

## BG SALES-TRADING MORNING DU 13/01/2016

### LA SEANCE DE LA VEILLE

INDICES U.S & JAPON				SECTEURS S&P : BEST PERFS			SECTEURS STOXX : BEST PERFS		
Indices	Cloture	Var %	Var 17h30-22H (en %)	S&P	Var %	YTD	STOXX	Var %	YTD
DJ	16516,2	0,7%	0,6%	Health Equip.	1,9	-4,8	Auto & Part	2,2	-9,5
NASDAQ	4685,9	1%	0,7%	Consumer Serv.	1,3	-2,8	Chemicals	1,8	-7,8
S&P 500	1938,7	0,8%	0,6%	Semi Conducteurs	1,3	-7	Technology	1,5	-3,4
NIKKEI	17715,6	2,9%	-	IT, SOFTW & Serv.	1,3	-4,6	Personal & Household	1,4	-4,8
				SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS		
				S&P	Var %	YTD	STOXX	Var %	YTD
				Real Estate	-0,5	-3,2	Basic Resources	-2	-15,4
				Utilities	-0,5	-0,3	Oil & Gas	-0,6	-10,9
				Telecom Op.	-0,4	-2,6	Utilities	-0,3	-3,8
				Materials	0,1	-9,2	Travel & Leisure	-0,1	-3,7

### Valeurs les plus traitées hier vs. Moy. 3M

CAC 40			EURO STOXX 50			STOXX 600		
Stocks*	Last	Var%	Stocks*	Last	Var%	Stock*s	Last	Var%
ALSTOM	28	0,7	BANCO BILBAO VIZCAYA ARGENTA	6,2	-0,9	MICHAEL PAGE INTERNATIONAL	410,5	-8,1
AIRBUS GROUP SE	59	1,5	KONINKLIJKE PHILIPS NV	23	2,2	SPORTS DIRECT INTERNATIONAL	412	2,2
EDF	12	-4,4	SAP SE	74,2	3,7	GEMALTO	55,2	8,8
VEOLIA ENVIRONNEMENT	21,6	1,6	NOKIA OYJ	6,9	0,1	SHIRE PLC	4114	4,8
ORANGE	15,8	4,1	AIRBUS GROUP SE	59	1,5	WM MORRISON SUPERMARKETS	165,5	8,7

**DEFINITION :** \* compare les capitaux traités sur une valeur la veille rapportés à la moyenne des capitaux traités ces 3 derniers mois sur la valeur.

### TAUX U.S

Taux U.S	Valeur	Var%	Yld	DEVICES	Valeur	Var%	YTD	MAT. PREMIERES	Valeur	Var%	YTD
U.S 2 ANS	100,1	0%	0,9%	€/ \$	1,0822	-0,3%	-0,3%	BRENT	29	1,3%	-18,8%
U.S 10 ANS	101	-0,3%	2,1%	€/ ¥	127,9	-0,1%	2%	ONCE OR (\$)	1084,4	-0,2%	2,2%

VIX Index	22,5	-7,5%	VSTOXX Index	28,5	-5,6%
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### Economic Calendar

CNY trade balance

JP - bnakrupties Dec.

EUZ - Industrial Prod. Nov. (+1.3% y/y)

US - F. Rosengren speaks on Economy outlook to Boston US Chamber

Us - DOE inventories

US - Beige Book

### Markets Recap (source Street account)

**Asian markets are trading mixed on Wednesday.** Most markets higher following overnight strength. Reports indicate China concerns not fueling additional selling after recent measures to restore stability. But mainland China are the only indices in negative territory after a firm open. PBoC fixed yuan marginally weaker at 6.5630 vs yesterday's 6.5628. Further signs of stabilization in FX markets with USD/JPY recovering the 118 handle and AUD/USD back above 70 cents. China trade data surprised to the upside, though did not gain much traction. Hong Kong yuan interbank overnight rate back down to 8.31% after spiking to 66.8% yesterday.

**US equities closed higher today.** Treasuries were significantly stronger, with the curve flattening. The dollar was up, particularly on the sterling cross. Gold fell, and copper extended yesterday's loss. Oil came under further pressure with WTI crude down 3.1%.

**There were few concrete factors behind today's price action, which fit with both the focus on deeply oversold conditions and talk of low conviction and lackluster sentiment.** Oil weakness was an overhang, though WTI recovered after falling below \$30. Continued yuan stabilization also received some attention.

**Earnings season officially commenced with AA a big decliner following its results.** Conferences generated numerous other corporate updates. LULU reported strong holiday sales and raised Q4 guidance, while BURL outperformed on a better-than-feared update. ANTM and AET were boosted by positive guidance, while THC disappointed. SKUL preannounced a large revenue and earnings shortfall.

**Tech stocks led the market today.** Managed care names boosted healthcare. Media was stronger. Machinery was mixed. Energy stocks underperformed, but ended off worst levels. Metals and mining firms were lower. Utilities trailed the market despite the favorable rate backdrop.

### Stocks Factor to watch today :

CONTINENTAL : expects free cash flow of at least 1.8bn€ before acquisition in 2016.

SUEDZUCKER : repeated it expects a sharp rise in full year earnings as it continued to benefit from recent firm bioethanol markets but warned bioethanol prices could be volatile in coming months

ADVA OPTICAL : had agreed to buy Overture Networks for 35m\$. Plus an earn out of 5 m\$ completion.

ORANGE, NUMERICABLE, BOUYGUES TEL : ARCEP called on operators to make specific plans for ending their network sharing agreements which allowed them to delay investments in building their own networks.

SODEXO : kept is full year goals as it posted organic revenue growth of 4.7% for the 1Q 2015/16 lifted by the Rugby World Cup.

CGG : Launched a capital increase via an offering of preferential subscription rights to existing shareholders for a gross amount of approximately 350m€

AEGON : says Solvency II ratio was 160% at year end.

### Rating & TP Changes



**NESTLE** : initiated with Neutral Rating, TP 76CHF @Bryan Garnier

**PERNOD RICARD** : TP raised to 74€ vs.69, Buy @Bryan Garnier

**L'OREAL** : OUTPERFORM vs. NEUTRAL, @ Credit Suisse

**LUXOTTICA** : initiated with Outperform, TP cut to 70€ @ RBC

**EDENRED** : TP raised to 19.2€ vs. 18.5 Buy @ UBS

**SAP** : TP raised to 82€ vs. 81, @ UBS

**PENNON** : initiated with Buy rating, 940p @ UBS



**L'OREAL** : TP cut to 145€ vs. 160 @JPM

**PRADA** : TP cut to 22.5HKD vs. 27, underweight @ Barclays

**TOD's** : Equalweight vs. Overweight, TP cut to 72€ vs. 75@ Barclays

**RWE** : TP cut to 11.2€ vs. 12.2, @UBS

**ENGIE** TP cut to 17.5€ vs. 18.5, Buy @ UBS

## Bryan Garnier ... Today's comment(s)

### Food industry

The business environment has deteriorated for major food groups that are facing constant political intervention, an accumulation of regulations and sociological changes. Only 16% of Danone's portfolio is based in high-risk categories (yoghurts sold in Europe excluding CIS). The group has mapped out a specific plan to restore its performance and has set credible financial targets. The first results have been positive. In contrast, Nestlé is not only exposed to risk categories for 25%, but the strong measures implemented by the Swiss group only concern 8% of its sales. This analysis strengthens our positive conviction on Danone. **We reiterate our Buy recommendation and have increased our Fair Value to EUR74 mainly to take account of the roll-over of our estimates. We are initiating coverage of Nestlé with a Neutral recommendation and a Fair Value of CHF76.**

LafargeHolcim	RATING : SELL	Fair Value CHF60
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In order to comply with the anti-trust entity CCI demands, LH had signed last August an agreement with Birla to sell some assets in India, representing 5.2m tonnes of cement capacity, for an EV of CHF750m. Unfortunately, due to legal changes, the press reports Birla had some difficulties to secure the mining rights. Still according to the press, LH might sell its whole Lafarge indian subsidiary (11mt of cement capacities) with the mining rights included. It has not been officially confirmed though. Several potential bidders have been mentioned by the press, included CRH. LH would in any case remain a strong player in the country, with 62mt of capacity, although we can't see how "merger" synergies can be generated in the country in a scenario where all the Lafarge assets are disposed. **Negative.**

Engie	RATING : BUY	Fair Value EUR19 (+26%)
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According to Reuters citing daily energy trade publication Enerpresse, the French group is considering a possible sale of part or all of its E&P business to reduce notably its direct exposure to merchant activities. We see such move as positive, yet struggle to see the rationale of the timing given we assume the group could get more from this business unit once uncertainties on Brent and prices will be lower. **Positive.**

Sodexo	RATING : NEUTRAL	Fair Value EUR88 (-1%)
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Q1 consolidated revenue was slightly higher than anticipated reaching EUR5,57bn vs. EUR5,54bn up 9.6% on reported. Strong lfl revenue growth up 4.7% vs. 3.9% from consensus and our expectation of 3.6%, o/w 50% coming from the RWC i.e. 2.4% (our forecast was 1.5% and 1.6% for consensus). By segment, disappointment regarding Benefits & Rewards Services with lfl revenue growth of 5.3% (8% anticipated) and in OSS difficulties in the RoW with lfl growth down 4.2% (-2% anticipated) while NA is still strong up 2.9%. Following Q1 revenue, Sodexo confirmed its expectation for 2015-2016 of a lfl revenue growth of around 3% and an increase in operating profit of around 8% excluding currency effects and before exceptional items. **Neutral.**

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