

BG SALES-TRADING MORNING DU 20/07/2016

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	18559	0,1%	0,2%	Consumer Serv.	0,5	0,1	Real Estate	0,7	-5,2
NASDAQ	5036,4	-0,4%	0%	Real Estate	0,5	10,9	Const. & Materials	0,2	-1,9
S&P 500	2163,8	-0,1%	0,2%	Entrprises Serv	0,3	16,4	Industrial Goods & Serv.	0,2	-1,5
NIKKEI	16651,7	-0,4%	-	Auto	0,2	-5,8	Oil & Gas	0,1	11,1
SECTEURS S&P : WORST PERFS.					SECTEURS STOXX : WORST PERFS				
				S&P	Var %	YTD	STOXX	Var %	YTD
				Materials	-0,7	11,7	Basic Resources	-2,4	26,4
				Spec. Retail	-0,5	4	Auto & Part	-1,2	-19,6
				Oil & Gaz	-0,5	15,2	Insurance	-0,9	-22,6
				Telecom Op.	-0,4	21,6	Chemicals	-0,8	-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%	
KERING	153,5	-1,4	BBVA	5,1	-0,9	ARM HOLDINGS PLC	1663	-0,7	
PEUGEOT SA	11,8	-1,7	ASML HOLDING NV	94,5	1,6	ZALANDO SE	32,6	21,8	
PUBLICIS GROUPE	62,6	-1,3	INTESA SANPAOLO	1,9	-0,6	SBM OFFSHORE NV	11,8	0,4	
MICHELIN (CGDE)	87,6	-1,2	UNICREDIT SPA	2,2	-0,3	KION GROUP AG	48,9	5,2	
ARCELORMITTAL	5	-3,8	DEUTSCHE BANK AG-REGISTERED	12,8	-2,7	AMADEUS IT HOLDING SA-A SHS	39,2	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				DEVICES				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%	€/ \$	1,1014	-0,1%	1,4%	BRENT	45,4	0,2%	27%
U.S 10 ANS	100,7	0%	1,6%	€/ ¥	117,01	0%	11,6%	ONCE OR (\$)	1329,8	-0,2%	25,3%
VIX Index	12		-3,8%					VSTOXX Index	21		0,8%

Economic Calendar

GB - ILO unemployment rate May (5% E)

CH - ZEW survey expectations Jul

US - DoE inventories

Markets Recap (source Street account)

Asian markets are trading mixed on Wednesday. It has been a fairly quiet session from a macro view with the regional newsflow light and the calendar devoid of any major releases. The Nikkei is lower with Nintendo selling off after its recent rally. Reports emerged earlier that the launch of Pokemon Go in Japan had been delayed. The yen was steady around 106.

Greater Chinese markets are mixed. Mainland media noted NDRC researchers have urged more flexible monetary policy amid increasing downward pressures on the economy. The offshore yuan strengthened after the PBoC fixed the currency's midpoint slightly higher today. ASX miners are being pressured by lower commodities and soft production results from BHP Billiton and Rio Tinto.

There has been some focus on central bank policy divergence with the WSJ's Hilsenrath noting the Fed is looking more confidently at a September tightening. This comes amid a recent pickup in RBA, RBNZ and BoJ easing speculation. The Aussie and kiwi dollars have been among the recent FX underperformers. In the commodities complex WTI crude has held its ground in post-settlement trade after API revealed a larger-than-expected weekly crude drawdown but a surprise build in gasoline inventories.

US equities were mostly lower in Tuesday trading, but the pullback was limited. Treasuries were generally stronger. The dollar was up against sterling and the commodity crosses, but lagged against the yen. Gold rose 0.2%. Oil continued yesterday's slide, with WTI settling down 1.3% and Brent settling down 0.6%.

Earnings dominated the headlines today, while the macro landscape was little changed. Cautious positioning, relative valuation, a low earnings bar, a shallower Fed normalization path, and limited Brexit fallout continued to be cited as supportive. There was some focus on better conditions suggesting the possibility of a September rate hike. On the economic front, housing starts came in ahead of expectations.

NFLX came under pressure due to disappointing subscriber data. VMW beat on all key metrics. PM reported weaker cigarette volumes. JNJ saw stronger sales from Pharma and Medical Devices segments. GS was the latest to beat on FICC, but ROE gave some analysts pause. LMT earnings and revenue beat, but pension concerns remained an overhang.

Most sectors were lower today. Industrial metals were a drag on materials. Retailers were weaker. Healthcare underperformed, with managed-care companies lower following a Bloomberg report suggesting federal opposition to pending mergers. An earnings miss by PM weighed on consumer staples. Semis led in tech. Aerospace and defense names helped industrials. Banks were better.

Stocks Factor to watch today :

FUTURES at 8AM : ES50 +0.2%, DAX +0.2%, CAC +0.3%, FTSE +0.3%

ORANGE : ORANGE BELGIUM beats expectations, appoints new CEO

REMY COINTREAU : Organic double digit Growth 1Q Americas, Greater China improving further for RCO, targets 2016-17 confirmed;

Rating & TP Changes



ORPEA : TP raised to €85 vs. 79, BUY @Bryan Garnier

UBISOFT : TP raised to €42 vs. 35, BUY @ Jefferies



NOVARTIS : TP cut to CHF87 vs. 89, NEUTRAL @Bryan Garnier

MUNICH RE : TP cut to €157 vs. 172 @ Credit Suisse

HANNOVER RE : TP cut to € 94 vs. 97 @ Credit Suisse

SCOR : TP cut to €25.5 vs. 28 @ Credit Suisse

Technical Analysis

HIGHEST YTD : ADIDAS, DIA, INFINEON, ITALCEMENTI, SAGE, UBISOFT, KONE,

LOWEST YTD : SWATCH

Downward Signals

LINDT : 50d mav crossing downward 200d MAV

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

Orpea

RATING : BUY

Fair Value EUR85 vs. EUR79

After strong organic revenue growth in Q1 (+4.7% excluding positive impact from 2016 leap year of 1.2%), Q2 was better up 6.6% with total revenue of EUR700m (+19.8% on reported). So, revenue in H1 reached EUR1,381m, up 23% on reported driven by acquisition with organic up 5.7%. Taking into account those numbers and the recent acquisition of the Sanyres group which will be consolidated in H2 2016 and accretive on EPS as from this year, Management upgraded its FY2016 guidance to EUR2,810m from EUR2,720m. Our estimates move to EUR2,813m from EUR2,772m on revenue and to EUR484m from EUR473m on EBITDA. Using a DCF, we increase our FV to EUR85. **Positive.**

Novartis

RATING : NEUTRAL

Fair Value CHF87 vs. 89

There was no breaking news during the conference call that was held yesterday afternoon to discuss the half-year results but it was interesting to note that most of the questions were around M&A opportunities for the company. Novartis repeatedly said that it was not compelled to do anything big including in I.O. and would prioritize bolt-on acquisitions unless a bigger deal that makes sense for everyone arises. That said, it could be outside of oncology and for instance presence in Respiratory is reassessed by new Head of Innovative Medicines. Our impression remains that the transformation phase is not over and makes it difficult to fully endorse a turnaround scenario. **NEUTRAL rating maintained, FV cut from CHF89 to CHF87.**

EDF	RATING : BUY	Fair Value EUR13,8
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EDF revised down yesterday after market its nuclear output target for 2016 from 408-402TWh to 395-400TWh to conduct controls during H2-16 to respect new ASN's examination schedule. Group's 2016 targets were however confirmed, yet thanks to the integration of the retrospective tariff order which should be published by the end of Q3-16. This news is negative given the positive effect from potential tariff catch-up was already well appreciated by investors (*not so included into consensus though*) while the larger than expected outputs linked to ASN's examination schedule is new. **Negative.**

SAP	RATING : NEUTRAL	Fair Value EUR74
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Amidst of strong licence revenue growth (+10% lfl), this morning SAP announced Q2 16 results above expectations with non-IFRS operating profit 5% above consensus. FY16 guidance is confidently reiterated by the management. **As such, we expect a positive reaction in the near term.**

ASML	RATING : SELL	Fair Value EUR81
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ASML benefited from 10nm ramp up during Q2-16, a catalyst allowing the group to beat Q2 expectations by 4% (at EPS level). Sales came out at EUR1.740bn, up 30.5% on a sequential basis and up 5.2% year on year. This was above the company's guidance for Q2 sales of about EUR1.7bn and cs. at EUR1.704bn. Q2 EPS stood at EUR0.83, 4% above consensus expectations of EUR0.80. Q3-16 guidance highlights the uneven nature of the current business of ASML due to EUV revenue recognition system. As a result, Q3-16 sales outlook came out below expectation but margin are higher, as such EBIT expectations appears to be broadly in line.

Rémy Cointreau	RATING : BUY	Fair Value EUR80 (+4%)
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Q1 2016/17 sales reached EUR218.6m, down 2.1% reportedly and flat on an organic basis. This is slightly below market expectations and is due to advance shipments in Q4 2015/16 before a global hike in prices at the beginning of 2016/17. The group highlighted that the underlying trend remained solid. A conference call will be held at 9am CET → slightly negative
