From: Ike Groff <[redacted]>
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Inline-Images: image001.jpg; image002.png

Description: Description:

Good Morning … European Markets off 0-60 bps … ASX200 +0.20%, NKY225 -0.16%, KOSPI +1.03%, TWSE +0.04%, SHCOMP -1.11% HSI -0.37%

EUR 1.3012 (+0.27%) JPY 101.56 (+0.26%) NZD 0.8278 (+0.35%) CHF 0.953 (+0.46%)

Spain 10yr 4.31% Italy 10yr 3.97% US 10yr 1.90% Copper -1.68% Silver -0.43%

Futures: **Dow -28, Nasdaq -8, [redacted] -3** DXY $83.08 (-19c) Crude $95.17 (unch) Gold $1435.20 (+90c)

The Asia-Pac region was once again mixed with volumes tracking light. China underperformed after the China Communist Party fired a vice-chair of the NDRC following corruption claims. Mainland brokers continued to struggle after three more brokers were banned from underwriting IPOs due to alleged infractions related to previous offerings. Chinese property names were softer on an article in Xinhua yesterday saying the government was studying longer term property curbs and the Nikkei ended with a modest loss despite a stronger start after being +4.2% over the past two days. The Kospi outperformed the region as Japan consolidates with Korean autos seeing a bid on local talk that the reaction to the JPY move is overdone and may stabilize. European markets lower to start the session in quiet trading. Periphery yields were wider again early on but have since reversed off the morning highs. A few headlines from the Fed's Plosser speaking in Stockholm earlier: thinks Fed should begin to taper bond purchases as soon as the June meeting, ending bond buys doesn't signal imminent tightening, can always dial bond buys back up if needed, zero rate troubling to many people on the Fed, sees significantly improving labor market, inflation expectations are well anchored. Several big sell-side conferences begin today: BofA Global Metals/Mining/Steel (Barcelona), UBS Financials (NYC), Citi Global Energy/Utilities (Boston), BofA Global Transportation (Boston), JPM Global TMT (Boston). SPA's -3 handles = 1628.20 last.

- Sony: Dan Loeb's Third Point has built 6.5% stake in Sony (seeks break-up) (letter here)
- Take-Two beats posting higher Q4 profit on better revs (BioShock game sales) (trading +5%)
- Velti sees FY13 revenue lower than original mid-point view of $267.5M (names coo) (trading
- Kinder Morgan raises ests for Kinder Morgan (KMI) & Kinder Morgan Energy Partners (KMP)
- Vodafone: Verizone wireless to distribute $3.15B to Vodafone via cash dividend (trading -0.75%)
- EADS Q1 EBIT ex items beats, revs inline, no new A350 charges, confirms outlook (trading +1.6%)

- OMV Q1 EBIT beats, NI ahead, net income inline, R&M division strong, gearing at 15% (trading +1.4%)
- Deutsche Post Q1 sales & EBIT inline, net income ahead, confirms targets (trading +3.5%)
- K+S Q1 EBIT inline, revs ahead, better potash mix, confirms guidance (trading +0.04%)
- Merk Kgaa Q1 adj EBITDA ahead, EPS beats, driven by LCD, positive guidance (trading +0.29%)
- Celesio Q1 net profit ahead, adj EBITDA beats, revs light, reaffirms 2013 guidance (trading +0.03%)
- Ferragamo Q1 net & EBITDA ahead, revs in line, confirms higher 2013 rev forecasts (trading +3.6%)
- Carl Zeiss H1 EBIT slight ahead, revs improving, sees steady 2013 growth (trading +2.1%)
- Aurubis Q2 revs light, EBIT miss, pretax below, warns on 2013 recycled copper demand (trading -6.5%)
- Deutsche Wohnen Q1 EBITDA & net income beats, adj pretax ahead, confirms guidance (trading +2.9%)
- Evotec Q1 revs slight below, equity ratio 67.3%, maintains 2013 forecasts (trading +0.73%)
- Bilfinger Q1 revs & EBIT inline, orders slight light, sees increasing 2013 output (trading +0.25%)
- Hamburger Hafen Q1 revs & EBIT ahead, profit beats, reiterates 2013 targets (trading +2.4%)
- Agfa Q1 net loss better, sales light, uncertain market environment remains (trading -6.5%)
- Tipp24 Q1 revs & EBIT inline, reiterates revs targets, confirms forecasts (trading +0.20%)
- Puma Q1 profit warning, EBIT misses, cuts 2013 forecasts, unable to meet growth tgts (trading -0.40%)
- ICAP FY op profit misses, statutory pretax below, 15.4 final div, conditions remain tough (trading +9.2%)
- Babcock FY sales inline, underlying solid, order book slight light, positive market comments (trading +4.9%)
- British Land FY pretax, EPS and net rental income in line, core business resilient (trading -0.20%)
- Lagardere Q1 revs good, strong growth driven by general literature in France/US (trading +0.80%)
- Enterprise Inns Q1 LFL fall, EBITDA light, satisfied given poor weather, recent improvement (trading +0.15%)
- Paddy Power FY net revs ahead driven by online sales, proposes 1.2 div, confident for 2013 (trading -1.4%)
- Pandora Q1 sales, net & EBITDA beat, maintains FY outlook, ongoing DKK700mn buyback (trading +11%)
- Capita Q1 IMS all inline, nothing new, margins unchanged, maintains guidance (trading -1.6%)
- Severn Trent receives approach from Borealis/KIO consortium, potential £23 bid speculated (trading +14%)
- Jeronimo Martins; GS places 31.5M shares on behalf of Asteck who retain 5% stake (trading -6.2%)
- Solvay Q1 sales & EBITDA in line, net debt increases, sees improving 2013 EBITDA (trading -2.3%)
- German ZEW survey: current situation 8.9 vs est 9.8, economic sentiment 36.4 vs est 40.0
- Eurozone industrial production comes in better than expected at +1.0% versus estimate +0.5%
- Rusal (world's largest aluminum producer) swings to quarterly profit in Q1 as demand climbs
- Dentsu full-year profit guidance misses consensus estimates (#'s out after the close)
- Sharp forecasts profits above consensus, changes top management (#'s out after the close)

- India's April inflation rate eases to a 41-m,onth low at +4.89% vs median estimate +5.45%

Leading European Sectors: Autos/Parts +0.61%, Food/Bev +0.26%, Real Estate +0.21%
Lagging European Sectors: Basic Res -1.88%, Media -1.03%, Retail -1.02%

RUTH amended credit agreement – ALOG restructuring – CI cfo leaving

GSM cfo appointed – WX guides up – IDXX additional 4M shr buyback

HMIN revs beat ests – NSPH pact with Hitachi High-Tech – PDII #'s beat

Notable Options Activity Yesterday:

TLT ($117.85 -0.8%) late in the day a customer bought 53,000 June 117-113 put spreads on the iShares 20+ YR Treasury Bond ETF. The trader spent $6.15mm in premium expressing concern that long term treasury prices could fall in the near-term.

BPI ($10.69 -0.7%) very aggressive put buying in the morning, with 2500 June 7.5p being purchased for $0.10, followed by 1250 May 10p which traded for $0.05 and $0.07, and the June 10p which were purchased for $0.50. The put activity comes after the company lower guidance and delayed filing their 10Q after Friday's close.

Secondaries (announced/priced): WES, SPH, ARE, CUB, GHDX, MOSY, SFLY ($220M convert), BRKR, JMT PL

IPO's (filed/priced): Tallgrass Energy (TEP) 13.05 units priced at $21.50

US Key Research:

- Multiple brokers initiates HAWK, GS reinstates LXK & upgrades ELX, UBS upgrades FIO (buy)
- MS upgrades RY & downgrades BMO & initiates MNST, Roth downgrades SCTY
- DB downgrades GFI & upgrades CPA, Wells initiates LMOS (op), Citi upgrades MDRX (buy)
- Nomura initiates KMX (buy), BMO initiates CBS/DIS (op's) & NWSA/WX/VIAB (mp's)
- Evercore initiates RJF (ow), Jeff downgrades CI & upgrades WLP (buy)
- Bofa removes CMCSA from U.S. 1 List, adds NWSA

Europe Key Research:

- JPM downgrade TT/ LN, CS upgrade SLM SJ, MS upgrade DPW GY, Barc downgrade RIO LN, VED LN
- BofAML downgrade BVS LN, BDEV LN, SAND SS, upgrade TW/ LN, Natixis downgrade CPR IM
- HSBC upgrade VWS DC, upgrade JUN3 GY, JMT PL, Natixis downgrade CPR IM, Equita u/g GEM IM
- SocGen upgrade LMI LN, add AV/ LN, RIO LN, to prem list, Medio downgrade AEF IM
- Cant upgrade ADS GY, Beren downgrade SN/ LN, ING downgrade GRONT NA, Nordea upgrade AKER NO
- Exane upgrade HFD LN, downgrade BIC FP, JEFF downgrade HWDN LN, TPK LN, GN5 ID

Reporting Pre-Open: AMS, BRD, CAAS, CACH, GSOL, HCLP, PTN, RGDX, SYPR, TAM, TREE, VAL, XWES, ZFC

Reporting Post-Close: A, ALXA, ATHX, CCSC, DCIN, ERA, EXP, FENG, FIGI, GSB, GVP, HSKA, KOOL, LFL, NLST, PLAB, PRMW, QBAK, RDY, RGLS, TPH, TXCC, VIPS, VOXX, XONE

Economic Data: NFIB Small Business Optimism @ 7:30am, Import Price Index @ 8:30am

API crude oil inventories @ 4:30pm

Conferences: Bofa Global Metals, Mining & Steel (Barcelona), UBS Financials (NYC), JMP Research Conference (SF), Bofa Global HC (Las Vegas)

Conferences: Citi Global Energy/Utilities (Boston), Bofa Global Transportation (Boston), JPM Global TMT (Boston), Opco Industrial Growth (NYC)

Analyst/Investor Days: EPL, BCOV, ININ

Non-Deal Roadshows: ASH, AWH, BDE, BHE, BOFI, CAH, CBS, CBT, CHMT, DPZ, DTLK, FCH, INVN, JOUT, LPS, PBCT, REIS, RLGY, ROC, RTEC, SIRI, SLG, USG, VC

Shareholder Meetings: BTH, SPG, APC, COKE, FMAR, RAS, RBS, THG, WMGI, CWH, FRC, AXAS, DM, DNKN, FMBI, FNP, FOR, FORR, GTI, HHC, MORN, NATI, OSUR, SHOS, CDE, CIT, CMI, FFKT, HR, JMBA, MMM, STO, ALR, MIDD, QDEL, WYN, DIN, MNI, HSIC, AXTI, EW, JWN, PRU, SCSS, STRI, GTY, ESS, FAF, SWY, ENTR, TQNT

Equity/Mixed Shelfs: N/A

Other Newspaper Articles & Stories

- Watchdog probes 1m US swap contracts FT
- Bloomberg users' messages leaked online FT
- Petrobras bond sale sets record FT
- France set to tax smartphones to protect culture in digital age FT
- Cameron to rush out draft bill on EU vote FT
- Tata Steel reveals $1.6bn writedown FT
- Google's antitrust settlement under attack by rivals FT
- US hedge funds turn bullish on the euro FT
- Taxmen, police and spies look at bitcoin threat FT
- AP accuses US officials over press freedom FT
- Saudis welcome US shale boom FT
- Luxembourg move dashes hopes of swift EU tax avoidance deal FT
- European retailers to sign Bangladesh safety pact FT
- Staying out of Syria is the bolder call for Obama FT
- Reform can end loose talk of a Chinese revolution FT
- French support for EU plummets since eurozone crisis FT
- US television: sofa so good Lex
- KeyCorp: cut and pay Lex
- Bank Bailout Blues Stall U.K. Recovery WSJ
- Banks Rush to Ease Supply of Money WSJ
- Euronext Weighs Postdeal Plans WSJ
- EU Parliament Flexes Muscle WSJ
- Norway Tax to Hit Oil Profit WSJ
- Tories force Cameron to enshrine EU vote in law The Times
- Severn Trent confirms £5bn takeover talks The Times
- Two parties both riven by the same old splits The Times
- This dash for growth is fraught with danger The Times
- Reform is the best option, even for us sceptics The Times
- We need to frack, but we need wind power too The Times

- No more fun and games in 'special relationship' as domestic woes dominate David Cameron's visit to Washington Independent
- British Gas pledges to put lid on prices after cold-weather boost Independent
- Eurozone finance ministers in banking union showdown Independent
- Corporate scheme deficits top £100bn in April Independent
- James Moore: Fixing infrastructure is crucial if UK wants to be a runner in the global race Independent
- The rise of India 2.0: inside the temple of technology Telegraph
- Vodafone to get $3.15bn dividend from Verizon Wireless Telegraph
- You can't blame Brussels for Britain's debts Telegraph
- Europeans must face up to prospect of massive debt restructuring Telegraph
- Has this man found the original recipe for Coca Cola in an old drawer? Daily Mail
- Europeans disillusioned and divided by debt crisis, survey finds Guardian

Key Events This Week

Wednesday: European Q1 GDP's, MBA Mortgage Applications, US PPI & IP, NAHB Housing Index, Empire Manufacturing, TIC Flows, BofA Global Transports Conf, BofA Global Metals/Mining/Steel Conference begins (Barcelona), Earnings (CSC, DE, ACAT, WAG, M, CSCO, WYY)

Thursday: Japan GDP, CPI, Philadelphia Fed, Housing Starts, RBC Capital Markets Aerospace & Defense Conference (NYC), Earnings (KSS, WMT, ADSK, AMAT, ARUN, JCP, JWN, SINA)

Friday: U. of Michigan Consumer Confidence, Leading Indicators, China April Property Prices, Earnings (BH)

Saturday: Bernanke speech at Bard College at Simon's Rock Commencement "Economic Prospects for the Long Run" (11am), Final FB lock-up

Key Events on the Horizon

May26/27 – Mayoral elections in 720 cities across Italy

June 10-14 – Apple's Worldwide Developer Conference (WWDC) in SF

June 14 – Preliminary adds/deletes to the Russell indexes published after 6pm EST

June 21 – Updates to the lists of adds/deletes for the Russell Rebalance

June 28 – Russell Rebalance on the close of trading

July 1 – Mark Carney takes over as BOE Governor

September – German elections

Ike Groff | 680 Washington Blvd | Stamford, CT 06901 | ☎ (203) 302-7300 | ✉ [redacted]

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