



TODAY 13-Sep-12

NL (a.o.): - ;

NL Tomorrow (a.o.): - ;

EUR (a.o.): Next;

EUR Tomorrow (a.o.): *Inditex*

EUR Ex-div (a.o.): - ;

EUR Ex-div Tomorrow (a.o.): - ;

MACRO:

9:30 SNB Holds Monetary Policy Assessment

10:00 Italy CPI

11:00 Italy bond auctions

11:30 Ireland bill auctions

14:30 Initial Jobless Claims, PPI

18:30 FOMC Rate Decision

FINANCE Credit / CDS HF's

- **European Banks Maintain Iran Ties Despite Sanctions: WSJ** -- European banks which said they would stop doing business with Iran are maintaining ties, handling billions of euros for Iranian entities and foreign companies doing business there, the WSJ said, citing its own research. * Dealings don't violate trade sanctions imposed by EU, which are not as strict as those laid down by the U.S. * Some banking analysts and govt officials say banks risk U.S. regulatory problems, jeopardizing access to U.S. markets * Deutsche Bank handled \$2.8 bln in transactions last year, the WSJ said * Other European banks still doing business involving Iran are BNP Paribas, Banco Santander, ING Groep and HSBC, the Journal said. (BN)
- **German Bafin's Koenig Warns of Bank 'Supervisory Vacuum': Welt** -- German financial markets regulator BaFin's president Elke Koenig refers to possible conflicts of interest between ECB monetary policy responsibility, supervisory duties in proposed EU banking union, Die Welt says. * Europe needs strong, efficient banking supervision, Koenig says in Die Welt * Questions to ask include democratic legitimation of ECB, task assignments, responsibilities, Koenig tells Die Welt (BN)
- **ESRB Aims for EU Shadow Banking Rule Proposals in Early 2013** -- The European Systemic Risk Board, a group of central bankers and other regulators charged with monitoring market threats, aims to recommend shadow banking oversight changes in early 2013, European Union documents show. The ESRB wants to mitigate systemic risk associated with shadow banking, according to the papers prepared in advance of a Sept. 14-15 meeting of officials in Cyprus. The panel intends to make policy recommendations on ways regulators can manage the overall health of the financial system and prevent firms from collapsing and triggering contagion. (BN)
- **RBS, Banks Taking 'Legal Recourse' Against Dubai Group: FT** -- RBS, Commerzbank, Standard Bank seek immediate repayment of loans after leaving talks to restructure co.'s \$10b in debt, FT reports. * Banks say in statement they are taking "legal recourse" available under debt agreement: FT * Move said to be private arbitration: FT * Banks: "Our preference was always to conclude an agreement without formal legal proceedings and we therefore remain open to such an outcome" * Dubai Group plans to continue seeking consensual agreement, spokesman tells FT * 35 creditors still working towards restructuring deal, some agree with Dubai Group proposal, co. tells FT (BN)
- **UBS Plans to Speed Up Job Cuts at Investment Bank, HZ Says** -- UBS AG is speeding up plans to cut about 400 jobs at its investment bank, Handelszeitung reported, without saying where it got the information. The company, which said in November it would cut the jobs at the investment bank by 2016, now plans to complete them by the end of next year, the newspaper said. UBS Chief Executive Officer Sergio Ermotti said in July that the bank will be "very proactive in accelerating taking down costs" to adjust to the new market environment. (BN)
- **Barclays Sells 60% Stake in U.K. Dormitory Operator to PGGM** -- Barclays Plc sold a 60 percent share of the U.K.'s second-largest student-housing operator to Dutch pension fund manager PGGM NV in a deal valued at 840 million pounds (\$1.35 billion). (BN)
- **UBS Mulls Capping Bonuses; Board to Discuss in Next Months: FT** -- Bank considering options including limiting executives' bonuses in relation to fixed salary or UBS's net income, increasing pay deferrals to 5 yrs, aligning absolute remuneration w/ peer avg, FT reports. * Board to discuss reforms in next months, investors to receive plan several months before May AGM, FT says, citing people familiar with talks
- **Danske Says Tapping Danish LTRO Makes Sense in Volatile Market** -- Danske Bank A/S signaled it will probably draw on the Danish central bank's three-year lending facility this month to boost liquidity at a record-low cost and guard against a funding squeeze. The central bank's program has as much appeal as it did in March, said Steen Blaaufalk, head of group treasury. Back then, Danish banks drew 19 billion kroner (\$3.3 billion), 15 billion kroner of which went to Danske. He said the Copenhagen-based bank, Denmark's largest, has yet to reach a final decision on its use of the facility, which will be offered for a second and last time on Sept. 28. "It's just as good an opportunity as it was in March, maybe even better," Blaaufalk said yesterday in a phone interview. "Since then, the central bank has cut rates and it's much cheaper." (BN)
- **Talanx Cancels IPO, Says Investor Feedback Missed Expectations** -- Talanx decided shares could be placed only at excessive discount, feedback on valuation missed banks' estimates, co. says in e-mailed statement. (BN)
- **Sadoun Says CIF Can't Stay Independent, Le Figaro Says** -- Former chief executive officer of Credit Immobilier de France Claude Sadoun tells Le Figaro that the bank is healthy and profitable. * CIF can't refinance itself on the markets because of unjustified ratings action by Moody's, Sadoun tells newspaper * CIF could still be taken under the umbrella of a public organization, Sadoun says in the interview (BN)
- **Baer Confident on Cost Cuts After Merrill Purchase, FT Reports** -- Julius Baer Group Ltd. Chief Executive Officer Boris Collardi is "confident on the cost-cutting side" after the bank agreed to buy Bank of America Corp.'s Merrill Lynch wealth management units outside the U.S., the Financial Times reported. Baer will merge offices and cut jobs to achieve cost reductions, Collardi told the newspaper in an interview published on its website. (BN)
- **NYSE Mulls Kill Switches With Brokers to Catch Errant Trades** -- NYSE Euronext held a meeting with broker-dealers last month to discuss ways to limit losses and disruption from accidental trading as the industry grapples with technology mishaps, a person familiar with the matter said. The exchange company and member firms talked about the usefulness of kill switches, which would halt all trading by a firm based on specified parameters, among other potential initiatives, said the person, who declined to be named because the discussions are private. Exchanges, brokers and regulators are considering ways to reduce risks of market turbulence and errant trades after Knight Capital Group Inc.'s \$440 million loss on Aug. 1 because of a technology mistake. (BN)



RESEARCH UPDATES

Morgan Stanley cut **Randstad** to Underweight from Equalweight, Morgan Stanley cut **Adecco** to Underweight from Equalweight, Citi cut **Intel** to Neutral from Buy, Citi raised **Total** from Neutral to Sell, HSBC cut **Nestle** to Neutral from Overweight, HSBC rated DE Master Blenders New Overweight, Citi cut **EADS** to Neutral, Goldman raised **Porsche** to Buy from Neutral.

TECH/TELCO

- **Launch of thinner iPhone lacks surprises** -- Apple has launched its most important new product since the death of co-founder Steve Jobs with the unveiling of a thinner and lighter iPhone that the tech group hopes will trigger a new wave of sales as demand for its predecessor flags. The iPhone 5 builds on the legacy of Mr Jobs rather than opening a new chapter in Apple's long history of innovation. Yet the device is expected to be met with huge demand, generating tens of billions of dollars in revenues and reclaiming market leadership from Samsung's rival Galaxy SIII in the crucial Christmas season. The iPhone 5 trades heavily on Apple's powerhouse branding and customer loyalty to its App Store and iTunes services, while its availability in more than 100 countries before the end of the year is likely to guarantee a blockbuster final quarter's sales. The hardware specifications of the iPhone 5 are largely in line with what industry experts had expected, and match, rather than exceed, those offered by rivals such as Samsung's Galaxy SIII, which runs Google's Android software and has sold 20m units since its launch in the spring. Yet Mr Cook stressed the value of Apple's integrated hardware and software, highlighting improvements in the iPhone's maps and photography features, and the way the device works with other Apple products and services, including an improved iTunes and iPod line-up. (FT)
- **Verizon Sees Capital Spending Dropping Slightly From Last Year** -- Verizon Communications Inc. Chief Financial Officer Fran Shammo said its capital spending will decline this year, putting the carrier at the lower end of its previous prediction. "I think we'll be slightly down from a year ago," Shammo said today at a Bank of America investment conference in Beverly Hills, California. Verizon, based in New York, had originally projected that 2012 spending would be little changed or slightly lower than the \$16.2 billion level in 2011. Due to a tighter budget, Verizon had only spent \$7.43 billion in the first half of 2012 -- 8 percent below the \$8.9 billion spending pace of the year-earlier period. That means the full year forecast will probably be at the bottom of the company's guidance range, Shammo said, signaling that Verizon won't embark on a spending spree in the second half. Verizon's capital spending, which pays for a range of equipment and infrastructure, is closely watched by suppliers such as Ciena Corp., Cisco Systems Inc., Alcatel-Lucent SA and Tellabs Inc. (BN)
- **Verizon Says Apple/Samsung Battle Doesn't Affect Its Business** -- Verizon Communications CFO Fran Shammo comments at investor conf. * Says Microsoft Windows 8 could be a success * Says "don't count RIM out yet" * Says dividend to Vodafone depends on amount of cash available * VZ not in market for big spectrum for a while * Says auction of spare spectrum in 700MHz is just starting * VZ spending to get people off old lines to fiber (BN)

ENERGY, UTILITIES AND COMMODITIES

- **Oil Trades Near Two-Day Low as U.S. Stockpiles Unexpectedly Gain** -- Oil traded near the lowest level in two days in New York after stockpiles unexpectedly rose in the U.S., the world's biggest crude user. Futures were little changed after dropping for the first time in six days yesterday. Crude inventories climbed by 1.99 million barrels last week, the Energy Department said. They were forecast to fall by 2.9 million barrels, according to the median estimate of 11 analysts in a Bloomberg News survey. The Federal Open Market Committee ends a two-day meeting today, when it may announce additional stimulus measures for the economy. Crude for October delivery was at \$97.10 a barrel, up 9 cents, in electronic trading on the New York Mercantile Exchange at 11:52 a.m. Singapore time. The contract yesterday slipped 16 cents to \$97.01, the lowest close since Sept. 10. Front-month prices are down 1.8 percent this year. Brent oil for October settlement climbed 14 cents to \$116.10 a barrel on the London-based ICE Futures Europe exchange. The European benchmark grade's premium to West Texas Intermediate was at \$19, from \$18.95 yesterday. (BN)
- **France Would Consider Fracking Alternatives for Shale Energy** -- France would consider alternatives to the banned hydraulic fracturing technique needed to explore and develop shale energies, according to Environment Minister Delphine Batho. Fracking is "against the law in France and will stay that way," Batho said today on RTL radio. "It's the only technique to produce shale gas and it's one that creates enormous environmental problems." The country would "discuss" using another technique if it existed, she said. A state-controlled commission that would oversee research into hydraulic fracturing and shale hasn't been created and there isn't a plan to do so, she said. (BN)
- **Total Receives Environmental Permit for Lake Albert, Uganda Says** -- Total SA, France's largest oil company, secured an environmental permit to explore Uganda's Block 1, according to an adviser to the country's government. "We issued them the permit last week," Tom Okurut, executive director of the National Environment Management Authority, said today in an interview in Arusha. The approval allows Total to carry out a seismic survey to confirm the size of oil resources in the area. Total and China National Offshore Oil Corp. completed the purchase of Block 1 and two other Ugandan blocks from Tullow Oil Plc for \$2.9 billion in February, gaining access to the Lake Albert Basin and an estimated 2.5 billion barrels of oil. (BN)
- **[yday] Chesapeake to Sell \$6.9 Billion of Assets to Close Cash Gap** -- Chesapeake Energy Corp. agreed to sell oil and natural-gas assets for \$6.9 billion in a series of transactions that will narrow a cash-flow shortfall threatening to crimp the company's drilling and production goals. Royal Dutch Shell Plc, Chevron Corp. and EnerVest Ltd. will buy oil and gas fields in the Permian Basin of Texas and New Mexico for \$3.3 billion, Chesapeake said in a statement today. Closely held Global Infrastructure Partners will acquire most of Chesapeake's pipeline and processing assets for \$2.7 billion. The Permian Basin holdings were the most valuable of several assets Chesapeake Chief Executive Officer Aubrey McClendon put up for sale this year to raise cash to avoid a credit-rating downgrade and maintain debt covenants amid slumping gas prices. The Permian sales announced today fell short of a \$5 billion target set by McClendon in a March interview, because some acreage in the basin failed to attract bidders. (BN)
- **SBM Offshore Sees FPSO Share of Deepwater Dev. Rising to 80-90%** -- From about 60% share of new deepwater field development today. * SBM Offshore CEO Bruno Chabas spoke in interview on sidelines of Pareto Oil and Offshore Conference in Oslo * Reiterated plans to agree w/ Talisman Energy on completion schedule for Yme platform by mid-Nov. * Co. can be selective to get 'right contract': CEO (BN)
- **[yday] GDF Suez Request to Raise Gas Prices Is Too High, State Says** -- France's government rejected a request by GDF Suez SA, the operator of the country's natural-gas network, to raise customer prices, saying it was too high. "In its current form it's not acceptable," Najat Vallaud-Belkacem, a government spokeswoman, said today following the weekly cabinet meeting. GDF Suez, France's former gas monopoly, has asked for a 7 percent jump in tariffs from Oct. 1, Le Figaro reported, without saying where it got the information. The change accounts for variations in the cost of supply and makes up for past government failures to pass on costs, the newspaper said. (BN)



- **[yday] German Renewables Shouldn't Get Priority Grid Access, RWE Says** -- Electricity generated from renewable sources such as wind and solar in Germany shouldn't be given priority access to the nation's grid, RWE AG said. A record volume of renewable power, used by German transmission system operators to meet demand before calling on fossil-fuel plants, is reducing the number of hours that coal and natural-gas plants can operate, William Webster, head of European power market design and regulation at RWE, said today at a conference in London. (BN)
- **France May Act to Protect Wind, Solar-Power Jobs as Growth Slows** -- France may unveil measures to safeguard jobs in wind and solar energy after subsidy cuts and tightening credit markets slowed growth in the industry. The government may make an announcement during a two-day environment conference starting Sept. 14 in Paris, according to an Energy Ministry official who asked not to be identified. The plan would be an attempt to move quickly to help the industry, the official said, declining to provide details. (BN)
- **Czechs May Oppose EU Plan to Curb CO2 Supply, Premier Says** -- The Czech government will probably oppose the European Union's plan to curb oversupply in the bloc's carbon market because it is "too big an intrusion into market transparency," Prime Minister Petr Necas said. "It's rather likely that we will belong to the group of countries that will not support it," Necas said today at a press conference in Prague. The European Commission, the 27-nation EU's regulatory arm, on July 25 put forward a draft plan to counter an oversupply of allowances in the world's biggest emissions trading system and help prices rebound from record lows. The proposals require majority support from member states to pass. (BN)
- **Aluminum Prices Pushed Higher by Investment Bank Speculation: FT** -- Speculation in aluminum by investment banks has pushed price premiums over the benchmark set at the London Metal Exchange to record highs of more than \$250 a metric ton, or 13 percent, the Financial Times reports, citing unidentified traders. * Banks lock in guaranteed returns by storing metal in warehouses, enabling them to remove supplies from market and push up prices * Goldman Sachs, JPMorgan and Deutsche Bank involved, as well as traders such as Glencore * Because of moves in premiums, producers and consumers of aluminum are likely to move away from annual contracts at fixed premiums to LME prices * "Wild" price moves will be main topic at an annual industry gathering that starts today in Moscow, FT says (BN)
- **Hermes Equity Advises Clients to Vote Against Glencore Deal: FT** -- How Glencore would operate Xstrata assets remains unclear, and as long as that's the case, Hermes Equity Ownership Services will advise clients and other investors to vote against the revised terms of the merger, Colin Melvin writes in a letter to the FT. * "We are ultimately concerned with which entity is the best long-term steward of the Xstrata assets," Melvin writes * Questions remain about whether Glencore will manage a merged group that will see the Xstrata assets' "long-term value fully flowing through to outside shareholders," he writes (BN)
- **China Plans to Crack Down on Rare Earth Smuggling, Daily Says** -- Chinese authorities are investigating and may crack down on rare earth smuggling in provinces including Guangdong, Guangxi and Fujian that export the minerals, Economic Information Daily reports today, citing an unidentified official at the industry ministry. * The commerce ministry, industry ministry, land ministry, customs bureau and tax bureau started the investigation last week, according to the newspaper (BN)
- **Malaysia Lures Commodity Traders With Tax Rates: FT** -- "We've embarked on an aggressive plan to attract oil storage operators to Malaysia," Syahrilazli Mahammad, executive director at the Malaysia Petroleum Resources Corp., tells FT. * Malaysia seeking to triple storage capacity mostly around Johor to 10m barrels by 2017: Mahammad * NOTE: Malaysia offering zero tax rates to attract companies building storage capacity as Singapore runs low on space (BN)
- **Billionaire Ross Says Shipping Rout Attracts More Private Equity** -- Wilbur Ross, whose company manages about \$10 billion of assets, said private-equity investors are increasingly interested in shipping after a four-year rout caused by a glut of capacity. WL Ross & Co. was among investors who spent \$900 million a year ago on 30 tankers hauling refined oil products. It became the largest shareholder last month of Navigator Holdings Ltd., which carries liquefied petroleum gas. Growth in developing economies will drive demand for shipping, Ross said in an interview (BN)

NETHERLANDS / AEX NEWS

- **Thai Billionaire Bids for F&N in Hurdle for Heineken in Asia** -- Thai billionaire Charoen Sirivadhanabhakdi made a S\$9 billion (\$7.3 billion) bid for the 70 percent of Fraser & Neave Ltd. he does not control, potentially blocking Heineken NV from buying the company's beer business. TCC Assets Ltd., linked to Charoen's Thai Beverage Pcl, offered S\$8.88 a share for F&N, TCC said in a filing today. The bid is 4.3 percent more than F&N's closing price yesterday and values the company at \$10.3 billion. Charoen, 68, set off a scramble for F&N and its assets when he agreed to buy a stake in the company in July. Heineken countered with a bid for F&N's 40 percent stake in Tiger beer maker Asia Pacific Breweries Ltd. which the Dutch brewer already partially owns. Charoen's latest bid is ahead of a Sept. 28 meeting where F&N shareholders will vote on Heineken's proposal. (BN)
- **Heineken Says It Will Review Thai Bev Charoen's Bid 'Carefully'** -- Co. will make a further announcement if and when appropriate, John Clarke, a spokesman for Heineken, said in an e-mail response to questions. * "Heineken has noted ThaiBev's latest announcement. The company will review the content carefully and has no further comment to make at this time," Clarke said. (BN)
- **Dutch Prime Minister Rutte's Liberals Beat Labor in Elections** -- Dutch Prime Minister Mark Rutte's Liberal Party beat the Labor Party by two seats in national elections, paving the way for him to lead a probable coalition between his pro-business party and Labor. "The Netherlands needs a stable Cabinet as quickly as possible, I'll work together with you to ensure the Netherlands emerges stronger from the crisis," Rutte told his supporters in The Hague today. "It's important this country is at the forefront of fighting the crisis in Europe, being strict for southern Europe but willing to help if they do what's needed." Rutte's Liberals took 41 of the 150 seats in yesterday's vote, up from the 31 in the outgoing parliament, according to news agency ANP after 98 percent of votes were counted. The Labor Party won 39 seats, up from 30. D66 rose to 12 from 10, as the Christian Democrats lost eight seats to 13. Geert Wilders's anti-euro Freedom Party lost nine seats to 15. Rutte kept his job even as counterparts throughout the euro area lost theirs amid the deepening financial crisis. That will probably leave unchanged Dutch backing for German Chancellor Angela Merkel's austerity-first response to the turmoil. (BN)
- **Barclays Sells 60% Stake in U.K. Dormitory Operator to PGGM** -- Barclays Plc sold a 60 percent share of the U.K.'s second-largest student-housing operator to Dutch pension fund manager PGGM NV in a deal valued at 840 million pounds (\$1.35 billion). PGGM, based in Zeist, Netherlands, said in a statement today that it purchased the stake in UPP Group Holdings Inc. from funds managed by London-based Barclays. While the statement didn't disclose a price, PGGM said the estimated value of the dormitory company is 1.4 billion pounds, including debt. (BN)

M&A and OTHER CORPORATE NEWS



- **Asia Stocks Rise for Sixth Day, Dollar Drops Before Fed Decision** -- Asian stocks rose for a sixth day, while the dollar traded near a four-month low against the euro, amid speculation the Federal Reserve will unveil a bond-buying program at a policy meeting today. The MSCI Asia Pacific Index added 0.2 percent as of 12:27 p.m. in Tokyo. Yields on South Korea's three-year government bonds rose the most in four weeks after the central bank unexpectedly chose not to cut interest rates. Standard & Poor's 500 Index futures slipped 0.1 percent. The Fed is likely today to announce another round of bond purchases, according to almost two-thirds of economists in a Bloomberg survey. The previous two series of quantitative easing totaling \$2.3 trillion have failed to revive the labor market, which Fed Chairman Ben S. Bernanke said last month is a "grave concern." About nine stocks rose for every seven that fell on the MSCI Asia Pacific Index, which headed for its longest winning streak since July. Trading volumes were lower across regional benchmarks, with the number of shares changing hands 24 percent below the 30-day average on Hong Kong's Hang Seng Index, which added 0.2 percent. James Hardie Industries SE, a building-materials supplier that gets 67 percent of sales from the U.S. rose 0.9 percent in Sydney. Kansai Electric Power Co. and Kyushu Electric Power Co. advanced more than 7 percent on a Yomiuri newspaper report the Japanese utilities are considering a rate increase. (BN)
- **U.S. Stocks Rise Amid German Bailout Ruling, Fed Stimulus Bets** -- U.S. stocks rose, with benchmark indexes trading near four-year highs, as a German court cleared the way for Europe's bailout fund and investors weighed prospects for stimulus measures from the Federal Reserve. The Standard & Poor's 500 Index added 0.2 percent to 1,436.64 at 4 p.m. in New York. Apple Inc. rallied 1.4 percent, reversing an earlier decline, after introducing the iPhone 5. The Fed began a two-day meeting today amid speculation policy makers will provide more stimulus. The central bank will probably announce a third round of bond purchases tomorrow, according to almost two-thirds of economists in a Bloomberg survey. The central bank will also likely commit to hold interest rates close to zero into 2015, the survey showed. Chairman Ben S. Bernanke and his colleagues on the Federal Open Market Committee will opt for further quantitative easing to support an economy that grew at less than 2 percent in the second quarter, according to economists. The unemployment rate has remained above 8 percent for 43 consecutive months. Since Aug. 1, the S&P 500 has climbed more than 4 percent amid expectations of further easing by the central bank. (BN)
- **European Shares to Open Flat Ahead of Fed Meeting** -- European shares are called to open flat on Thursday ahead of the U.S. Federal Reserve's meeting at which it could decide on a further round of quantitative easing. The FTSE 100 is called up 3 points at 5,785, the German up 6 points at 7,350 and the French CAC up 4 points at 3,548. (CNBC)
- **EADS Seeks BAE Merger to Build European Counterweight to Boeing** -- European Aeronautic, Defence & Space Co. and BAE Systems Plc are reviving a decade-old plan to build an equal to Boeing Co. that would balance civil and defense operations in an era of shrinking military budgets. EADS, the parent of Airbus SAS, would control 60 percent of the new entity, with London-based BAE owning the rest, the companies said yesterday, after Bloomberg News reported that they are in talks. The enlarged group would have a unified management and a dual listing, and some of the defense assets would be shielded to maintain access to U.S. markets, they said. A combined company would have 220,000 employees and sales nudging \$100 billion, and unify assets spanning civil jets, Eurofighter warplanes and nuclear submarines. A merger would revive plans for a single European aerospace business that were abandoned more than a decade ago when the formation of the two companies split the industry along civil and defense lines. BAE rose as much as 38.8 pence, or 12 percent, to 367.50 pence in London after the Bloomberg report and closed at 363.6 pence for a market value of 11.8 billion pounds (\$19 billion). EADS fell as much as 6.2 percent, and closed at 28 euros in Paris, for a value of 23.15 billion euros (\$29.78 billion). (BN)
- **U.S. Seen Likely to Approve BAE-EADS Deal, With Possible Caveats** -- A merger of BAE Systems Plc and European Aeronautic, Defence & Space Co. probably won't face opposition from the U.S. government, which instead may require the companies to shed some federal work to close the deal. London-based BAE, which makes the Bradley fighting vehicle, and Airbus parent EADS yesterday said they were in discussions to merge. A combined company would surpass Boeing Co. to create the world's biggest aerospace company and become the seventh-largest U.S. contractor, according to data compiled by Bloomberg. (BN)
- **Boeing's McNerney Says EADS Seeking U.S. Growth With BAE Merger** -- Boeing Co. said a merger that would transform rival European Aeronautic, Defence & Space Co. into the world's biggest aerospace business may be intended to win more sales in the U.S., the largest defense market. (BN)
- **Nestle Says Slowing Chinese Economy Hasn't Hurt Business** -- China's slowing economy hasn't affected Nestle's business in the Asian nation, Roland Decorvet, chairman of the company's Chinese business, said at the World Economic Forum in Tianjin. * Nestle's Chinese business will likely grow about 20% this year, after growing more than 20% in 2011, Decorvet said * Nestle's China growth in 2013 will remain in the "double digits," Decorvet said * The Chinese government's push to promote consumption will help Nestle's business, Decorvet says * Urbanization and growing purchasing power will give a boost to the industry, Decorvet says * Nestle isn't slowing down investment in China and will invest in every business category, Decorvet says (BN)
- **GM Looks for Personnel Cuts Including Bochum Closure: WSJ** -- General Motors wants to reach agreement with European labor unions over job cuts that will include the closure of the Adam Opel plant at Bochum, in Germany, the WSJ said, citing people familiar with the matter. * GM wants to announce a deal before 3Q earnings, due out Oct. 31 * Adam Opel unit expected to report another significant loss * GM management wants to be seen taking action to stem Opel losses * GM also seeking buyout plan for salaried and hourly workers in Germany * Opel's Johan Willems said no decisions taken yet and talks continuing, WSJ reports * GM would save about \$2 billion through Bochum closure. (BN)
- **France's DCNS in Pole Position for EU2B Contract, Tribune Says** -- DCNS, in which Thales has a stake, has won a EU10M contract for a feasibility study on refuelling vessels for the navy. * The contract for the work itself will be worth more than EU2B (\$2.6B), newspaper reports * Tender for the work is two or three years away, La Tribune says. (BN)

MACRO / GEOPOLITICS

- **Schaeuble Says ESM Rescue Fund Can't Have Banking License** -- ECB only has mandate for monetary policy, not state financing, German finance minister says on ARD television * "No country in Europe" can hope for the ECB to "fire up the money printing press," Schaeuble says. Germany "will make sure that it doesn't happen" * Renewed Bundestag vote on ESM and fiscal pact isn't needed after German constitutional court ruling today. Schaeuble (BN)
- **Schaeuble Says Court Ruling Means ECB Can't Use Money Press: ZDF** -- German Finance Minister Wolfgang Schaeuble said the decision by Germany's Constitutional Court rules out that the European Central Bank "makes government funding through the money



press," ZDF reports, citing Schaeuble. * Germany may take legal action if the ECB doesn't follow the German court's decision: ZDF cited Schaeuble as saying today (BN)

- [yday] France Said to Press Spain to Seek EU Aid Over German Concerns 2012-09-12 22:01:00.4 GMT (See TOP CRIS for more on Europe's financial crisis.) By Ben Sills, James G. Neuger and Gregory Viscusi Sept. 13 (**Bloomberg**) -- France is pressing Spain to snub German concerns and request help from the European Union to contain the euro-area financial crisis, according to three people familiar with negotiations. French officials want Spain to ask the EU's bailout fund for help to consolidate gains in southern European bonds since European Central Bank President Mario Draghi said the ECB will back up the rescue package by buying unlimited amounts of debt in the secondary market, said the people, who asked not to be named because the lobbying effort is private. (BN)
- **Greek Troika Official Says Had Constructive Meeting in Athens** -- European Commission official Matthias Mors said the so-called troika of inspectors from the euro area, European Central Bank and International Monetary Fund had a constructive meeting today with Greek finance ministry officials in Athens. (BN)
- **Greece Prepares to Lease 40 Uninhabited Islands to Cut Debt** -- Greece's Hellenic Republic Asset Development Fund has identified 40 uninhabited islands and islets that could be leased for as long as 50 years to reduce debt as pressure grows on the country to revive an asset-sales plan key to receiving international aid. (BN)
- **Europe Growth Needs Stable Rates, Ireland's Noonan Tells Echos** -- Irish Finance Minister Michael Noonan tells Les Echos that interest rate stability, not stimulus measures, is the key to encouraging investment in Europe. * French Finance Minister Pierre Moscovici didn't ask Ireland to raise its corporate tax rate when he met with Noonan yesterday, Les Echos said. (BN)
- [yday] **German Court Backs ESM Rescue Fund in Double-edged Ruling** -- Germany's highest court has cleared the way for ratification of the eurozone bail-out fund but capped German contributions and fired a cannon shot across the bows of the European Central Bank. Markets breathed a sigh of relief across the world after the Constitutional Court in Karlsruhe ruled that the European Stability Mechanism (ESM) and the EU's Fiscal Compact are compatible with the country's Basic Law. Yet it was a double-edged ruling, with plenty of cheer for the 37,000 citizens who had filed complaints in an outpouring of civic protest, including the neo-Marxist Left Party, the More Democracy movement and a core of eurosceptic professors. In keeping with rulings on the Lisbon Treaty and earlier rescues, the eight judges issued a "Yes, but" verdict, imposing constraints that greatly reduce Berlin's room for manoeuvre in the future. (TEL)
- **German Debt to Rise to Record 83% of GDP This Year: Handelsblatt** -- Germany's govt debt will rise to EU2.2t by end 2012, a record 83% GDP, Handelsblatt reports, citing study by IfW Kiel economic institute. * Debt as a percentage of GDP will rise 2.4 ppt this year compared with 2011: Handelsblatt * Reason for increase include the closure of WestLB and payments to ESM: Handelsblatt (BN)
- **Portugal's Loan-Starved Companies Sell Retail Bonds: Euro Credit** -- When Portuguese holding company Semapa-Sociedade de Investimento e Gestao SGPS SA sought a loan earlier this year, its lenders said they had no money available. So the owner of cement maker Secil borrowed directly from individual investors by selling retail bonds. By offering 6.85 percent for three years, Semapa was able to borrow 300 million euros (\$386 million), double its original target, selling the bonds through bank branches. The bonds sold this year pay 6 percent to 7 percent, compared with bank loans that cost an average of about 5.95 percent in July, according to figures compiled by the European Central Bank. (BN)
- **Bernanke Policy Credibility Seen Outlasting End of Term in 2014** -- The end of Ben S. Bernanke's term as Federal Reserve chairman in January 2014 hasn't stopped investors from betting the central bank will hold the benchmark interest rate close to zero into the following year. Bond-market measures from overnight index swaps indicate no increase in the federal funds rate until mid-2015, compared with the central bank's current view that the rate will probably stay low at least through late 2014. The gap between two- and five- year Treasury yields, which shrinks when traders expect benchmark rates to remain subdued, is more than 50 percent narrower than its average since 2008. (BN)
- **FDIC Pushes Banks to Make Market out of Unbanked Americans** -- The Federal Deposit Insurance Corp. has a simple message for banks about poorer Americans: They could be good customers, and their numbers are growing. U.S. households without bank accounts grew by 821,000 from 2009 to 2011, pushing the so-called unbanked population to 8.2 percent of the nation's total, according to the FDIC's National Survey of Unbanked and Underbanked Households. The result is that about 17 million adults manage their finances without checking or savings accounts at insured institutions, many of them relying instead on non-banks such as payday lenders and check-cashing stores. (BN)
- **QE3 Faith Sends Mortgage Spreads to 5-Year Low: Credit Markets** -- Relative yields on mortgage bonds that guide U.S. home-loan rates reached the lowest in five years this week as speculation mounts that the Federal Reserve will announce a new round of debt buying as soon as today. A Bloomberg index of yields on Fannie Mae-guaranteed mortgage bonds trading closest to face value was about 114 basis points, or 1.14 percentage points, higher yesterday than an average of five- and 10-year Treasury rates. After slower-than- forecasted growth in U.S. payrolls stoked expectations for the Fed action, the gap fell to 113 on Sept. 10, the tightest since April 2007. Spreads have averaged 138 this year. (BN)
- **Swiss Farmers Clash With Traders as Bubble Builds in Town of Zug** -- It took Philipp Freimann just a few seconds to know he didn't want apartment blocks built on his farmland in Zug, Switzerland's richest canton, a decision that meant he would give up at least 30 million francs (\$32 million). The cost of living has surged in the region, with the average price of a single-family house rising to about 1.56 million francs, twice the national average, according to Zuger Kantonalbank. Today, almost one in three residents in the town of Zug, the canton's capital, doesn't have a Swiss passport, a larger share than in Zurich. (BN)
- **Iceland Krona's Record Losing Run Tests Goals: Nordic Credit** -- Iceland's krona is in the grip of a record losing streak even as the island wins praise for its crisis response, underscoring the difficulties the nation faces in ending capital controls after its 2008 economic collapse. The krona has hasn't gained in 20 days, losing 6.5 percent in the period against the euro, the longest such streak since 1999. It traded at 157.02 per single currency yesterday, down from a three-year high of 147.02 on Aug. 10. (BN)
- **IMF Pushes Myanmar Roadmap for Foreign Exchange Market by 2013** -- The International Monetary Fund is working with a group of experts to help Myanmar's government achieve a goal of unifying exchange rates and establishing a modern currency market by next year, representative Meral Karasulu, said. The IMF is helping to formulate "a very detailed roadmap" to complete a unification of exchange rates that began with the managed float of the currency in April, she told an investment forum today. The government aims to complete the process before Myanmar hosts the Southeast Asian games next year, she said. (BN)



- **Japan Considering Cutting September Economic Assessment: Yomiuri** -- Japan govt. is considering lowering economic assessment in its September monthly report, Yomiuri says, without citing anyone. * Downgrade considered due to weakening exports, consumer spending and industrial production: Yomiuri (BN)
- **China PBOC Uses 28-Day Reverse Repos for First Time in a Decade** -- China's central bank issued 28-day reverse-repurchase contracts for the first time in a decade, extending the duration of its fund injections into the banking system and damping speculation reserve requirements will be cut. The People's Bank of China offered 20 billion yuan (\$3.2 billion) of 28-day reverse repos, according to a statement on its website. That was the first time the 28-day contract was used since December 2002, according to China Citi Bank Corp.'s data. The monetary authority also conducted 35 billion yuan of seven-day reverse repos. (BN)
- **Big Stimulus Would Hurt China Long-Term Growth, Xinhua Says** -- Massive stimulus measures would hurt China's long-term growth and the government's hesitation in making "bold moves" to support the economy is pragmatic, the official Xinhua News Agency wrote in a commentary. "Many have expected the government to announce an aggressive plan, similar to the 4-trillion-yuan (\$632 billion) stimulus package issued in 2008, to keep the economy from stalling for a second time," Xinhua writer Liu Jie wrote in the commentary published yesterday. "However, a massive stimulus plan is not only unlikely, but would be detrimental to the country's sustainable growth." (BN)
- **China Banks Told to Boost Infrastructure Lending: Securities** -- Chinese banks have been asked by regulators to increase lending to railways, roads and other construction projects to support stable growth of the real economy, China Securities Journal reports today, citing an unidentified banker. (BN)
- **Bank of Korea Unexpectedly Holds Rates After Support Efforts** -- The Bank of Korea unexpectedly held borrowing costs, opting to preserve policy room in the event of a deeper global slowdown after the government boosted support measures with spending and tax cuts. Governor Kim Choong Soo and his board kept the benchmark seven-day repurchase rate at 3 percent after a surprise cut in July, the central bank said in a statement today in Seoul. The decision was unanimous, Kim told reporters, and was predicted by one of 16 economists surveyed by Bloomberg News, while the rest forecast a 25 basis point reduction. (BN)
- **New Zealand Keeps Record-Low Rate as Bollard Term Nears End** -- New Zealand signaled an 18-month pause in record-low interest rates may last through mid-2013 to help bolster an economy buffeted by weaker global growth and strained by one of the developed world's strongest currencies. "New Zealand's trading partner outlook remains weak," Reserve Bank Governor Alan Bollard told reporters in Wellington after leaving the official cash rate at 2.5 percent. "We have got a forecast that short-term interest rates are going to stay roughly where they are for another year, so that's quite a stable sort of outlook." The decision was Bollard's last in a 10-year tenure before he steps down later this month, succeeded by former World Bank co-managing director Graeme Wheeler. While the central bank signaled little need to raise borrowing costs until the second half of 2013 because of risks from Europe's fiscal crisis and the outlook for New Zealand's trading partners including China, economists are waiting to gauge Wheeler's interpretation of conditions before agreeing. (BN)
- **Some Chinese Travel Agencies Stop Offering Trips to Japan: Daily** -- Some Chinese travel agencies have stopped offering of trips to Japan as the Diaoyu islands dispute continues, National Business Daily reports. * The islands are known as the Senkaku Islands in Japan (BN)



Last Trading Day Stats

Index	Close	1D %Chg	YTD%Chg
EuroStoxx 50	2.564,80	0,28%	10,72%
CAC	3.543,79	0,18%	12,15%
DAX	7.343,53	0,46%	24,50%
AEX	336,10	0,00%	7,56%
FTSE 100	5.782,08	-0,17%	3,77%
SMI	6.489,80	-0,21%	9,33%
OMX	1.085,76	0,85%	9,91%
S&P 500	1.436,56	0,21%	14,23%
Nikkei 225	9.004,80	0,50%	6,50%

Index	Close	1D Chg	5D Chg
Dow Jones	13.333,35	9,99	285,87
VIX Index	19,340	-1,130	3,180
VDAX Index	20,270	-0,690	5,540
2-10 EUR	154,865		
2-10 US	150,607		
Eur / Dollar	1,2926		

Bunds	Yield (%)	Chg 1d bp	Chg 5d bp
2YR	0,078	3,30	9,30
5YR	0,64	16,90	25,50
10YR	1,617	7,40	13,80
1st CL future	Close	1D Chg	5D Chg
CRB index	297,24	0,87	-1,84

AEX close	336,10
ADR Impact	-1,36
ADR Impact %	-0,40%
AEX Parity	334,74
AEX Ex-div Impact	0,00

ADRs	Volume	Rel.vol	NL Close	ADR (Eur)	Chg EUR	%Chg
AEGON NV-NY REG	601033	128%	4,39	4,35	(0,04)	-0,94%
ARCELORMITTAL-NY	4312805	70%	12,53	12,45	(0,08)	-0,66%
ASML HOLDING-NY	1264882	60%	43,18	43,03	(0,15)	-0,34%
REED ELSEVIE-ADR	40871	62%	10,53	10,48	(0,04)	-0,40%
ING GROEP-ADR	3355543	110%	6,80	6,71	(0,09)	-1,36%
PHILIPS ELEC-NY	596463	93%	18,77	18,64	(0,13)	-0,68%
ROYAL DUTCH-ADR	994723	46%	27,85	27,75	(0,10)	-0,35%
UNILEVER NV-NYS	1646201	76%	27,36	27,22	(0,14)	-0,51%

Dow Jones Sectors US	Close	%Chg	Chg 1d	Chg 2d	Chg 5d
BAS MAT	275,02	-0,23%	-0,63	0,84	14,14
CON CYC	433,63	0,32%	1,38	1,09	9,26
CON NCY	370,41	-0,68%	-2,55	-3,10	1,16
ENERGY	631,40	0,40%	2,54	8,52	27,66
FINANCL	293,81	0,49%	1,43	3,75	10,15
HLTHCAR	416,09	0,05%	0,21	0,23	5,47
INDUST	344,39	0,46%	1,57	3,03	11,93
TECH	786,37	0,49%	3,83	4,78	10,94
TELECOM	159,82	0,74%	1,18	1,94	3,61
UTILITY	175,26	-0,49%	-0,86	-1,41	-0,20

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Sources amongst others: Bloomberg (BN), Reuters (R), BBC, CNN, NY Times (NYT), Washington Post(WP), The Guardian (G), het Financieele Dagblad (FD), Telegraaf (T), Volkskrant (VK), NRC, Wall Street Journal Europe (WSJE), Dow Jones (DJ), AFX and the Financial Times (FT) The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates expressed in this document are subject to change without notice. AFS does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This document is for information purposes only and is not, and should not be construed as, an offer to buy any securities or derivatives. The information contained in this document is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient.