 (trading -0.50%)
- Arm, Sunday Times reports company to benefit by £100mn on new tech tax legislation (trading -0.50%)
- Diageo, Sunday Times speculates at Moet Hennessy deal (trading -0.40%)
- KPN spent Eur1.4bn on spectrum acquisition, more than expected, scrapping dividend (trading -13.2%)
- UBS, further libor panalty press speculation, $1.6bn for UBS and $560mn for RBS (trading -1.0%)
- Hennes Q4 sales okay, LfL's better, may provide some relief (trading +2.7%)
- Boskalis raises Dockwise bid to Eur18/share from Eur17.20
- Aggreko FY below, company guiding lower (trading -15.6%)
- Astra wins court ruling blocking generic version of Crestor in US until 2016 (trading -0.26%)
- Santander offers Eur3.73 to buy out remainder of Banesto (trading -1.3%)

Leading European Sectors: Retail +0.53%, Autos/Parts +0.44%, Basic Resources +0.38%
Lagging European Sectors: Telco -1.67%, Banks -0.75%, Oil & Gas -0.51%

RICKS earnings better – SIRI CRB rates for SDARS less – CCK buyback

LBTYA $1B stock buyback – NVS fda approval – AKAM co-founder to become ceo

Secondaries (announced/priced): N/A

IPO's: N/A

Key Research: Citi downgrades AAPL, GS initiates MCP (neut) & POST (buy)

Key Research: MS initiates DF (ow) and WWAV/YELP (ew's) & cuts BHI

Key Research: RBC upgrades BRO/WRB, Bofa initiates CPHD (buy), BB&T cuts CNW

Key Research: Piper upgrades INFA, Baird upgrades PEB, DB upgarades THC (buy)

Key Research: CS upgrades UN, UBS initiates MHR (buy), Kepler upgrade FUR NA

Key Research: MS downgrade PSM GY, CS upgrade UNA NA, JP downgrade BET LN

Key Research: JP reinstate HEIA NA (n), Citi downgrade KCO GY, Citi upgrade ZIGGO NA

Key Research: DB cuts DWNI GY, Danske initiate BALDB SS (b), Macq upgrade LHA GY

Key Research: Nordea downgrade TEL NO, SEB downgrade TEL2B SS, Kepler cuts PSM GY

Reporting Post-Close: SHFL, STEI

Economic Data: Empire Manufacturing @ 8:30am, TIC Flows @ 9am

Treasury auction in 2yr notes @ 1pm ($35B)

Fed Speakers: Stein on dollar funding @ 11am (Frankfurt), Lacker on economy @ 1pm (Charlotte, NC)

Conferences: No major conferences.

Analyst/Investor Days: ROC, UNM, GE

Non-Deal Roadshows: ALE, AMSF, ASTE, COO, EC, EFX, EL, HURN, LEG, MGI, MWIV, PAG, PLT, PX, SIRI

Shareholder Meetings: RDCM, ACPW, BGCP, IDT, CNH, PWAV

Equity/Mixed Shelfs: UVE ($100M), ANAC ($57M), SOFO, HDSN ($50M), SMG, IGC ($6M)

NASDAQ-100 Index changes (prior to market open Dec-24): Added - Analog Devices, Inc. (ADI), Catamaran Corporation (CTRX), Discovery Communications, Inc. (DISCA), Equinix, Inc. (EQIX), Liberty Global, Inc. (LBTYA), Liberty Media Corporation (LMCA), Regeneron Pharmaceuticals, Inc. (REGN), SBA Communications Corporation (SBAC), Verisk Analytics, Inc. (VRSK) and Western Digital Corporation (WDC)

Removed - Apollo Group, Inc. (APOL), Electronic Arts Inc. (EA), Flextronics International Ltd. (FLEX), Green Mountain Coffee Roasters, Inc. (GMCR), Lam Research Corporation (LRCX), Marvell Technology Group Ltd. (MRVL), Netflix, Inc. (NFLX), Research In Motion Limited (RIMM), VeriSign, Inc. (VRSN) and Warner Chilcott plc (WCRX)

Other Newspaper Articles & Stories

Barron's cover: 10 Strategists' outlook for 2013 Barron's

Barron's positive: Johnston & Johnston (JNJ) Barron's, Tronox (TROX) Barron's

- GOP Poses Millionaire Tax-Rate Increase WSJ
- Euro Crisis Will Linger, Merkel Tells Summit WSJ
- Fall in Spain's House Prices Steepens WSJ
- Portugal Moves to Cut Corporate Tax WSJ
- Ireland Meets Targets, but Economy Struggles WSJ
- Debt Loads Climb in Buyout Deals WSJ
- Forecast Is Sunnier, but Washington Casts a Big Shadow NYT
- US banks call for easing of Basel III FT
- LDP win redraws Japan's political map FT
- Rightwing revival raises regional dilemmas FT
- EU and Singapore draw up trade pact FT
- The blueprint for lopsided monetary union FT
- Economic Outlook: US fiscal cliff looms FT
- Politics undermines hope of banking union FT

- What Draghi's soothing voice is keeping from you FT
- Danone and DE Master Blenders Lex
- Akzo Nobel – paint job FT
- Obama's year of reckoning awaits on Iran FT
- America's national debt talks are going to be a cliffhanger The Times
- The Spanish property crash that won't stop crashing The Times
- Inflation can't be ignored The Times
- Johnson is prepared to consider option of Stansted expansion The Times
- Banks may be broken up rather than just ring fenced Telegraph
- Is the sun starting to shine on Japan? Telegraph
- Spurned Turkey looks east after EU courtship falters Guardian
- Dozens of possible bidders for ITV studios Independent

Key Events This Week

Tuesday: NAHB Housing Market Index, Earnings (ORCL, JEF, OFI)

Wednesday: MBA Mortgage Applications, Housing Starts & Building Permits, Earings (FDX, GIS, ACN, BBBY, JBL, PAYX)

Thursday: GDP, Philadelphia Fed, Leading Indicators, Earnings (CAG, CCL, KMX, NKE, RIMM, MU)

Friday: Options expiration, U. of Michigan Confidence, Chicago Fed, Personal Income & Spending, Earnings (WAG)

Key Events on the Horizon

December 22-January 20 – US Congress scheduled to adjourn (but likely working thru holidays now on fiscal cliff)

December 24 – US markets ½ day for Christmas Eve

December 25 – US/European markets closed

December 26 – European markets closed (Boxing Day)

December 31 – New Year's Eve (markets open for full day for year-end)

January 1 – US/European markets closed

January 30 – Launch date for RIM's Blackberry 10

Feb 17 or 24 (tentative) – Italian elections

[redacted]