

From: [REDACTED]
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Subject: Early Tour 11.12.13

Good Morning ... European Markets off 25-100 bps (Portugal +0.18%) ... NKY +2.23%, SHCOMP +0.82%, HSI -0.73%, KOSPI +0.92%, TWSE +0.16%, ASX +0.11%

EUR 1.3388 (-0.14%) JPY 99.72 (-0.57%) EUR/JPY 133.51 (+0.43%) AUD 0.9322 (-0.39%)
NZD 0.8218 (-0.42%) GBP 1.587 (-0.74%) SEK 6.645 (-1.28%)

US 10yr 2.785% Japan 10yr 0.60% Germany 10yr 1.785% Portugal 10yr 5.85% Italy 10yr 4.15% Spain 10yr 4.12%

Futures: Dow -18, Nasdaq -7, S&P -4 DXY \$81.34 (+26c) Crude \$94.82 (-33c) Gold \$1280.30 (-80c) Copper -0.74% Silver -0.53%

Asian indices generally higher as volumes continue to track on the lighter side. Japan finished notably strong with the Nikkei +2.23% driven by a weaker Yen (JPY -0.59% to 99.74). SHCOMP ended at the highs with most sectors trading better ahead of policy reform announcements expected to come after the CPCC meetings wrap up this evening. Hong Kong lagged the region following yesterday's late rally as H-Share banks struggled after New Yuan Loans missed expectations. While Indonesia also underperforms after a surprise rate increase. European markets trading heavier this morning but its quieter than it's been in recent days with focus on the homestretch of earnings season as well as the continued v busy deal calendar (6 offerings totaling north of €2.75B notional in Europe overnight). GBP getting hit hard after the UK October inflation numbers came in lower than estimates (+0.1% m/m vs est +0.3%, +2.2% y/y vs est +2.5%) (BOE quarterly inflation report with updated forecasts will be presented tomorrow). Merrill's November Global Fund Manager Survey is out and does a good job of summing up general sentiment/positioning with the title "Like a Bull in the Headlights" (it goes on to point out that despite US equities and global credit prices ticking to new all-time highs "investor mistrust over valuation and/or growth means cash balances remain too high for a correction"). Volumes were light yesterday in the US due to the Veteran's day holiday and the S&P traded in a 2 point range for most of the session. Should be busier today although the earnings and macro calendars are light. Note that KORS is replacing NYX in the S&P 500 on the close today (there is a decent size funding trade ~ \$2.2B SPX to sell). SPA's -4 handles = 1764 last.

DF & DISH report pre-open / SINA #'s after close

NIFB Small Business Optimism @ 7:30am, Chicago Fed @ 8:30am

- News Corp revenues fell well short of ests (weak AU newspapers & falling ad bookings) (trading -2%)
- Sotheby's loss narrower after surge in private sales comms & increase auction revs (trading +1%)
- Rackspace eps missed (11c vs 16c) (revs beat) & net income fell 40% on higher costs (trading -7%)
- T-Mobile 66.2M share secondary to raise \$1.8B that may be used to acquire wireless airwaves
- Marriot (MAR) to replace Rangold Resources (GOLD) in Nasdaq-100 index on the close 11/15
- Vale successfully places 407 million shares of Norke Hydro @ Nok 25, \$1.8 billion (NHY NO trading -5.6%)
- Vodafone H1 revs shade ahead, German EBITA weak, project Spring spending upsized, reit guidance (trading +1.7%)
- TalkTalk H1 revs inline, EBITDA weak y/y, EPS ahead, reiterate dividend policy, raising rev guidance (trading +10%)
- RTL Q3 revs miss, says TV ad mkt improving, confident of delivering FY EBITA >€1bn (trading -0.90%)
- Lagardere Q3 revs slight below, net sales down, maintains recurring EBIT guidance (trading -1.0%)
- Unicredit Q3 net income beats, revs light, comms below, loans losses better, cost focused (trading +0.20%)
- Aareal Q3 op profit rises, best Q since crisis, NII ahead, upbeat outlook, stable trends (trading +2.8%)
- Swiss Life Q3 revs inline, Europe seeing improvement y/y, "Swiss Life 2015" ok, Frost to become CEO (trading +6%)
- Osram Q4 revs inline, adj EBITA beats, net loss worse, focus on costs, positive comments (trading +5.6%)
- Deutsche Post Q3 sales miss, revs below, EBIT shade under, reits 2013 & 2015 forecasts (trading +1.8%)
- Oriflame Q3 interim report, revs ok, adj EBIT ahead, underlying Q4 sales in line (trading +2.1%)
- Lanxess Q3 EBITDA beats, revises guidance lower driven by continued tough 2013 (trading -4.9%)
- Henkel Q3 revs miss, organic sales growth ok, raise EBIT margin goal, confirms outlook (trading +1.2%)

- Infineon Q4 EPS beats, revs inline, divisional adequate, tweaking guidance lighter (trading -3.9%)
- Singulus Q3 sales rise, blu-ray demand exceeds, sees positive 2013 EBIT, lower guidance (trading -7.5%)
- Jentopik Q3 sales ahead, EBIT light, order intake below, confirms FY forecasts (trading -1.5%)
- Resolution Q3 IMS; strong Q3 performance, cost focused, building momentum (trading -0.30%)
- Leoni Q3 revs inline, EBIT below, reaffirms FY forecast, sees FY EBIT of about €170mn (trading -7.3%)
- CRH Q3 LFL sales growth, sees Q4 on a par with 2012, reits guidance, more non-core disposals (trading +2.8%)
- Acciona 9 month EBITDA & net exceed estimates, debt declines (trading +0.90%)
- Cofinimmo Q3 net miss, rental income inline, occupancy rate flat, EPS inline (trading +0.40%)
- Bilfinger Q3 output volume up, order backlog -1%, sale of concessions at advanced stage (trading -0.10%)
- Babcock International H1 underlying revs ahead, EPS inline, upbeat outlook (trading -1.0%)
- Pandora Q3 net income beats, EBITDA ahead, focus on whether main owner sells (trading -4.4%)
- X5 Retail Q3 revs in line, EBITDA beats, net income ahead (trading +6.5%)
- Land Securities H1 revs outperform y/y, op profit beats, improved confidence (trading -0.40%)
- Gagfah Q3 FFO p/s grew by 25% from Q2, strong vacancy reduction, strong margin (trading -1.1%)
- PSP Swiss Property Q3 rental income inline, EBITDA ahead (trading +1.3%)
- Deutsche Wohnen Q3 adj pretax beats, reits FFO, expects GSW deal to close Dec (trading +1.0%)
- Evotec Q3 revs up y/y, net income ahead, headwind for service business, strong run into #'s (trading -10.5%)
- Bank Indonesia raises reference rate to 7.50% from 7.25% (unexpected), also raises deposit rate
- Dentsu (advertising) closed +5.4% overnight after it raised forecast above estimates yesterday
- Sumitomo Mitsui raises FY net forecast to ¥750 billion vs ¥580 billion (out after the Japan close)
- Australia's October NAB Business Confidence Index falls to 5 from 12 last month (AUD -0.37%)

Leading European Sectors: Construction +0.14%, Telco -0.05%, Autos/Parts -0.07%
Lagging European Sectors: Basic Res -1.67%, Fin Services -1.17%, Banks -0.92%

ELX \$200M buyback – VIPS net better – BEE raises FY13 ffo

HOLX \$250M buyback – VSAT #'s better – CRAY sees 2014 profit

Secondaries (announced/priced): BAH, QUIK, ELX (convert), TMUS, ALSN, APTS, NHY NO, GEM IM, G IM, REP SM, CWD LN, BBY LN (convert)

IPO's: Just Retirement Group (JRG LN) priced @ 225p

US Key Research:

- Jefferies initiates QCOM (buy), GS upgrades EJ (buy) & downgrades RBS
- Stifel downgrades FARO & initiates TCS (buy), UBS downgrades COST
- Opco initiates ATML (op), BMO upgrades LF, Piper initiates VJET (neutO)
- Wells upgrades KRG, Janney upgrades CNK/RGC (buy)

Europe Key Research:

- CS downgrade BSY LN, Barc initiate FCAM LN (uw), Cana downgrade CSN LN
- DBK upgrade EDP PL, Exane upgrade SHB LN, GS upgrade EUR PW, downgrade RBS LN
- HSBC upgrade AFX GR, STR3 GY, EKTAB SS, downgrade COP GR, Kep initiate ELE FP (h)
- JEFF upgrade EN FP, JPM downgrade RSA LN, COLR BB, Lampe upgrade HEI GY
- BofAML upgrade MGAM LN, MS upgrade ENEL IM, RBC downgrade RRS LN
- SocGen downgrade AKE FP, UBS downgrade BBY LN, Vont upgrade LONN SW

Reporting Pre-Open: DHI, NRG, ACM, AMED, ARIA, ARTX, ASEI, BSTC, CACH, CASM, CDTI, CGA, CLSN, CORE, DF, DISH, DM, DNDN, EMIS, ESEA, ETAK, EREP, FVE, GRH, GTXI, HNR, HSOL, HTH, HWCC, INO, INSY, LEAF, LIWA, LMIA, LXRX, MPAA, MVIS, NAFC, NMFC, NS, NSH, NYLD, OREX, PERI, RDA, ROC, RRST, SATS, SCLN, SCON, SJI, SNMX, SNSS, SRPT, SYMX, SYPR, TPI, TPPE, UCP, USAT, WCIC, YGE, YONG, ZAZA, ZFC

Reporting Post-Close: ACFN, API, ATOS, BSQR, BWC, CALL, CDXS, CPA, CVT, CWCO, CYCC, DIOD, DSCO, EARN, EGL, EMAN, ERA, EVOL, FI, FPRX, GNMK, GSB, GTE, HPTX, ICEL, MBI, MDVN, MGNX, MPO, MWE, NGL, NLST, NQ, ONP, ONTX, ONTY, OXGN, PBPB, PDII, PEGA, PRKR, PRMW, PSDV, RLD, RMKR, SINA, SPPI, SUPN, TARO, TEAR, TMHC, TWER, WWD, WX, YRCW

Economic Data: NFIB Small Business Optimism @ 7:30am, Chicago Fed National Activity Index @ 8:30am

Treasury auctions in 3yr notes @ 1pm (\$30B)

Fed Speakers: Kocherlakota @ 1pm (St. Paul, MN), Lockhart @ 1:50pm (Montgomery, AL)

Conferences: Barcap Auto (NYC), Bofa Banking & Financial Services (NYC), Cowen Metals, Mining, & Materials (NYC)

Conferences: Jefferies Energy (Houston, TX), RBC TMT (NYC), Wells TMT (NYC), CS Healthcare (Phoenix), Stephens Fall Investment Conf. (NYC)

Analyst/Investor Days: BC, ESS, LPLA, MRCY, XRXR, LMAT, FR, ROIC

Non-Deal Roadshows: ACRX, AMSF, ARTX, ATE, AVG, CEMI, CGEN, CYN, DENN, DNR, EIG, ELS, FCH, FLO, GIVN, GPN, MCZ, MLHR, NWL, OZM, PSEM, RGLD, RUTH, SPDC, SPSC, STAG, SUPX, TBBK, TXT, WTS

Shareholder Meetings: FMD, TEU, PRCP, ADP, EL, VSR, IMGN, RNWK, HTHT

Equity/Mixed Shelves: N/A

Other Newspaper Articles & Stories

WSJ cautious: Cooper Tire (CTB) [WSJ](#)

- Shadow banks reap Fed rate reward [FT](#)
- International relief effort underway in devastated Philippines [FT](#)
- Industry warns over German move to cut green energy subsidies [FT](#)
- West puts on united front over Iran talks [FT](#)
- Proposals to shake up Norway's oil fund [FT](#)
- Cameron's pursuit of China trade deals raises rights tensions [FT](#)
- Asia's low-cost carriers hit turbulence [FT](#)
- Tory election hopes are pinned on Help to Buy [FT](#)
- An Olympic No [FT](#)
- Domestic politics weigh on Indian foreign policy [FT](#)
- US retail: wait for a sale [Lex](#)
- Shire: bulking up [Lex](#)
- BSkyB and BT: soft spot kick [Lex](#)
- Tarkett: roll out the flooring [Lex](#)
- Amazon Puts Shippers Behind Freight Ball [WSJ Heard on the Street](#)
- HealthCare.gov Enrollment Falls Far Short of Target [WSJ](#)
- Job Gap Widens in Uneven Recovery [WSJ](#)
- Andrew Huszar: Confessions of a Quantitative Easer [WSJ Op-Ed](#)
- Tom Brokaw: Imagine the Tweets During the Cuban Missile Crisis [WSJ Op-Ed](#)
- Alan Blinder: Despite a Botched Rollout, the Health-Care Law Is Worth It [WSJ Op-Ed](#)
- Bjorn Lomborg: Green Energy Is the Real Subsidy Hog [WSJ Op-Ed](#)
- Hedge Funds Are Muscling Into Munis [WSJ](#)
- Financial Holdings of Some SEC Staffers in New York Probed [WSJ](#)
- Companies Get More Wiggle Room on Soured Deals [WSJ](#)
- Motorola Plans Lower-Cost Phone [WSJ](#)

- EU Adds to Pressure Over German Exports [WSJ](#)
- U.S. Treasury Secretary Presses Japan [WSJ](#)
- An Accidental Cattle Ranch Points the Way in Sustainable Farming [NYT](#)
- Suit Charges 3 Credit Ratings Agencies With Fraud in Bear Stearns Case [NYT](#)
- Injuries to Players Raise Questions on Athlete I.P.O. Plan [NYT](#)
- New York's left turn could derail Hillary [The Times](#)
- North Sea operators 'must work together in antional interest' [The Times](#)
- Ratings agencies 'recklessly issued reports knowing they were false' [The Times](#)
- Satyajit Das: The weakness of the European Central Bank's policies will be revealed all too soon [Independent](#)
- Revealed: Egypt is the worst Arab country for women [Independent](#)
- Cameron and Osborne want growth – at any cost [Telegraph](#)
- A more competitive UK won't come from government targets [CityAM](#)
- Bank capital rules are holding back a credit binge – but also our recovery [CityAM](#)
- New listing rules protect investors and safeguard London's open markets [CityAM](#)
- The push for performance-related pay is driven by faith, not facts [Guardian](#)

Key Events This Week

Wednesday: Import price index, Monthly Treasury Budget Statement, BoE inflation report released, Bernanke town hall meeting with educators (DC), Eurozone IP, Citi Building Conference (London), REITWorld – NAREIT's Annual Convention (SF), MS Chemicals and Agriculture Conference (Boston), Earnings (M, TPH, AFCE, CSCO, NTAP, XONE)

Thursday: US Sept Trade Balance, Non-Farm Productivity & Unit Labor Costs, Eurogroup meeting, SBC hearing on Yellen nomination (10am), ECB monthly report, France/Germany/Italy/Europe GDP, GS US Emerging / SMID Cap Growth Conference (NYC), William Blair Commercial Insurance Conference (NYC), Earnings (HP, KSS, MANU, TYC, VIAB, A, AMAT, JWN, YOKU)

Friday: Empire Manufacturing, October CPI & IP, Wholesale Inventories, Earnings (MMS, IMNP)

Sunday: China Oct property prices

Key Events on the Horizon

Nov 26 – MSCI changes effective on the close

Nov 27 – Italy Senate to vote on expelling Berlusconi from Parliament

Nov 28 – US Thanksgiving (market closed)

Dec 5 – BOE & ECB rate decisions

Dec 18 – FOMC rate decision

Jan 15 – Current CR runs out

Feb 7 – Debt ceiling deadline (Treasury can use extraordinary measures for ~ 1 month past this date)



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