From: [redacted]
Sent: Fri 10/26/2012 10:05:24 AM
Subject: Early Tour 10.26.12

Good Morning … European Markets off 40-120bps … Nikkei -1.35%, HSI -1.21%, SCHOMP -1.68%, KOSPI -1.72%, ASX -0.85%

EUR 1.2943 (+0.07%) JPY 79.95 (+0.44%) EUR/JPY 103.47 (-0.38%) Spain 10yr 5.66% US 10yr 1.78%

Futures: **Dow -84, Nasdaq -16, S&P -10** DXY $80.04 (unch) Crude $85.37 (-68c) Gold $1706.30 (-$6.70) Copper -0.48% Silver -0.79%

Global markets lower across the board as earnings continue to disappoint – most notably AAPL & AMZN in the US after the close. Most Asia indices closed on the lows of the session. SHCOMP closed -1.68% (-2.9% on the week). S&P downgrades 3 French banks and revises outlook to negative for another 10 which has the EMU Bank Index trading -1.6% on the session (ACA -3.8%, BNP -2.8%, GLE -2.7%). Meteorologist's models are suggesting that Hurricane Sandy will combine with another storm coming out of the Midwest and may become the worst storm to hit the Northeast in 100 years. Right now it is in the Bahamas as a CAT 1 moving northwest at 13mph & current forecasts have it hitting somewhere between the Mid-Atlantic Coast & Southern New England – likely making landfall in New Jersey b/w AC & Toms River next Tuesday (**projected path**). European markets lower across the board but have stabilized and awaiting direction from the US. US GDP @ 8:30am. AAPL trading inline with yesterday's close ($609.64 last) after trading down to $585 briefly after the release last evening. SPA's -10 handles = 1397.20 last which takes us back below the ECB breakout levels from 9/6.

GDP @ 8:30am, Michigan Confidence @ 9:55am

CMCSA, IPG, LM report earnings pre-open

- Apple profit missed (iphones offset weaker ipads) & declared $2.65 cash dividend (trading unch)
- Amazon posted first qtrly net loss since 2003 on higher costs & LivingSocial stake (trading -1.5%)
- Expedia profit fell but #'s beat & raised its full year adjusted earnings forecast (trading +14%)
- Bally Technologies boosted forecast, settled IGT patent suit & possible $150M buyback
- Verisign profit +32%, better margins/revs but warned US Commerce dept may not complete review
- Deckers Q3 net off 31% as sales declined & lowered view on falling UGG demand (trading -15%)

- Constant Contact revs rose & raised view but trial conversion rate below expectations (trading -13%)
- Coinstar sales missed & cut year core eps continuing ops view as Redbox growth slowed (trading -10%)
- Clearwire reported narrower loss than ests on lower costs (raised ebidta view, cuts capex) ($1.80 last)
- KLA-Tencor net income declined 29% on weaker revs/margins, sees outlook below estimates (trading unch)
- Ericsson weak Q3, network margins & sales miss, all regions light except US, +3% yesterday (trading -4.6%)
- Publicis poor Q3 led by dramatic downturn in Sept performance due to slowing Europe & US (trading -0.90%)
- PPR in line Q3, luxury good, no Redcats disposal announcement but discussion well advanced (trading +1.8%)
- Luxottica Q3 sales in line, EBITDA driven by EM and America, sees good China growth (trading +2.1%)
- Mulberry launches 1st Asia flagship store in Singapore (aims to reduce reliance on UK to 20% from 60%)
- Renault Q3 sales misses but maintain FCF target despite increasingly challenging environment (trading -1.6%)
- Thales Q3 headline inline, underlying weak, organic growth below, Defense & Security lag (trading -0.54%)
- Novo Nordisk: FDA to investigate cardiovascular effects of insulin drug Degludec (trading -2.5%)
- Statoil mixed Q3, 2013 production to be less than 2012 on divestments, higher exploration costs (trading -0.91%)
- Technicolor Q3 good, driven by distribution arm, maintains 2012 EBITDA guidance (trading +7.2%)
- Vinci Q3 revs small beat helped by consolidation, FY net to be weaker due to French tax impact (trading -0.07%)
- Eutelsat Q3 slightly better, solid organic growth raising guidance to include GE-23 acquisition (trading +2.1%)
- Belgacom good Q3 bucks recent Benelux telco trend, raising guidance (trading +7.3%)
- Anglo American's CEO Cynthia Carroll to step down after 7 years with the company (trading +2.8%)
- Pearson (PSON LN) confirms merger talks between Penguin with Random House (trading +1.6%)
- Saint Gobain okay Q3 after the close yesterday, reducing guidance, plans further cost cuts (trading

+2.9%)

- Weir Group +ve read across from Gardner Denver potential sale to PE from yesterday (trading +3.1%)
- European new heavy truck registrations -14.3% y/y in September (versus -9.1% in Aug and -7.0% in Jul)
- Athens has until Sunday evening to decide on package of measures to get next tranche (ekathimerini)
- Moody's sees no short-term resolution for Euro debt crisis (euro-area survival requires 3 painful years)
- Liberal & Labor parties in Netherlands said to be near final agreement on €16B in cuts over next 4yrs
- France October consumer confidence 84 vs est 84, Italy Oct business confidence 87.6 vs est 88.7
- Spain Q3 unemployment rate 25.02% vs est 25.00% (record high & latest austerity has not kicked in yet)
- Samsung record profit beats estimates as Galaxy sales surge but competition to intensify (closed)
- HTC Q4 sales forecast around NT60 billion versus analyst estimate NT$74.6 billion (closed -4.8%)
- LG Display Q3 profit misses estimates as slumping global tv sales hurt demand for flat-screens (closed -1.1%)
- Macquarie H1 profit rises 18% on trading businesses (misses estimates, reits FY forecast) (closed +3.5%)
- Japan announced Y750bn ($9.4bn) of new stimulus measures ahead of next week's BOJ meeting (Oct 30)

Leading European Sectors: Retail +0.18%, Media +0.11%, Tech +0.01%
Lagging European Sectors: EMU Banks -1.6%, Autos/Parts -1.01%, Insurance -0.95%

CERN big bookings – VAR orders beat ests – FII declares dividend

HAR buyback extension – CA cuts forecast – CB raises yr op view

DV eps beat/revs miss – INFA sees top end eps – MSFT Windows 8 release

SPF eps missed ests – SYNA earnings better – STMP earnings beat

VPRT cuts rev outlook – APKT eps inline revs up – IPCM cuts forecast range

Secondaries (announced/priced): AKR, OFG, XPLR, ACC, IMOS

IPO's (filed/priced): The Whitewave Foods Co (WWAV) 23M shares priced at $17 (above range), MPLX (MPLX) 17.3M shares priced at $22 (above range)

Key Research: Citi initiates ALKS/ARIA/ARQL (buy's) and MDCO (neut), CL King initiates CBRL, DB cuts PLXS

Key Research: GS upgrades RCI, Jeff upgrades CERN (buy), Roth initiates BDE (buy), KBW downgrades CBE/WCBO

Key Research: W Blair cuts PDII/BJRI, Wells upgrades PCAR, Piper downgrades CAB/FSL, CS upgrades KMX & cuts STJ

Key Research: SunTrust initiates BCEI (buy), BMO initiates DKS (mp), MS upgrades AB/CRR & cuts BEN, BB&T cuts TREX

Key Research: Raja upgrades STEL/CME/DIME/EXPE, Pac Crest downgrades EA, Bofa upgrades ESS, RBC upgrades PHM

Key Research: Panmure downgrades BDEV LN & TW/ LN, HSBC downgrades PNDORA DC, Equinet cuts DAI GY

Key Research: GS downgrades RAND NA, GS cuts KPN NA, Commerzbank upgrades BOSS GY, Investec upgrades STL NO

Key Research: BofA upgrades RI FP, Nomura downgrades RI FP, CS initiates HMB SS (up), MS cuts ITV LN

Key Research: SocGen downgrades ASC LN, DB downgrades ASC LN, BofA upgrades SAP GY, Nomura cuts FTE FP

Reporting Pre-Open: AON, CMCSA, COL, CVH, GT, IPG, LM, LYB, MCO, MRK, VTR, WY, ACI, ARLP, ASTE, AXL, B, DAN, DGICA, DLR, EGO, ETM, GHM, HMSY, IMGN, KDN, KKR, LEA, LPNT, MGLN, NPBC, OHI, OPY, OSK, PFS, PPC, QSII, RDWR, REDF, SCBT, SFI, SR, STL NO, TA CN, TASR, TCB, VVI, WLB, WTBA, GRC, TCP, PBR

Reporting Post-Close: ARE, CYMI, DHIL, GSIT, JBSS

Economic Data: GDP @ 8:30am, U. of Michigan Confidence @ 9:55am

Conferences: N/A

Analyst/Investor Days: N/A

Non-Deal Roadshows: APP, CSRE, DFS, FCS, MDT, MLHR, SNTA

Shareholder Meetings: MOLX, USHS, CBE, HRS, ETN, QNST

Equity/Mixed Shelfs: HBOS ($60M), TXCC ($20M)

S&P 600 change (after close today): Coherent (COHR) to replace Peet's Coffee (PEET), PH Glatfelter (GLT) to replace Lawson Products (LAWS)

S&P 600 change (after close Oct-29): Carrizo Oil & Gas (CRZO) to replace Overseas Shipping Group (OSG)

DJ Transportation Average change (after close Oct-29): Kirby (KEX) to replace Carrizo (CRZO)

Other Newspaper Articles & Stories

Barron's positive: Procter & Gamble (PG) **Barron's**

WSJ cautious: Amazon (AMZN) **WSJ**

- Taking early exits off Wall Street **WSJ**
- "Currency Manipulator" A Label with More Bark than Bite **WSJ**
- Ford to Shut 3 Europe Plants **WSJ**
- Greece Faces Need for Additional Assistance **WSJ**
- Joe Lieberman: My Line on Defense—No More Cuts **WSJ Opinion**
- Billions in Hidden Riches for Family of Chinese Leader **NYT**
- College Endowment Returns Fall Steeply **NYT**

- Economist Andy Xie says Australia is facing a hard landing **MarketWatch**
- Eurozone nears Japan-style trap **Telegraph**
- It's still a hard toil to the sunlit uplands of recovery **Telegraph**
- Portugal faces tough choices, IMF warns **FT**
- IMF calls Lisbon's austerity 'imperative' **FT**
- Bank deposits rise in Spain and Greece **FT**
- S&P downgrades France's biggest bank **FT**
- Credit Suisse – the Brady hunch **Lex**
- European telecoms – little comfort **Lex**
- A three-tier EU puts single market at risk **FT**
- It's not a pretty sight, warns downbeat Sorrell **The Times**
- Greece seeks way to plug the bailout gap **The Times**
- Crisis - This may not even be the beginning of the end **Guardian**
- Over-regulated over there - New York fears for its mojo **Independent**
- NHL pulls latest offer off the table as deadline passes **TSN**

Key Events Next Week

Monday: PCE, Dallas Fed Manufacturing Activity, Earnings (HRS, PCG, BIDU, LEG, PCL)

Tuesday: Merkel meeting Lagarde, S&P/CaseShiller Home Price Index, Consumer Confidence, BOJ policy decisions, Earnings (ADM, AVP, BP, F, JCI, PFE, X, WMI, EA, WU)

Wednesday: ADP employment, Chicago PMI, MBA Mortgage Applications, China Manufacturing PMI's, Earnings (AMT, BWA, CLX, IRM, MA, RL, SEE, MET, MUR, V)

Thursday: Auto Sales, ISM, Construction Spending, Merkel hosts Ireland PM Kenny in Berlin, ADP Employment Change, Spanish short-selling ban expires but expected to be extended until Feb, New EU short selling regulation takes effect, Earnings (APA, CVC, K, RRD, XOM, AIG, CHK, HIG, SBUX)

Friday: October Employment Report, Eurozone Manufacturing PMI, China Non-Manufacturing PMI, Earnings (ANR, BEAM, CVX, WPO)

Saturday: G20 Fin Min Meeting in Mexico

Key Events on the Horizon

November 6 – US Presidential Election

November 8 – China's 18th Party Congress (leadership transition) (5-7 days)

November 12 – Eurogroup meeting

November 25 – Catalonia regional election in Spain

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