From: [redacted]
Sent: Tue 1/8/2013 11:05:20 AM
Subject: Early Tour 1.8.13

Good Morning … European Markets up 10-65 bps (Russia +2.6%, Greece +1.5%) … ASX -0.57%, NKY -0.86%, KOSPI -0.66%, TWSE -0.43%, SHCOMP -0.41%, HSI -0.94%

EUR 1.3120 (+0.03%) JPY 87.47 (+0.36%) EUR/JPY 114.77 (-0.33%) Italy 10yr 4.29% Spain 10yr 5.09% US 10yr 1.90%

Futures: **Dow -1, Nasdaq -2, S&P -1** DXY $80.196 (-6c) Crude $93.43 (+24c) Gold $1653.70 (+$7.30) Copper -0.04% Silver +0.72%

Asia markets lower across the board as the region consolidates following yesterday's modest losses in the US. NKY225 closes -0.86% led lower by exporters as the Yen continues yesterday's oversold bounce despite FinMin Aso comments that they will use forex reserves to buy ESM bonds to help weaken the Yen. *Xinhua* headlines out after the close in China saying chances of RRR cut are increasing for Jan (citing "most industry insiders"). Europe markets opened lower but have bounced and now mostly higher as LO's buy the weakness (volumes tracking 122% of 20day). Talk that Ireland received orders of €7 billion at bond auction vs target of only €2.5 billion (first tap since bailout) causing the most recent leg higher. Telecom (SXKP +1.1%) acting well thanks largely to Vodafone playing catch-up to the ADR move yesterday afternoon (and big upside call volume) on the heels of the Verizon CEO saying they are interested in VOD's stake in Verizon Wireless. European Banks (SX7E +1.4%) have reversed early losses to build on yesterday's Basel III gains (note ISP IM & BMPS IM both downgraded at JPM but now up and down small on the day respectively). ECB on Thursday with no change in interest or deposit rates expected and some think Draghi may acknowledge the improving global macro backdrop as of late. Focus will shift to earnings season soon with Monsanto #'s this morning and Alcoa officially kicking things off tonight. SPA's -1 handles = 1455 last.

US Consumer credit @ 3pm, MON #'s pre-open & AA #'s after the close

ESM holds first debt auction (selling €2 billion in 3-month notes)

Consumer Electronics Show begins in Las Vegas

- Sears Holdings ceo D'Ambrosio stepping down Feb 2 (Lampert to take over role) (comps -1.8% qtd)
- Yum Brands sees China Q4 comps -6% y/y vs -4% expected after government probe (trading -5%)
- ConAgra to offer $240M stock as part of Ralcorp Financing (prices offering at $29.75/shr)

- Biomet (private) earnings out and look generally inline with sell-side estimates (SN/ LN +0.15%)
- Obama close to choosing Jack Lew for Treasury Secretary to replace Geithner (as expected)
- Vodafone catch up to ADR move yesterday on report VZ interested in VOD's VZW stake (trading +2.7%)
- Ahold sees technical drags on Q4, *WSJ* report Cerebus close SuperValue deal, broker u/g (trading -0.24%)
- Generali to buy 49% stake it doesn't own in PPF for Eur2.5bn, initially funding from bond sale (trading +1.1%)
- AngloGold announces Mark Cutifani as CEO (1st conference call this morning went well) (trading -2.1%)
- Telekom Austria sees capex inline, confirms dividend, revenues to fall to Eur4.1b in 2013 (trading -2.9%)
- Balfour Beatty trading statement inline, no recent trading surprises, COO becomes CEO (trading -1.8%)
- Robert Walters (staffing) to meet FY targets but says no sign of market improvement (trading -2.5%)
- BMW China December group sales +73%, 2012 group sales +40% (BMW GY trading -0.69%)
- KBC: *Tidj* reports company is planning bond sale to raise up to Eur150 million (trading +0.12%)
- African Barrick Gold no longer in discussions with China National on potential stake (trading -20.7%)
- TGS gives strong trading update, FY revs and guidance better, Q4 due Feb 7th (trading +6.9%)
- Atlantia (ATL IM) and Gemina (GEM IM) boards could discuss merger proposal in Feb (*Reuters*)
- Domino's Pizza UK LFL sales +5.0% & says FY profit will be inline with estimates (trading -1.9%)
- Debenhams gives mixed trading update with sales better but lowering forecasts (trading -6.8%)
- UK retail: BRC data looks light +0.3% vs est +0.5% (internet sales +17.8% helped by bad weather)
- Euro-area Nov jobless rate rises to record 11.8% (est 11.8%), Nov retail sales +0.1% m/m (est +0.3%)
- Euro-area December economic confidence rises to 87.0 versus estimate 86.3
- German exports come in much weaker (-3.4% m/m in November versus estimate -0.5%)
- Germany November factory orders -1.8% m/m versus estimate -1.4% (-1.0% y/y vs est -0.4%)
- Weidmann: renews warning about ECB anti-crisis policy getting hand according to source (*DJ*)
- Italy November preliminary unemployment rate 11.1% vs est 11.2% (youth unemployment 37.1%)

- Samsung profit beats estimates as Galaxy fends off iPhone 5 (005930 KS closed -1.32%)
- HTC closed -3.99% after reporting earnings yesterday after local close that missed estimates
- Japan pension funds will more than double gold holdings next 2 yrs according to adviser
- PBOC adviser says inflation no problem in H1 2013, may be concern in H2, sees 2013 GDP > 8%

Leading European Sectors: EMU Banks +1.29%, Telco +1.10%, Healthcare +0.61%
Lagging European Sectors: Basic Res -0.56%, Real Estate -0.51%, Insurance -0.24%

MED names cfo – LCAV ceo retires, restructuring initiatives – WTSLA names ceo

TISI earnings better – HLS raised guidance – KND guides lower

PLXS reduces outlook – BBG chairman/ceo steps down – AXAS strong Bakken boost

Notable Options Activity Yesterday:

VOD ($26.61 +3.1%) huge upside call buying following a report the VZ CEO made comments about potentially buying VOD (CEO later clarified he was referring to VOD's stake in Verizon Wireless). Over 60,000 calls traded compared to an average daily volume of just 4,000. Most of the activity centered abut buying of the April 28 and 29 calls, as well as the Feb 26, 27 and 28 calls.

TPX ($33.52 -2.7%) 7500 February 36 calls were sold to open down to $1.325. The trade implies doubt as to whether the stock can rally 11.5% over the next month and a half despite earnings at the end of January.

Secondaries (announced/priced): NCT, CAG, TLLP, CLMT, SLRC

IPO's (filed/priced): QGOG Constellation (QGOG) files $500M IPO through JPMorgan, BofA M/L, Itau BBA, Credit Suisse and Bradesco BBI

Key Research: DB downgrades ASBC/JBLU & upgrades LUV (buy), HSBC upgrades TKC, Piper upgrades CELG/JOY

Key Research: MS upgrades DOV & cuts EMR/ROK, Barcap initiates VR (ow) & SRCL (ew) & cuts

ESI/BPI

Key Research: Raja initiates AMCC (op) & downgrades WSBC, Baird upgrades ATR & downgrades BLL

Key Research: RBC downgrades BHI/FTI/NOC & upgrades CELG, BB&T downgrades BA, JohnsonRice cuts CENTA

Key Research: ISI initiates STZ (buy) & TAP (neut), MS upgrades DOV/MYL & cuts EMR, FBR downgrades ES

Key Research: Bofa upgrades MKSI (buy), Wells upgrades LSTR & initiates MPLX (mp), Bern downgrades NBL,

Key Research: Stifel initiates ADT (buy), CS downgrade PNK/AMP/GNW, Sterne Agee upgrades FTI (buy) & cuts BHI

Key Research: ABG positive NOK1V FH (reit buy & EUR 5 pt), BofA raises 2013e avg. iron ore price by 9% to US$120/t

Key Research: JPM positive ILD FP, Jefferies downgrades ASC LN, JPM note out on Italian Banks (ISP IM & BMPS IM)

Key Research: Commerzbank positive SKYD GY, Barclays European luxury note (top picks CFR VX, LUX IM, PP FP)

Key Research: MS downgrade TT/ LN, HSBC upgrade SAS SS, Nordea upgrade UNR1V FH, Natixis upgrade WHA NA

Key Research: MACQ upgrade KPN NA, Socgen upgrade RF FP, CS downgrade EZJ LN, BofA downgrade GNK LN

Key Research: SocGen downgrade ICP LN, MS upgrade OPAP GA, UBS downgrade OPAP GA, Investec downgrade TLW LN

Key Research: BofA downgrades Euro Insurers (HNR1 GY, RSA LN, LGEN LN, GALP PL, MAP SM, CS FP, MUV2 GY, SL/ LN)

Key Research: MS downgrade WTB LN, MS downgrade YUI1 GY, BofA upgrade ETI LN, BofA downgrade MARS LN

Key Research: BofA upgrade WHA NA, Chevreux downgrade TEC FP, Investec downgrade HSBA LN, HSBC initiate NAS NO (uw)

Reporting Pre-Open: MON, AYI, IHS, LNN, RPM, SCHN

Reporting Post-Close: AA, APOL, GPN, MG, WDFC

Economic Data: ICSC/Redbook weekly sales @ 7:45am/8:55am, NFIB Small Optimism @ 7:30am, IBD/TIPP Economic Optimism @ 10am, Consumer Credit @ 3pm

Treasury Auction of 3-yr Notes @ 1pm ($32B), API crude oil inventories @ 4:30pm

Fed Speakers: Lacker on economic outlook @ 3pm (Columbia, SC)

Conferences: CES (Las Vegas), Citi Internet, Media, & Telecom (Las Vegas), JPM Healthcare (SF)

Conferences: BMO Unconventional Resource (NYC), Raja Gov't & Tech Summit (D.C.), GS Global Energy (Miami)

Analyst/Investor Days: WAG, ROVI

Non-Deal Roadshows: ABR, AMRI, ATHN, CLDX, HPQ, IILG, IPCM, LNDC, MDCO, MFG, MLM, MMYT, MTRN, MYRG, NRF, PANW, PFMT, REG, SMP, SNTS, MXL, THRX

Shareholder Meetings: TRMD, MOG, CMTL, SJR, WAG, GBX

Equity/Mixed Shelfs: CGEN ($100M)

Other Newspaper Articles & Stories

WSJ cautious: MetroPCS (PCS) WSJ, Solar stocks WSJ

- Lampert to Assume CEO Role at Sears WSJ
- New CEO Shuffles the Deck at Citi WSJ
- Going South Isn't a Bad Thing at Monsanto WSJ
- Companies Leap Into Bond Market WSJ
- Netflix Signs Streaming Deal With Time Warner WSJ

- Airlines battle budget rivals WSJ
- Berlusconi forms alliance in comeback bid WSJ
- Rescued by a Bailout, A.I.G. May Sue Its Savior NYT
- Proposal for Noisier Electric Cars at Low Speed NYT
- Home Buyers Gamble on RBA The Australian
- Dublin plans debt sale as recovery continues FT
- Trade deal hopes make EU more attractive FT
- Transatlantic trade talks near lift-off FT
- HTC – ringing the changes Lex
- Supermarkets – disliking like-for-likes FT
- Washington is fixing the debt crisis FT
- Australia shows west how to pivot to Asia FT
- Cull begins in Spain as bank plans to cut 'half its workforce' The Times
- Funding ratio is next in sight for 'victorious' banks The Times
- If you like Daimler, then buy the manufacturer The Times
- Online sales surge at Christmas to stabilise struggling retailers Telegraph
- Anglo American names AngloGold's Mark Cutifani as new chief executive Telegraph
- Sterling crisis looms as UK current account deficit balloons Telegraph
- We must bid farewell to the EU, that way we might stay friends Telegraph
- The euro crisis is over, declares José Manuel Barroso Guardian
- banks are cheering the latest rules on their asset buffers Independent

Key Events This Week

Wednesday: Mortgage Apps, Treasury auctions in 10-yr notes, German Industrial Production, UK Trade balance

Thursday: ECB & BOE rate announcements, Jobless Claims, Wholesale Inventories, Treasury auctions in 30-yr bonds, China CPI/PPI

Friday: Import Price Index, Trade Balance

Key Events on the Horizon

January 21 – Obama inauguration ceremony

January 30 – Launch date for RIM's Blackberry 10

February – US Debt limit likely to be reached

February 10 – Chinese New Year

[redacted]

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