

BG SALES-TRADING MORNING DU 19/07/2016

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	18533	0,1%	-0,1%	IT, SOFTW & Serv.	0,8	3,6	Technology	3,5	-3,2
NASDAQ	5055,8	0,5%	0%	Tech Hardware	0,7	0,8	Financial Serv.	1,1	-13,9
S&P 500	2166,9	0,2%	0%	Banks	0,7	-9,2	Insurance	0,7	-21,9
NIKKEI	16698,9	1,2%	-	Materials	0,7	12,5	Travel & Leisure	0,7	-15,2
SECTEURS S&P : WORST PERFS.					SECTEURS STOXX : WORST PERFS				
				S&P	Var %	YTD	STOXX	Var %	YTD
				Household Products	-0,3	8,7	Oil & Gas	-0,8	10,9
				Food Bev & Tobacco	-0,2	12,9	Telecom	-0,6	-12,9
				Cap Goods	-0,2	10,7	Industrial Goods & Serv.	-0,2	-1,7
				Entrepris Serv	-0,1	16	Personal & Household	0	2

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%	
KERING	155,6	1,6	BBVA	5,2	-2,8	REXAM PLC	645	-	
PERNOD RICARD SA	99,5	-0,3	BANCO SANTANDER	3,8	-0,2	ARM HOLDINGS PLC	1675	40,9	
LEGRAND SA	48,2	0,2	INTESA SANPAOLO	1,9	0,2	SBM OFFSHORE NV	11,8	15,3	
PEUGEOT SA	12	1,4	ASML HOLDING NV	93	1,1	3I GROUP PLC	589	1,2	
DANONE	65,3	-0,7	UNICREDIT SPA	2,2	1,8	AMADEUS IT HOLDING	39	0,5	

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%	€/§	1,1074	0%	1,9%	BRENT	45,5	-0,4%	27,3%
U.S 10 ANS	100,6	0,2%	1,6%	€/¥	117,45	0,1%	11,2%	ONCE OR (§)	1328	0%	25%
VIX Index	12,4		-1,8%					VSTOXX Index	20,8		-0,4%

Economic Calendar

GB-Consumer Price Index (YoY) (JUN) 0.4%E
 GB -Core Consumer Price Index (YoY) (JUN) 1.3% E
 DE -ZEW Survey (Current Situation) (JUL) 51.8E
 US- Housing Starts (MoM) (JUN) 0.1% E

Dividends Calendar ex-date next day

ITS GROUP (ITS.PA) 0.1€ (1.69%)

Ex Div today

Markets Recap (source Street account)

Asian markets are trading mixed on Tuesday. Japan is back online after Monday's public holiday and corporate activity has driven some outsized moves on the Nikkei. Nintendo's latest Pokemon-related rally has driven its market cap above that of Sony. Meanwhile SoftBank has fallen sharply following yesterday's bid for ARM. While stimulus expectations continue to be cited for the Nikkei's recent strength, there remain question marks around the size and structure of the package, and whether the BoJ will coordinate with additional monetary easing.

Greater Chinese markets are lower with mainland media again focusing on a need for the PBoC to avoid a liquidity trap. Last night the State Council fleshed out details on promoting private investment and signaled the trial phase of China's debt swap program. Today's yuan fix was largely a non-event as the offshore renminbi continues to hold near its lowest levels of the year.

The ASX has peeled lower with the big banks lagging amid a reduced yield backdrop. The dovish-leaning July RBA minutes said inflation was expected to remain 'quite low'. They also signaled the importance of upcoming data in shaping near-term policy. The Aussie dollar has extended losses that followed earlier read-through from a sell-off in the kiwi. The New Zealand had come under pressure with the RBNZ's new property lending curbs helping to feed speculation of an August rate cut.

US equities finished mostly higher in uneventful Monday trading following a third straight week in which the S&P 500 gained more than 1%. Treasuries were mostly weaker after a big backup in yields last week. The dollar rallied on the yen cross, but lagged sterling and the euro. Gold gained 0.1%. Oil was weaker as WTI crude settled 1.6% lower.

There were no big directional drivers in play today. Markets had little reaction to the failed coup in Turkey or the latest violence in the US. Global policy support expectations remained elevated, though there did not seem to be anything particularly incremental in the headlines. There continued to be a good deal of debate about the direction for US stocks with the usual suspects in focus.

M&A was a widely cited positive as ARMH agreed to be acquired by Japan's Softbank. Earnings takeaways were mixed. BAC was the latest big bank to beat with help from better trading. BURL positively preannounced for Q2. Margins and Q3 growth commentary were the bright spots for LII. HAS lagged despite its beat. JBHT came under pressure after reducing its guidance.

Sector read-throughs were limited. Semis led tech higher on M&A. There were several pockets of strength in materials. Retail was a bright spot in consumer discretionary. Defensives put in a mixed performance despite another backup in rates. Industrials underperformed with some drag from truckers, though a number of other cyclical plays outperformed.

Stocks Factor to watch today :

FUTURES at 8AM : ES50 -0.5%, DAX -0.1%, CAC -0.2%, FTSE -0.3%

IPSEN : announces acceptance by EMA of marketing application for Telotristat Etiprate

UBISOFT : VIVENDI owned more than 20% of the voting rights and 22.63% of shares (AMF)

TOTAL : owns 90.1% of SAFT

COLAS : COLAS LTD will participate to extend the tram network in Birmingham.

WIRECARD & INGENICO : collaborate in Indonesia

Rating & TP Changes



SFR : TP raised to €28.7 vs. 28.4 @Bryan Garnier

ALTICE : TP raised to €16.5 vs. 16.3 @Bryan Garnier

HANNOVER RE : NEUTRAL vs. SELL @CITI

HERMES : TP raised to €380 vs. 365 @Berenberg

BURBERRY : TP raised to 1150p vs. 1100 @Credit Suisse



BIOMERIEUX : NEUTRAL vs. BUY, FV EUR127 vs. EUR122 @ Bryan Garnier

SGS : TP cut to CHF2360 vs. 2400, BUY @Bryan Garnier

NOVO NORDISK : TP cut to DKK375 vs. 380 @Berenberg

SCOR : TP cut to €29 vs. 31 @Citi

TOD's : TP cut to €55 vs. 60 @RBC

MUNICH RE : TP cut to 175€ vs. 196 @ Citi

ARM : NEUTRAL vs. OUTPERFORM @EXANE

ARM : HOLD vs. BUY @KEPLER CHRUVREUX

Technical Analysis

HIGHEST YTD : ACTELION, ARM, ASML, FORTUM, GAMESA, INFINEON, MERCK KG, NESTLE, SABMILLER, SAGE,

LOWEST YTD : SWATCH

RSI 14d OVERBOUGHT : ARM, GIVAUDAN? GLAXOSMITHKLINE, RIO TINTO, SABMILLER, SHIRE

bioMérieux	RATING : NEUTRAL vs. BUY	Fair Value EUR127 vs. EUR122
------------	--------------------------	------------------------------

Following the publication of strong H1 sales 25% share price absolute performance over the past 6 months, we downgrade BIM to NEUTRAL but increase however our fair value from EUR122 to EUR127. Fundamentals are here but we see limited upward revision in consensus numbers ahead of H1 results to be released on August 31st, with the likelihood of a sales guidance upgrade already priced-in. We would expect margins to be under pressure in H1 with investments made not offset by strong uptake in reagent. Looking to H2, uncertainties in APAC calls for cautiousness and rebalancing of the reagent/instrument mix should pressure margins. We would take our profit at current levels. **NEGATIVE**

SGS SA	RATING : BUY	Fair Value CHF2360 vs. CHF2400
--------	--------------	--------------------------------

Despite H1 strong organic revenue growth up 3.4%, adjusted operating result was broadly flat vs. last year representing an adjusted operating margin of 14.2% down 60bps while a stability was anticipated. Mainly explained by three factors and if management is not worried about its mid-term objectives, the delay cannot be filled in the short term and we have to reduce our expectation. Actually, after limited adjustment on top line, we now anticipate adjusted operating margin down 40bps vs. last year at 15.6%. Based on our new estimates, our FV moves to CHF2360 from CHF2400. **NEGATIVE**

Ubisoft	RATING : BUY	Fair Value EUR34
---------	--------------	------------------

Vivendi yesterday announced that as of 14th July it holds 22.63% of UBI's share capital (vs. 20.10% before) and 20.00% of the voting rights (vs. 17.76%). As a reminder, the Guillemot family holds ~9% of UBI's capital and ~16% of the voting rights. We consider unlikely that the media group obtain a seat at the next AGM in September. The share price is valuing the group's earnings results over the current FY. However, we believe in a takeover bid from Vivendi but rather in 2017e (and likely not before March, in order not to destabilize the company before the release of big games and the end of its fiscal year). As a reminder, we estimate a valuation in the event of a takeover bid between EUR40 (mini) and EUR51 (maxi). => **Positive**

Novartis	RATING : NEUTRAL	Fair Value CHF89
----------	------------------	------------------

Novartis delivered a solid set of quarterly figures this morning since revenues came out about USD200m ahead of expectations and core EPS 2% above estimates too, largely driven by good performance of Innovative Medicines whose core operating margin declined only 150bp despite loss of Gleevec for the first time for full quarter. However, we assume that comments will focus on the adjustment of full year core operating income guidance that says that, depending on Gleevec curve, it may be slightly down (vs flat previously) as a consequence of increased investments behind Entresto. Although it may hit the stock at the opening, CS numbers are already aligned. >> **Negative at the opening session, Neutral in the end.**

SFR	RATING : NEUTRAL	Fair Value EUR28,7 vs. EUR28,4
-----	------------------	--------------------------------

We have revised our revenues and EBITDA forecast for 2016-2018 taking into account the latest trends and outlook on pricing and cost cutting. Stronger cost cutting should more than offset the pressure on SFR's ARPU, we increase our 2017 and 2018 EBITDA +2.3% vs our previous estimates. Nevertheless, the firm should still struggle commercially for another few quarters, and it should take time before investors regain strong confidence in the business. We have slightly upgraded our fair value to EUR28.7 from EUR28.4, and reiterate our Neutral rating. Although the upside vs our Fair value is higher on SFR than on Altice, we see no short term catalyst in France, waiting for the impact of new management and reinforced investment to kick in, and we believe the lack of confidence at the France level cannot be extrapolated to the whole Altice group. **POSITIVE**

Altice	RATING : BUY	Fair Value EUR16,5 vs. EUR16,3
--------	--------------	--------------------------------

We have updated our models taking into account the latest trends and outlook in France and at the international level. In France, stronger cost cutting should more than offset the pressure on SFR's ARPU, we increase our 2017 and 2018 EBITDA more than +2% vs our previous estimates. We increase our EBITDA forecast at the international level ~+5% in 2016, 2017 and 2018, taking into account better than expected synergies in Portugal in particular. We have slightly upgraded our fair value to EUR16.5 from EUR16.3, and reiterate our Buy rating. Although the upside vs our Fair value is lower on Altice than on SFR, we see international as a tangible short term catalyst for Altice and we believe the lack of confidence at the France level should not be extrapolated to the whole Altice group.
