BG SALES-TRADING MORNING DU 27/07/2016

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	18473,8	-0,1%	0,1%	Semi Conducteurs	3	13,6	Basic Resources	2	28,8
NASDAQ	5110	0,2%	0,1%	Transportation	0,9	4,7	Auto & Part	1,7	-15,5
S&P 500	2169,2	0%	0,1%	Cap Goods	0,8	9,9	Healthcare	0,4	-2,9
NIKKEI	16695,6	1,9%	-	Auto	0,7	-2,8	Technology	0,4	0,6

SECTEURS S&P : WORST PERFS.			SECTEURS STOXX : WORST PERFS		
S&P	Var %	YTD	STOXX	Var %	YTD
Telecom Op.	-1,5	20,3	Retail	-0,7	-10,9
Consumer Serv.	-1,4	0,5	Telecom	-0,6	-12,9
Food Bev & Tobacco	-1,2	11,1	Media	-0,5	-9,3
Utilities	-0,9	20,6	Financial Serv.	-0,4	-13,2

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%
ORANGE	13,8	-3,7	ORANGE	13,8	-3,7	MEDIASET SPA	3	-6,9
MICHELIN (CGDE)	90	1,5	KONINKLIJKE PHILIPS	24,4	0,4	SABMILLER PLC	4410	-0,7
PEUGEOT SA	12,5	2,7	FRESENIUS SE & CO	68	1,3	MTU AERO ENGINES	92,9	7,3
VALEO SA	43,8	2,7	SAP SE	77,7	0,8	AMS AG	30,8	12,4
BOUYGUES SA	26,6	-2	DAIMLER AG-REG	60,8	1,4	PROVIDENT FINANCIAL	2748	5,7

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				DEVISES				MAT. PREMIERES			
Taux U.S	Valeur	Var%	Yld	Devises	Valeur	Var%	YTD	Mat. Prem	Valeur	Var%	YTD
U.S 2 ANS	100	0%	0,8%	€/$	1,0994	0,1%	1,2%	BRENT	43,4	0,3%	21,4%
U.S 10 ANS	100,5	-0,1%	1,6%	€/¥	116,05	-0,9%	12,6%	ONCE OR ($)	1317,9	-0,2%	24,2%

VIX Index	13	1,4%		VSTOXX Index	20,1	1,1%

Economic Calendar

JP - Small Business Confidence Jul (47.8A, 46.5P)
GB - GDP 2Q (+2.1% y/y E)
US- Durable Goods Ordes Jun. (-1.1% E)
US -Pending Home Sales Jun (3% E)
US - FOMC rate Decision (0.5%=E)

Dividends Calendar ex-date next day		Ex Div today	
INVESTEC	11.5p (2.49%)	BANCO SANTANDER (SAN.MC)	€0.04455 (1.17%)
SSE	62.5p (3.84%)		

Markets Recap (source Street account)

Asian markets are trading mixed on Wednesday. Volatility has picked up in afternoon trade with the Nikkei rallying and the yen selling off amid reports Japan's government is planning a ¥27T fiscal stimulus package. There have also been conflicting headlines about whether plans were underway to launch 50Y JGBs as part of the stimulus package (Japan’s Ministry of Finance denied reports it was planning do so). The ensuing yen sell-off has coincided with the dollar strengthening on most major crosses.

Greater Chinese are mixed where selling has intensified on mainland indices. Earlier, data showed industrial profits grew at a faster pace in June. The yuan fix was a non-event. Elsewhere the ASX is holding its gains. While Aussie inflation slowed further in Q2, the higher-than-expected print muddied prospects of an RBA rate cut next month. In commodity markets WTI crude is little changed in post-settlement trade. API revealed an 800K crude inventory drawdown in the latest week, smaller than the 2.6M decline forecast in an S&P/Platts poll.

US equities were mixed in choppy trading today. Treasuries were generally stronger across the curve. The dollar was down sharply against the yen but little changed against the euro. Gold gained 0.1%. Oil was mixed, ending off worst levels. WTI settled down 0.5% while Brent settled up 0.3%.

It was a fairly quiet day from a macro standpoint. Much discussion centered around expectations for the Fed's meeting announcement tomorrow and the degree to which the statement may reflect firming economic conditions. Concerns about potential Japan policy disappointments and stimulus plans sparked a rally in the yen. Today saw a slew of lesser economic releases, but none had any meaningful impact on the price action.

JBLU earnings beat with analysts positive on slower capacity growth and improving RASM. NFLX was boosted by an insider purchase. GILD was hurt by lagging Harvoni sales. MCD comps were below consensus. MBLY announced the upcoming end of its relationship with TSLA. NDLS fell after a preannouncement and CEO change. LLTC to be acquired by ADI.

Machinery and airlines outperformed. Industrial metals boosted materials. Semis were strong again in tech. Banks were better. Broad weakness in restaurants weighed on consumer discretionary. Biotech was weaker. Defensive sectors trailed the market.

Stocks Factor to watch today :

TELECOM ITALIA : strikes broadband JV with FASTWEB

MOET HENNESSY : and EMPIRE MERCHANTS renew New York distribution contract

ALSTOM : wins Miami LRT

AIRBUS : Robust & diversified commercial backlog supporting ramp-up, Book to bill should be above 1 by end of 2016

ACCOR : should acquire 80% of JOHN PAUL, Enterprise value should be close to $150m

VEOLIA : Expands its renewable Energy activities in Hungary through the acquisition of the Sakoly Biomass Power Plant

PSA : H1 Revenue €27.8bn -0.9% (+2.4% at CER), net income more than doubled to €1.21bn, CFO says pricing remains table in Europe

Rating & TP Changes

↗

SAGE GROUP : TP raised to 600p vs. 575p *@Bryan Garnier*

ATOS : TP raised to €93 vs. 92 *@Bryan Garnier*

ATOS : TP raised to €89 vs. 82 *@Barclays*

ATOS : TP Raised to €94 vs. 86 *@UBS*

AHOLD : TP raised to €25 vs. 23 *@HSBC*

WORLDLINE : TP raised to €31 vs. 29, BUY *@ Bryan Garnier*

SEB : TP raised to €134 vs. 122 *@UBS*

EDENRED : TP raised to €18 vs. 15 *@Berenberg*

↘

INGENICO : TP cut to €130 vs. 144 *@Bryan Garnier*

SWORD : TP cut to €25 vs. 26, BUY *@Bryan Garnier*

LUXOTTICA : TP cut to €57 vs. 60 *@RBC*

RANDSTAD : TP cut to €45 vs. 46, NEUTRAL *@ Goldman Sachs*

Technical Analysis

HIGHEST YTD : ADIDAS, CARLSBERG, COMPASS, CAMPARI, ESSILOR, GLAXOSMITHKLINE, HEINEKEN, HERMES, INFINEON, L'OREAL, MERCK KH, NESTLE, ORPEA, SAGE, SODEXO, TEMENOS

LOWEST YTD : AIR FRANCE, EASYJET, SWATCH

↗Upward Signals

FAURECIA, AMER SPORTS : Stock price crossing upward 50,100,200D MAV

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

LVMH	RATING : BUY	Fair Value EUR171 (+19%)

LVMH H1 2016 results are globally in line with investors' expectations. Sales grew 4% organically in H1 (+4% in Q2 vs +3% in Q1) while consensus was expecting +3%. H1 EBIT remained almost stable at EUR2.95bn (consensus: EUR2.94bn), therefore H1 margin was down 50bp to 17.2%. We remain Buy on the stock with an unchanged EUR171 FV. We see LVMH as one of our favourite stocks among our luxury groups sample. Positive

Sage Group	RATING : SELL	Fair Value 600p vs. 575p (-15%)

We reiterate our Sell rating but raise our DCF-derived fair value to 600p from 575p on updates to our fx rates assumptions. Yesterday evening Sage issued a trading update for the quarter ending 30th June 2016, announcing Q3 FY16 sales up 6% lfl or in line with company guidance for FY16. While recurring revenues continued to grow double-digit - driven by subscriptions up above 30% -, SSRS continued to be penalised by the planned transition to subscriptions. We expect no significant share price reaction short-term.

Sword Group	RATING : BUY	Fair Value EUR25 vs. EUR26 (+7%)

We reiterate our Buy rating but shave our DCF-derived fair value to EUR25 from EUR26 as we reduce our adj. EPS ests. by 1% for 2016 and 3% for 2017-18. Yesterday evening Sword reported Q2 2016 results slightly above our estimates. 2016 guidance ex-fx is confirmed but the fall of the British pound against the euro generates an est. 3% headwind to revenues. We deem the share price will have a mixed reaction in the short-term.

Atos	RATING : BUY	Fair Value EUR93 vs. EUR92 (+18%)

We reiterate our Buy rating and fine-tune our DCF-derived fair value to EUR93 from EUR92 as we increase our adj. EPS ests. by 2% for 2016 and 1% for 2017. Yesterday evening Atos reported H1 2016 results and free cash flow in line with our forecasts but slightly above the consensus average. 2016 guidance, which excludes Equens and KB SmartPay, is raised to revenues up 1.5-2% lfl and an op. margin of 9.2-9.5%. We deem the share price will react positively on the back of this publication.

Ingenico Group	RATING : BUY	Fair Value EUR130 vs. EUR144 (+18%)

ING posted mixed H1 2016 earnings (revenue below, EBITDA margin slightly below and attrib. net profit in line with our expectations). The group maintained its FY 2016 targets (sales of >=+10%, EBITDA margin of ~21% and FCF/EBITDA of ~45%), notably because of Brazil (economic situation + high comps). We cut our 2016-18 EPS sequence by 7.4% on average to be more conservative. As we were the highest of the cons., our revision is more aggressive than what consensus will likely do. We remain convinced that ING is a Buy on a mid/long-term horizon (its 2020 plan is achievable + one of the few player to have an omnichannel offer, which is the future of the payment industry), but we have to integrate a bit of uncertainty in the very short term (2016 should be a transition year). BUY but FV lowered from EUR144 to EUR130. => Negative.

Axway Software	RATING : NEUTRAL	Fair Value EUR20 (-3%)

This morning Axway reported H1 2016 results way above our ests. and the consensus' average, thanks to a surge in licence sales in the US. In addition, the management remains confident in Axway's ability to transform its business to Digital and reiterates positive outlook for 2016. We deem the share price will react positively in the short-term.

Scor	RATING : BUY	Fair Value EUR38 (+46%)

Q2 2016 net income stood at EUR105m, down 31% yoy, in line with consensus (EUR104m). The reported combined ratio stood at 97.5% vs. 92.6% last year, mainly driven by higher natcats, yet the normalised ratio is 94.6%, in line with previous guidance. Solvency II margin totalled 210% at end-June vs. 202% at end-March, in the upper-end of the company's optimal range of 185-220%. -> Neutral

Melexis	RATING : SELL	Fair Value EUR48 (-20%)

Today, Melexis reported Q2 2016 sales in line with expectations at EUR112m, up 2.6% seq. and up 10.4% yoy. However, Q2 2016 EPS came out 7% below expectation at EUR0.57. Nevertheless, given the good top line momentum, the group increase its FY16 guidance and now expects to see sales growth of 13%/14% vs. 8% to 12% before but lowers its GM guidance to 45% from 47% (EBIT margin guidance confirmed at 25%). As a result, new FY16 guidance confirms our view and comes in line with our expectations (BG ests. FY16 sales +13%) but 250bp (at mid-range) above consensus of FY16 sales growth at 11%.

Worldline	RATING : BUY	Fair Value EUR31 vs. 29 (+15%)

WLN has posted strong H1 organic growth (+6% lfl) from its three BUs. The group slightly upgraded its lfl revenue guidance from ~+3% to >3%, and maintained its 80bp improvement in EBITDA margin (both excl. Equens and KB acquisitions). The recent acquisitions required very little cash since it took the form of a JV, so the group's financial flexibility remains intact to undertake other operations. We consider that any additional M&A deal would offer further upside on the EV/EBITDA multiple (10.5x over 12 rolling months). We maintain our Buy rating and raise our FV from EUR29 to EUR31. At our new FV, the stock would be trading at 12x, i.e. perfectly consistent with its positioning (physical PSP). **=> Positive**

Bayer	RATING : NEUTRAL	Fair Value Under Review

Bayer today released second-quarter earnings. Although sales came out below estimates with marked disappointments in Consumer Health and in Crop Science, margins very strong and driven by Pharmaceuticals but also by Covestro. Same recipes within Pharma where Xarelto and Eylea performed strongly and exceeded expectations. Outlook for the year is revised upwards for EBITDA growth and margins thanks to Pharmaceuticals and Covestro, while Consumer and Crop are cut. This should be marginally positive for the stock but outcome with Monsanto’s bid remains the focus. **>> Small positive**

STMicroelectronics	RATING : NEUTRAL	Fair Value EUR6.5

STMicroelectronics has reported Q2 2016 EPS in line with consensus. Q2 sales came out at USD1.703bn, up 5.6% seq., with a gross margin improving slightly to 33.9% and EPS of USD0.03, i.e. in line with consensus at USD0.03 (BG ests. USD0.01). However, the group sees a healthy demand in the market it serves and Q3 2016 guidance comes out 1% above Street’s estimates with revenues set to growth 5.5% (+/- 350bp) sequentially, i.e. sales close to USD1.797bn, while current forecasts were for USD1.783bn (BG ests. USD1,767m) and GM is foreseen to be close to 35.5%, i.e. 70bp higher than expectations at 34.8% (BG ests. 35.9%).

DIA	RATING : BUY	Fair Value EUR6,5 (+14%)

Once again following Q1, we believe that the ~30bp estimated decline in Q2 underlying margin in Iberia (~35 bp decrease in Q1) cannot be interpreted as a margin restatement while the relationship between the topline (+2.90%% LFL) and the bottom line (the decline in margin implies healthy investment we believe) should appear to be healthy in the eyes of the market. Buy.