

Wednesday
April 24, 2013

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Market Snapshot

DJIA Futures	14681	37
S&P 500 Futures	1578	4.5
NASDAQ Futures	2831.75	8.75
FTSE 100	6416.88	10.76
Xetra DAX	7700.4	42.19
CAC40	3806.07	23.02
Nikkei 225	13843.46	313.81
Hang Seng	22183.05	376.44
Euro	1.3021	0.002
NYMEX Crude	89.88	0.7
10-Year Note	102.5	1.722

As of 6:30 a.m. ET

Today's Calendar

Today In Canada

Earnings scheduled

Barrick Gold (ABX) 1Q; analysts expect earnings of 90 U.S. cents a share

Canadian Pacific Railway (CP) 1Q; analysts expect earnings of C\$1.21 a share

Cenovus Energy (CVE) 1Q; analysts expect earnings of 48 Canadian cents a share

Economic indicators (all times EDT)

none

Stocks to watch

Bank of Nova Scotia (BNS) said it has acquired 50% of a pension-fund management business in Peru for C\$260 million

Softchoice (SO.T) has agreed to be taken private at C\$20 a share

Calendar items (all times EDT)

Barrick Gold (ABX) annual meeting webcast at 10 a.m.

Bank of Canada Governor Mark Carney and Senior Deputy Governor Tiff Macklem appear before a Senate committee at 4:15 p.m

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Today's Markets

SNAPSHOT

Stock futures gain; dollar softer across the board; Treasury yields flat; ICE June Brent up 45c at \$100.76, Nymex June crude up 48c at \$89.66; spot gold up 1.1% at \$1,427.90

Watch for: Durable goods; earnings from Ford, Boeing, Procter & Gamble

OPENING CALL

Stock futures posted modest gains Wednesday with sentiment boosted by hopes of monetary accommodation in Europe, although

7:00 a.m.

04/19 MBA Weekly Mortgage Applications Survey Market Composite Index (previous 866.1), Cur Chg (previous +4.8%), Purchase Index (S.A.) (previous 217.8), Cur Chg (previous +3.9%), Refinance Index (previous 4685.1), Cur Chg (previous +5.2%)

8:30 a.m.

Mar Advance Report on Durable Goods Total Orders (expected -2.9%), Orders, Ex-Defense (previous +4.5%), Orders, Ex-Transportation (previous -0.5%)

9:30 a.m.

U.S. Treasury Sec Lew testifies to House Appropriations Committee on international programs budget

10:30 a.m.

EIA Weekly Petroleum Status Report Crude Oil Stocks (previous 387.64M), (Net Change) (expected +1.4M), Gasoline Stocks (previous 221.73M), (Net Change) (expected +0), Distillate Stocks (previous 115.18M), (Net Change) (expected +0.2M), Refinery Usage (expected 86.9%), Total Products Supplied (previous 18.46M), (Net Change) (previous +0.34M)

Recent Analyst Rating Actions

A.O. Smith Corp Raised to Buy by Janney

Discover Financial Services Cut to Hold From Buy by Jefferies

Halliburton Raised to Buy From Hold by Societe Generale

National Retail Properties Cut to Neutral From Outperform by Baird

Realty Income Corp Cut to Neutral From Outperform by Baird

Sabra Healthcare REIT Cut to Hold

investors will look ahead to further economic data and another busy earnings slate for direction.

"We're once again finding markets struggling to justify doing anything but resume the grind higher - those durable goods order readings ahead of the open will be under scrutiny, as will earnings season as that progresses," said Fawad Razaqzada, Strategist at GFT Markets.

"Boeing may well be the stand-out here as the firm looks to recover from the 787 battery set-back, but the resounding theme is that so long as government stimulus measures remain on the cards then the upward momentum will be difficult to suppress."

EQUITIES

Apple's (AAPL) sales in greater China grew at a healthy clip in the second quarter, but the numbers belie growing concerns for the company in its second-largest market as the bonanza for high-end smartphone sales in the country comes to an end.

China's rapidly expanding middle and upper class have discarded old cell phones for new smartphones in surging numbers over the past two years, driving demand for the most expensive phones made by companies like Apple, Samsung Electronics Co. and HTC Corp.

But with almost 300 million Chinese already subscribing to high-end mobile services, the next wave in sales in the industry is centering on less-expensive smartphones, leaving Apple in a quandary over whether to chase lower-end users or focus on the smaller high-end segment, where the profits are biggest.

Apple Chief Executive Tim Cook said that Apple would expand its official retail presence and hinted the company would work to attract lower-end users by attracting new customers.

During an earnings call Tuesday, Mr. Cook said the company would double the 11 Apple stores in the region and also seek to tap the large number of "first-time buyers" in China by making the iPhone 4, which has generated continued demand in China, more attractive.

An experimental Merck (MRK) skin-cancer drug has been designated as a "breakthrough therapy" by the U.S. Food and Drug Administration, which could ease the treatment's path to market.

The drug, lambrolizumab, showed promise in an early-stage clinical trial of people with advanced melanoma, a serious form of skin cancer, according to results released in November that formed the basis of Merck's request for breakthrough designation. A mid-stage trial is underway to test further the drug's efficacy and safety; it hasn't yet been approved for marketing.

Merck hopes the FDA's new breakthrough designation will speed the drug's path to market, though the company couldn't quantify how much time might be shaved off the drug's development.

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Nasdaq OMX Group (NDAQ) plans to set aside \$10 million in anticipation of settling a regulatory investigation into its handling of Facebook Inc.'s (FB) stock-market debut, according to people familiar with Nasdaq internal discussions.

The move follows months of back-and-forth between the exchange operator and the Securities and Exchange Commission over technical errors that plagued Facebook's public offering on the Nasdaq Stock Market almost a year ago.

A penalty near \$10 million would be the biggest imposed by the SEC on a stock exchange and just the second time the regulator has fined a bourse.

FOREX

The markets are taking the latest European data disappointment in their stride, with only a brief negative reaction to a weak German Ifo survey, where all three components missed their mark. Coming a day after the German Services PMI slumped into contraction, a poor Ifo was expected by many to cement expectations of an ECB rate cut next week.

However, for now at least, reduced tensions in peripheral bond markets and buoyant global equities are feeding the currency market with risk-positive sentiment. After an initial drop to a fresh 2-week low of \$1.2954, the euro edged back above \$1.30, while the dollar was generally a touch softer.

Elsewhere AUD/NZD fell to its lowest levels since July 2010 after the Reserve Bank of New Zealand was a tad more hawkish than expected and Australian inflation came in below expectations.

At 0515 ET, EUR/USD was at 1.3006, USD/JPY was at 99.50 and GBP/USD was at 1.5276.

BONDS

Treasuries moved sideways in thin European trade, as investors looked at the increasing possibility of a rate cut by the European Central Bank, after a worse-than-expected German Ifo reading, while they continued to buy riskier assets pushing Spanish and Italian bond yields lower and European equities higher.

After Tuesday's solid 2-year Treasury auction, Wednesday's \$35 billion 5-year sale may be "potentially more challenging" and could require some concession building pre-sale, according to analysts at Morgan Stanley.

At 0431 ET, the June Treasury contract was 1/32 lower at 133-015, and the 5-year yielded 0.701% and the 10-year yielded 1.711%.

COMMODITIES

Crude-oil futures will likely again trade off macroeconomic headlines until the weekly U.S. oil inventory report later, said VTB Capital.

An expected moderate build in crude stocks could be moderately bearish for the price of oil, VTB said. The bank sees Brent supported at \$97.40/bbl, with short-term resistance at \$104/bbl. WTI is seen supported at \$86/bbl and resistance at \$91/bbl. At 0419 ET, ICE June Brent was up 45 cents, or 0.5%, at \$100.76/bbl, while Nymex June crude was up 48 cents, or 0.6%, at \$89.66/bbl.

Spot gold rose in London trade after a setback Tuesday encouraged further physical buying appetite.

Physical buyers, particularly in Asia, have shown strong appetite to scoop up the metal at lower prices after a combination of negative drivers caused a gold slump last week. INTL FCStone analyst Ed Meir, however, remains unconvinced about the ability of this to give gold much upside potential.

"While some physical buyers have been flocking to gold in light of lower prices, exchange-traded fund investors seem to be heading the other way and cutting their exposure," he noted. He sees gold averaging \$1,400-1,450/oz this year. At 0343 ET, spot gold was 1.1% higher at \$1,427.90/oz.

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Other Top Stories Of The Day

Germany's Business Mood Slumps

German business confidence sharply deteriorated in April, data from Germany's Ifo Institute showed Wednesday, denting hopes that the euro zone's largest member will lead the region back to growth.

Australia to Buy China Bonds

Australia's central bank will invest up to 5% of its foreign currency assets in Chinese sovereign bonds, a decision that underpins growing trade links and deep financial relations between the two countries.

Credit Suisse Profit Rises

Credit Suisse's net profit surged as the bank continued to slash costs and fine-tune its operations, though its bottom line was flattered by a favorable comparison with last year when a charge weighed on performance.

Top Auto Makers Issue Warning

Two of Europe's biggest auto makers warned of lower earnings this year, a stark reminder that the continuing decline in European demand for new cars is increasingly testing the companies' growth strategies.

China Yuan up Late

China's yuan rose against the U.S. dollar late Wednesday on heavy dollar selling pressure from corporates, and due to tight

yuan liquidity at the month-end, despite the central bank guiding it weaker via a daily reference rate.

Australian Dollar Lower as Tame CPI Suggests Rate Cuts

The Australian dollar slipped after tame inflation data for the first quarter revived talk of interest-rate cuts in coming months.

Revamp Hits Barclays Profit

Barclays said it spent \$783.3 million in the first quarter to start shutting down businesses, denting profit but putting the bank on "the right" path.

Boston Attack Sped Canada Arrests

Canadian officials accelerated their plan to arrest the two suspects in an alleged plot to derail a passenger train traveling between Toronto and New York City.

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