From: Ike Groff
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Subject: Early Tour 4.22.13

Good Morning … European Markets up 25-115 bps (Italy +2.0%) … ASX +0.70%, NKY +1.89%, KOSPI +1.03%, TWSE +0.50%, SHCOMP -0.11%, HSI +0.36%

EUR 1.3049 (-0.02%) JPY 99.81 (-0.29%) EUR/JPY 130.22 (+0.26%) AUD 1.0263 (-0.13%) US 10yr 1.73%

Futures: **Dow +70, Nasdaq +20, S&P +8** DXY 82.78 (+6c) Crude $88.38 (+37c) Gold $1423.80 (+$28.20) Silver +1.8% Copper -0.77%

Japan led the AsiaPac region once again as the JPY continues to flirt with 100 after the G20 gave its tacit approval to Kuroda's policy over the weekend. M&A was in focus after the *Nikkei* reported that Kawasaki Heavy (-0.9%) and Mitsui Engineering (+13%) are in merger talks – construction (+5%) best TOPIX sub-sector. China diverged as PRC insurance names weighed following Saturday's 6.6 magnitude earthquake in Sichuan, which killed more than 180 and wounded more than 10k. Hong Kong is faring a bit better than the mainland with notable strength in autos as the Shanghai Auto Show kicked off. Macau names are also trading better following a positive sector note from CLSA ahead of results. South Korea spiked to close at the highs on talk of government related program buying. DB was out with a bullish report forecasting a year-end KOSPI target of 2,150, implying 13% upside: "Although Korea has underperformed in 2013 and has battled weak sentiment, we believe market conditions will improve as the Park Administration settles in." Tonight we will get the China HSBC Flash Manufacturing PMI for April with estimates at 51.5 vs. 51.6 in March. European markets also higher after Italy's parliament re-elected 87yr old President Giorgio Napolitano to serve an unprecedented second term in an effort to resolve the political stalemate since the Feb elections. Periphery spreads tightening this morning with Italy 10yr -12bps to 4.11% & Spain 10yr -7bps to 4.55%. Italian Banks leading the EMU Bank Index higher (SX7E +2.2%). Gold lifting back +$28.20 to $1423.80. CAT #'s due out pre-open in the US. SPA's +8 handles = 1556.30 last.

Chicago Fed @ 8:30am, Existing Home Sales @ 10am

CAT,HAL,HAS pre-open / ACE,AMP,NFLX,TXN after close

HSBC China Flash PMI tonight @ 9:45pm (Europe & US tomorrow)

- Apple could be considering ousting CEO Tom Cook for new leader with greater tech knowledge (Forbes)
- Check Point Software Q1 eps beat by penny but revenues missed ($322.7M vs $327.9M ests)
- ABB to buy Power-One (PWER) for about $1B to add solar inverters (6.35/share = 57% premium)
- GlaxoSmithKline may put drink brands Lucozade & Ribena up for sale in next few weeks (£1B) (The Times)
- Ameriprise is the leading bidder for Lloyds' Scottish Widows (SWIP) unit with £800M bid (The Times)
- US Senate expected to vote as soon as this week on bill allowing states to require internet sales tax (WSJ)
- Mobistar Q1 revs/net better, EBITDA slight ahead, capex light, FCF in line, raising savings goal (trading +0.70%)
- Philips net income inline, EBITDA light, slow H1 driven by Europe/US, committed to 2013 targets (trading -3.3%)
- Hermes Q1 revs inline, Asia strong, focus on "sporting theme", watches weak driven by China (trading +1.1%)
- Suez Environment Q1 EBITDA & revs inline, Europe underperforms on decline in production (trading +1.0%)
- Delhaize preliminary Q1revs inline, underlying EBIT better, strong FCF, postpones CMD (trading +11.7%)
- Reckitt Benckiser Q1 sales (ex pharma) & organic growth inline, revs ok, maintains guidance (trading +0.08%)
- Yara Q1 revs light, EBITDA in line, new ammonia vols offset weak fertilizer, poor weather effects (trading -3.4%)
- Genel FY IMS, output maintained, revenue forecast kept at $300-400mn, Kurdistan progress (trading +1.6%)
- Informa Q1 trading "broadly" inline, effected by early Easter, sees stronger growth in H2 (trading +2.2%)
- Betfair board rejects CVC 880p/shr proposal on valuation, confident of strategy & growth (trading +4.4%)
- Peugeot increases Chinese sales by 31% in Q1, raising FY13 targets for region (trading unch)
- BMW cautious comments on China, targeting "upper single digit" sales growth in China for FY13 (trading +1.3%)
- German financial regulator BaFin proposes that German REITs be regulated as investment funds (FT)

- Elan's board unanimously rejects Royalty Pharma's unsolicited tender offer (undervalues company)
- UK's sovereign rating cut by Fitch from AAA to AA+ Friday after the close on weak growth prospects
- Eurogroup head Dijsselbloem says most EU bank union work can be done without law change (Reuters)
- Chow Tai Fook sees strong demand for gold products (restocking gold products at shops frequently)
- China Mobile reports Q1 net 27.9 billion yuan vs est 28 billion yuan (#'s came out after the close today)

Leading European Sectors: Banks +2.09%, Insurance +1.56%, Fin Services +1.34%
Lagging European Sectors: Tech -0.07%, Food/Bev +0.18%, Chemicals +0.21%

RNO increases credit agreement – CELG amends credit agreement – SCCO cfo resigns

Secondaries (announced/priced):

IPO's: Pegasus Airlines (PGSUS TI) priced at 18.40 TRY (begins trading April 26)

IPO's (lock-up expires): Lehigh Gas Partners (LGP), Monroe Capital (MRCC)

US Key Research:

- Barcap initiates TRW (ow) & ALV (ew) & HAR (ew) & upgrades HES, BMO cuts AAPL pt
- Evercore downgrades COR & initiates ANSS/ADSK (ew's) & PMTC (ow), KBW upgrades MIG
- WallachBeth initiates MAKO (hold), BB&T upgrades CIR/SKX (buy's), JPM cuts GE & upgrades PRGO
- CLSA downgrades MCD, DB downgrades NEM, RBC upgrades HXL, Baird upgrades JCI

Europe Key Research:

- UBS downgrade CHAR LN, add NTC SJ, AIP SJ to most pref, JPM downgrade RGU LN, upgrade PRGO TI
- DB downgrade STB NO, upgrade FUM1V FH, SU FP, initiate SUBC NO (h), AKSO NO (b), Rabo upgrade DELB BB
- CS upgrade ITX SM, KAZ LN, KN FP, Barc upgrade G IM, MS upgrade AC FP, resume SBMO NA (ew)
- HSBC initiate DNB NO (ow), DANSKE DC (ow), SWEDA SS (n), SEBA SS (uw), u/g BLT LN, ASHM LN, NDA GY, NYR BB
- HSBC downgrade TRNFP RM, add RIO LN to super 10 portfolio - remove LG FP, GS upgrade BNS IM
- Chev upgrade WRT1V FH, BofAML upgrade TEL2B SS, Equita downgrade PRY IM, Exane upgrade NOEJ GY, KAZ LN
- Medio downgrade SFL IM, RBS upgrade EAD FP, Nordea upgrade ELI1V FH, NOD SS, Pareto downgrade LEM1S FH
- SEB upgrade HPOLB SS, BMAX SS, RATOB SS, Davy downgrade PWL ID, Numis downgrade BRK LN
- ABN upgrade NUO NA, Espirito upgrade TCELL TI, RIO LN, Handelsbanken downgrade SYDB DC, Peel d/g BRK LN

Reporting Pre-Open: CAT, CHKP, HAL, HAS, ASUR, BEAV, BMRC, BOH, CCBG, HLX, LII, NVR, SILC, SIX, TNC, WASH

Reporting Post-Close: ACE, AMP, NFLX, TXN, ZION, BANR, BBCN, BXS, XR, CTGX, DEL, EGBN, ELS, FDEF, FIBK, HSTM, HXL, IBCP, ICUI, IEX, ILMN, MBFI, MSFG, NXPI, PBNY, PEI, PKG, PLXT, RCII, SANM, STM, SWFT, TRST, UCTTT, USTR, VLTR, WIBC, WWD, XOOM

Economic Data: Chicago Fed National Activity Index @ 8:30am, Existing Home Sales @ 10am

Fed Speakers: Dudley @ 8:30am (NY)

Conferences: No major events

Analyst/Investor Days: CYS

Non-Deal Roadshows: ALNY, OGE, PBY, TROV, MDT

Shareholder Meetings: CBNJ, CCG, CR, GPC, HON, MWV, DSTI, EDU

Equity/Mixed Shelfs: XTEX ($250M), KNDI ($60M)

Other Newspaper Articles & Stories

Barron's cover: Barron's Big Money poll **Barron's**

Barron's positive: Newmont Mining (NEM) and Goldcorp (GG) **Barron's**, Chiquita Brands International **Barron's**

- "Poison" Apple's dimming luster riles suppliers, investors **Sydney Morning Herald**
- Luis Suarez's Liverpool future in doubt despite apology for "bite" attack **Guardian**
- Data shift to lift US economy 3% **FT**
- Banks put damper on Osborne lending hopes **FT**
- Sell-offs eyed to help cut public debt **FT**
- Regulator puts Reits into turmoil **FT**
- Research supports global warming theory **FT**
- US 'slow' to tackle homegrown jihadism **FT**
- Banks pull back from risky regions **FT**
- Business warns about Italian impasse **FT**
- US urges Erdogan to delay trip to Gaza **FT**
- Vale: the shipping orecast **Lex**
- EU investment banks: trending down **Lex**
- Four men with four plans for growth ... Cabinet Secretary reveals tension at top **The Times**
- India has a bumpy road ahead, warns Rahul Bajaj **The Times**

- Europe is no longer working for many British businesses The Times (Opinion)
- Americans ready £800m Lloyds raid The Sunday Times
- Europe Officials Expect Slow Growth WSJ
- Italy Seeks to End Paralysis WSJ
- North Korea Sets Condition on Talks WSJ
- Luxury Car Makers Brace for Slower China Sales WSJ
- FBI Raid, Fraud Allegations Rock the Trucking Industry WSJ
- Double whammy of bad news wings its way to the Chancellor Independent
- Fracking 'unlikely to give UK cheap gas', report says Independent
- Dividends fall but are set for rebound Independent
- Hamish McRae: What hope if Germany is floundering? Independent (Opinion)
- Business week in review Independent (Review)
- High euro is crippling growth, says Oleg Deripaska Telegraph
- Focus on tax ignores Google's role in creating UK jobs, says chairman Eric Schmidt Telegraph
- Boston marathon bomber Dzhokhar Tsarnaev “awake and responding” Telegraph
- The IMF’s fiddling achieves nothing Telegraph

Key Events This Week

Tuesday: AAPL reporting after the close, US & European Flash PMI’s, New Home Sales, Richmond Fed, Earnings (AAPL, COH, DD, FRX, IR, LMT, XRX, WAT, JNPR, OI, RHI, YUM)

Wednesday: MBA Mortgage Applications, Durable Goods, Earnings (BA, ATI, DPS, GD, LO, MSI, S, WM, AFL, CLF, FFIV, QCOM, SYMM, XLNX)

Thursday: Jobless Claims, Kansas City Fed, Earnings (ABC, BIIB, BMY, CL, HOG, HSY, MMM, LUV, RTN, SWY, TWC, UPS, BIDU, CB, SBUX, VRSN)

Friday: GDP, U. of Michigan Consumer Confidence, Earnings (ABBV, CVX, VFC, TYC, WY)

Key Events on the Horizon

May 1 – FOMC rate announcement

May 2 – ECB rate announcement

May7-10 – SALT conference in Las Vegas (link)

May 8 – Ira Sohn Conference NYC (link)

May 9 – BOE rate announcement

May26/27 – Mayoral elections in 720 cities across Italy

July 1 – Mark Carney takes over as BOE Governor

September – German elections

Ike Groff | [redacted]