From: [redacted]
Sent: Fri 3/8/2013 11:00:36 AM
Subject: Early Tour 3.8.13

Good Morning … European Markets up 20-100 bps (Spain +1.5%) … ASX +0.28%, NKY +2.64%, KOSPI +0.08%, SHCOMP -0.24%, HSI +1.41%

EUR 1.3127 (+0.15%) JPY 95.58 (-0.78%) EUR/JPY 125.45 (+0.93%) GBP 1.504 (+0.17%) Spain 10yr 4.83% Italy 10yr 4.57% US 10yr 2.00%

Futures: **Dow +51, Nasdaq +9, S&P +6** DXY $81.10 (+2c) Crude $91.58 (+2c) Gold $1577.40 (+$2.30) Copper -0.47%

Asian markets end the week higher following the Dow's 3rd close at a record high. Japan released GDP data before the open which showed a return to growth in Q4 (+0.2% annualized) and got the market off to a decent start. JPY was weaker throughout the session, trading to and intra-day high of 95.45 vs USD which is the weakest level since Aug 2009. The NKY has now officially regained pre-Lehman levels, closing at 12,283.62. Better Chinese trade data helped bolster HK, but did not do much for the SHCOMP, which continues to trend lower from the mid-Feb high. Exports were +21.8% y/y in Feb (est +8.1%) and imports were -15.2% y/y (est -8.5%). Exports to the EU were +16.5% and to the US were +15.7%. Not surprisingly, exports to Japan were -6.5% as tensions still linger following the recent island dispute. We get more macro data from China over weekend including CPI, industrial production, fixed asset investment and retail sales. Europe fairly quiet this morning but markets are higher across the board with Banks, Telco, Luxury leading the way. VOD LN +1.4% to 181.15p after the ADR rallied into the close yesterday on more speculation in the WSJ that the timing is ripe for Verizon to pull the trigger on a Vodafone deal. US bank stress test results out last evening: Citi was the major positive highlight (BBT also better) and they have requested permission to buy back $1.2B in stock without seeking a dividend increase, GS was generally inline with expectations although the FT is running a front page story highlighting they would be exposed to $20B loss in a crisis, and government-owned Ally Financial was the only institution to fail the stress test. US labor report coming up at 8:30am. SPA's +6 handles = 1543.60 last = highs of the morning.

February Labor Report @ 8:30am (Payroll Ests: NFP +165k / PP +170k)

ANN & FL report pre-open / MCD Feb Sales release today

S&P quarterly rebalance share changes announced after close

- Texas Instruments raised lower end of sales/profit outlook on strong customer order growth
- Pandora rev/eps easily beat & raised Q4 guidance (ceo to step down unexpectedly) (trading +20%)

- Finisar Q3 eps beat & gave solid guidance with improving revenue trends (trading +4%)
- H&R Block loss widened on delay to start of tax season affected top line (trading +2.5%)
- Covanta boost share buyback to $150M & raised cash dividend 10% to 16.5c
- KKR to buy Gardner Denver for $76/share (expected to be officially announced this morning)
- US companies bought back a record amount of stock in February ($118B vs $68B last Feb) (FT)
- BMW Group Feb sales look better (+4.7% y/y to 133,630 vehicles) (BMW GY trading +0.46%)
- Sportech (10% owned by PTEC LN) to receive an £80M overpayment VAT rebate from the UK government
- RHI FY revs, EBIT & net income inline, EPS slight ahead, sees 2013 on a par with 2012 (trading +2.0%)
- ERG Q4 adj EBITDA beats, net loss slight better, sees wind contributions improving in 2013 (trading +7.0%)
- Lagadere FY EBIT good, to return EAD proceeds to shareholders rather than make acquisitions (trading +4.4%)
- Telecom Italia FY loss larger on GW write downs, maintains guidance, preannounce 02/12 (trading +2.4%)
- Fugro FY net beats on Geoscience unit sale, weak underlying, div better, CFO to step down (trading +10.9%)
- ECB's Nowotny says OMT links monetary policy to politics (central bank independence is crucial)
- Italy bank bad loans +17.5% in January, business lending -2.8%, lending to households -0.6%
- Spain January industrial output wda -5.0% y/y vs est -6.0%, France business sentiment 96 vs est 96
- UN unanimously approves tougher sanctions on North Korea after threats of nuclear attack (CNN)

Leading European Sectors: EMU Banks +1.80%, Telco +1.27%, Insurance +0.95%
Lagging European Sectors: Basic Res -0.23%, Trav/Les -0.13%, Oil & Gas +0.09%

CMTL net rev missed – HLF icahn stake up – MXWL to restate financials

ZQK revs missed – SQNM loss wider than ests – WDAY sees midpt below

Secondaries (announced/priced): TXMD, AMTG, DGI, NXPI, MDA CN, AI, HTGC, BKU, CHTR, PCYC

IPO's: N/A

US Key Research:

- Edward Jones upgrades BAC & downgrades BBT/USB, Raja upgrades YAVY
- JPM upgrades CLR & NAV, CLSA downgrades ETFC, Evercore upgrades LXP
- CS downgrades ROK & upgrades VOLC, JMP initiates KMPR (mp) & downgrades AVG
- Canaccord downgrades TIF (sell), Compass Pt initiates NNI (buy), BMO initiates ZTS (up)

Europe Key Research:

- Nomura downgrade CLN VX, UBS upgrade SDR LN, TECN SW, downgrade UPM1V FH
- JPM downgrade CNA LN, downgrade GCC ID, CS downgrade Mining sector, reinstate VIE FP (up)
- Citi add SIE GY to focus list, ABBN VX removed, downgrade JAZ SM, Barc upgrade HLMA LN
- DB upgrade DELB BB, Equita upgrade CEM IM, KD8 GY, downgrade FR FP, HSBC upgrade AHT LN
- SocGen upgrade HOT GY, HEN GY, initiate NHY NO (s), downgrade IMI LN, MTU FP, BEFB BB
- Natixis upgrade CON GY, ING upgrade DELB BB, KBC downgrade PHARM NA, Oriel downgrade HTG LN
- Nordea downgrade LOOMB SS, Danske upgrade DFDS DC, Swedbank downgrade AZN LN
- Akros downgrade IPG IM, SIS IM, Chev downgrade AZM IM, SANT downgrade HXT LN
- Numis upgrade MSLH LN, BERE upgrade VONN SW, downgrade SHP LN, Espirio d/g ASSAB SS, NEX FP

Reporting Pre-Open: ANN, ARCO, DM, DRTX, FL, FRM, FSYS, GCO, GMO, HYGS, KMG, MEA, MEMS

Economic Data: Feb Labor Report @ 8:30am, Wholesale inventories @ 10am

Fed Speakers: Duke @ 8pm (Avon, CO)

Conferences: MS Utilities (NYC), JPM Gaming Forum (Las Vegas)

Analyst/Investor Days: BVN

Non-Deal Roadshows: ABMD, ANFI, ASM, AVAV, CETV, CRL, CYN, EZCH, FIO, HDY, INFA, MXIM, NP, RTEC, SONC, STO, UPI

Shareholder Meetings: GENC, HRC, ESSA

Equity/Mixed Shelfs: ATW

Other Newspaper Articles & Stories

WSJ positive: stock market WSJ

- Apple (AAPL), Amazon (AMZN) set to shake up entertainment industry once again NYT
- The market speaks NYT **(Op-Ed Krugman)**
- Google's Motorola unit to cut 10% of employees WSJ
- Companies driving stock market higher by returning cash to shareholders WSJ
- Goldman exposed to $20bn loss in a crisis FT
- ECB sticks to its monetary guns FT
- New Year blamed for China imports dip FT
- ECB inaction wrong-foots some investors FT

- ECB damps hope of cheap loans FT
- Eurozone remains split on Cyprus rescue FT
- Stock markets defy economic woes FT
- US bank stress tests: capital cushions Lex
- Time Warner: in a spin FT
- Fox Sports: game gamble Lex
- Carrefour: in the right aisle Lex
- Banks: bracing for losses Lex
- Pay up for Nato or shut it down FT
- China must seize rare chance for reform FT
- ECB chief plays down Italy fears WSJ
- Meat scandal spurring appetites WSJ
- LSE one step nearer to Clearnet WSJ
- Scandal pressures Spanish leadership WSJ
- Eurozone rigidity adds risk to the Bloc WSJ
- Banks' health is on the mend WSJ
- Firms send record cash back to Investors WSJ
- Stars aligning for Vodafone and Verizon WSJ
- Aggreko has good reason to celebrate The Times
- BP may pay billions more for Deepwater Horizon The Times
- Accounting change could cost banks billions Telegraph
- Fed 'stress test': banks would lose $460bn Telegraph
- Eurozone risks Japan-style deflation trap Telegraph
- Euro Group says UK at risk of 'sterling crisis' Telegraph
- Eurozone will recover in second half of the year Telegraph
- We urgently need more investment Independent

Key Events Next Week

Monday: No major economic releases, Earnings (URBN)

Tuesday: Bofa Consumer & Retail Conference, Piper TMT Conf, Earnings (COST)

Wednesday: Advanced retail sales, Import prices, Business inventories, UBS Global Consumer Conf, Eurozone IP

Thursday: EU Summit (2 days), Current Account Balance, PPI, Fed to release decisions on proposed capital plans of banks, Samsung launch event in NYC (Galaxy S4)

Friday: Empire Manufacturing, CPI, US IP, Mich Confidence, MasterTrust Data, Italy's new Parliament meets for the first time to elect Presidents for Senate & Chamber of Deputies

Key Events on the Horizon

March 19 – BOJ governor Masaaki Shirakawa stepping down (successor likely to be named by end of Feb)

April 15 – #NoBudgetNoPay deadline for Congress

May 19 – US debt ceiling limit

July 1 – Mark Carney takes over as BOE Governor

September – German elections

[redacted]

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