

BG SALES-TRADING MORNING DU 15/07/2016

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	18506,4	0,7%	0%	Banks	1,7	-9,4	Banks	2,5	-27,8
NASDAQ	5034,1	0,6%	0%	Transportation	1,5	6,4	Auto & Part	2,2	-18,5
S&P 500	2163,8	0,5%	0%	Tech Hardware	1,2	0	Financial Serv.	1,9	-14,2
NIKKEI	16497,8	0,7%	-	Insurance	1,1	2,5	Chemicals	1,5	-6,7
				SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS		
				S&P	Var %	YTD	STOXX	Var %	YTD
				Utilities	-0,7	19,7	Healthcare	-0,3	-4,6
				Real Estate	-0,6	10,4	Media	-0,2	-10,2
				Food Bev & Tobacco	0	13	Utilities	-0,1	-2
				Household Products	0,1	8,8	Personal & Household	0,1	1,9

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%
DANONE	66	1,9	BBVA	5,4	2,2	REXAM PLC	645	-
ACCOR SA	38,6	-0,7	ENEL SPA	4	0,2	AENA SA	124,4	0,1
CREDIT AGRICOLE	8	2,2	BASF SE	71,9	3,6	AA PLC	240	-4,1
PUBLICIS GROUPE	63	-0,5	DANONE	66	1,9	GETINGE AB-B SHS	173,2	-2,8
LVMH	141	1,3	ASML HOLDING NV	92,4	1,6	BTG PLC	645	-10,9

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				DEVISES				MAT. PREMIERES			
Taux U.S	Valeur	Var%	Yld	Devises	Valeur	Var%	YTD	Mat. Prem	Valeur	Var%	YTD
U.S 2 ANS	99,9	0%	0,7%	€/§	1,1124	0%	2,4%	BRENT	45,4	-0,7%	26,9%
U.S 10 ANS	100,9	0,1%	1,5%	€/¥	117,7	-0,5%	11%	ONCE OR (§)	1332,6	-0,2%	25,5%
VIX Index	12,8							VSTOXX Index	21,8		

Economic Calendar

EUZ - CPI Jun (0.1% E)
 EUZ - CPI CORE 0.9%E
 USD - Advance retail sales Jun. (0.1% E)
 US - CPI Jun. (1.1% E)
 US - Industrial Prod. Jun (0.2%E)
 US - U. of Michigan Confidence

Markets Recap (source Street account)

Asian markets mostly higher on Friday. Overnight positive sentiment flowed into Asia after JPMorgan's strong results. China's GDP is the focus of the day. Growth was reported at 6.7%, slightly better than expectations of 6.6%. A slew of other data was also released. The Nikkei extended gains after the release of the GDP data as the dollar strengthen against the yen.

China remains little changed despite upbeat economic data. GDP beat estimates slightly, while industrial production, retail sales, new yuan loans and social financing outperformed as well. The National Bureau of Statistics commented on the data, saying that growth is mainly driven by domestic demand as net exports contributed negatively to growth in H1. The NBS also notes uncertainties in the global economy following Brexit, adding that supply side reforms will be in place to support growth.

Japan buoyed by yen weakness after China's GDP and discussions about potential fiscal stimulus continue. Nintendo continues to be the highlight as shares reached six-year high after Pokémon Go debuted in other markets. Also receiving attention is Line Corp's debut on the Tokyo Stock Exchange, which rose +48% from its IPO price at one point.

In Australia, AUD surged after Chinese data beat expectations. Gold miners underperform as gold prices drop to two-week lows.

US equities finished higher in fairly uneventful trading on Thursday. The S&P 500 posted its fifth

straight gain. Treasuries were weaker with the curve bear steepening. The big stories of the day in FX revolved around outsized yen weakness and outsized sterling strength. Gold ended down 0.9%. Oil rebounded from a big selloff yesterday with WTI crude up just over 2%.

There was nothing specific behind the continued push higher. Policy support expectations continued to help. While the BoE left rates unchanged, it signaled a likely combination of easing measures in August. Expectations for coordinated stimulus in Japan remained elevated. The early batch of Q2 earnings and preannouncements also continued to be fairly well received.

Once again, there seemed to be little change in the recent narrative surrounding US equities that has largely revolved around dampened growth concerns and expectations for a shallow policy normalization cycle. Support has also been chalked up to cautious sentiment and positioning, as well as thoughts that earnings should be able to clear a fairly low bar.

JPM kicked off bank earnings season on an upbeat note. YUM highlighted some improvement in China. CSX received additional credit for its beat and largely unchanged outlook. DAL beat and a Q4 capacity reduction offset softer Q3 guidance. HSC guided higher. MON received an improved takeover offer. CY and CAB were underpinned by privatization speculation.

Stocks Factor to watch today :

H&M : June sales rise 8% topping market forecasts.

GAMESA : enters the Netherlands with new contract.

Rating & TP Changes



CARREFOUR : raised to BUY vs. NEUTRAL, TP raised to €26.7 vs. 26@Citi

SOFTWARE AG : TP raised to €35 vs. 32 @ UBS



MONCLER : removed from BG TOP PICKS List

LVMH : removed from BG TOP PICKS List

SWATCH :SELL vs. NEUTRAL, FV CHF270 vs. 370 @Bryan Garnier

BUREAU VERITAS : TP cut to €20 vs. 20.5 @ UBS

RANDSTAD : Tp cut to 32€ vs. 40 @Jefferies

Technical Analysis

HIGHEST YTD : AHOLD, ASML; DANONE, DELHAIZE, FORTUM, GIVAUDAN, HERMES, NESTLE, SABMILLER, SAGE, SODEXO

RSI 14D overbought : ARM, DELHAIZE, SABMILLER, SHIRE, SODEXO,

Upward Signals

MICHELIN : Stock price crossing upward 50d, 100d, 200d MAV

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

Software AG

RATING : BUY

Fair Value EUR40

We reiterate our Buy rating following Software AG's sixth consecutive quarter of results above consensus expectations. We raise our non-IFRS operating margin forecast to 31.5% from 31.3% for 2016 in order to reflect the company guidance upgrade (30.5-31.5% vs. 30-31%): 1). Management looks to be confident in growth acceleration for the Digital Business Platform for H2 16; 2). While additional upside is possible, the company refrains from being bullish on H2 margins. NB. Brexit had no impact so far.

The Swatch Group

RATING : SELL vs. NEUTRAL

Fair Value CHF270 vs. CHF370

The Swatch Group will release its H1 profits on July 21st. Nevertheless, this morning, it issues a press release highlighting that sales should be down 12% during this first semester to close to CHF3.7bn with a very severe EBIT deterioration as EBIT is expecting to be down 50%. This should imply an EBIT at around CHF410m and an EBIT margin at 11.2% or 700bp decline. We have no more information in the press release excepting that, unsurprisingly, management strips out any reduction of staffs despite very challenging environment, in line with its long term philosophy to consider employees as "investments". We downgrade our recommendation from Neutral to sell with a new CHF270 vs CHF370 FV. Negative.
