BG SALES-TRADING MORNING DU 01/08/2016

Markets Recap (source Street account)

Asian markets are mixed on a Monday where China has headlined the economic calendar. There were mixed-to-positive takeaways from its latest manufacturing PMIs. While the official gauge slipped, the Caixin PMI unexpectedly swung to expansion territory. The services PMI also showed another solid increase. Mainland markets are lagging following the data while the Hang Seng is outperforming. The PBoC fixed the yuan sharply higher following the dollar's widespread decline on Friday.

The yen is holding steady and the Nikkei has edged higher. Volatility on Japanese markets has steadied from Friday's BoJ decision. Press discussions have flagged the possibility that Governor Kuroda's review may yet presage the launch of helicopter money. There have also been more earnings reports while the final Japan PMI signaled pace of contraction in its manufacturing sector subsided.

Elsewhere the ASX's gains are being underpinned by commodity producers. The latest batch of Aussie data showed a surge in both home sales and property prices. Manufacturing activity also perked up while inflationary pressures subsided ahead of Tuesday's RBA decision. **Meanwhile the latest Fedspeak suggests more rate increases are still a possibility this year despite Friday's weak US GDP figures.**

US equities were higher in Friday trading. Treasuries were stronger across the curve. The dollar was notably weaker, particularly on the yen cross. Gold finished up 1.2%. Oil broke its streak of six consecutive losses, with WTI settling up 1.1%.

The BoJ under-delivered with its policy announcement, but the impact on US markets was largely confined to the surging yen. Q2 GDP came in lower than consensus, and Q1 was revised downward. Oil flirted with bear-market price levels before gaining with help from the weak dollar. Post close, attention will shift to the release of European bank stress tests.

There was a strong flow of earnings reports again today. GOOGL reported an earnings and revenue beat. XOM missed, but Chemicals segment revenue was better. AMZN saw 31% y/y revenue growth. Humira was a bright spot for ABBV. CI reduced FY guidance. HIG saw elevated auto claims. EXPE room-night growth disappointed. NWL core sales were above consensus.

Defensive sectors outperformed. Energy was helped by better oil. Biotech was better. Software helped tech, but hardware was a drag. Homebuilders were weaker in consumer discretionary. Banks were lower overall. Airlines lagged in industrials. Materials trailed the market.

Stocks Factor to watch today :

Heineken: H1 consolidated operating profit EUR1.70bn vs. consensus EUR1.67bn

Veolia: H1 EBITDA up 3.2% to EUR1.58bn, net profit down 29% to EUR251, 2016 earnings guidance confirmed

Ipsen: announces FDA approval of Dysport for injection for the treatment of lower limb spasticity in children aged two and older

France: GE and Engie strengthen their partnership in digital technologies

Rating & TP Changes

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Qiagen: TP raised to EUR26 vs. EUR22, Buy maintained, *@ Bryan Garnier*

Qiagen: TP raised to EUR23 vs. EUR22, Hold maintained, *@ Jefferies*

Qiagen: Buy vs. Hold, TP raised to EUR27 vs. EUR22, *@ HSBC*

Indra Systemas: EUR11 vs. EUR10, Neutral maintained, *@ Bryan Garnier*

Vinci: TP raised to EUR71 vs. EUR69, *@ HSBC*

Saint Gobain: TP raised to EUR36 vs. EUR34, Underweight maintained, *@ Barclays*

Merck KGAA: Equalweight vs. Underweight, *@ Morgan Stanley*

Galapagos: TP cut to EUR67 vs. EUR69, Buy maintained, *@ Jefferies*

Sanofi: TP cut to EUR87 vs. EUR89, *@ Leerink*

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

Indra Sistemas	RATING : NEUTRAL	Fair Value EUR11 vs. EUR10 (+1%)

We reiterate our Neutral rating and raise our DCF-derived fair value to EUR11 from EUR10, as we increase our medium-term lfl revenue growth (+4% vs. +3%) and adj. EBIT margin assumptions (10.5% vs. 10%). While management remains cautious over the rest of the year due the current environment in Spain and LatAm and free cash flow remains low, we consider Indra is paving the way for future growth with strong order intake. Brazil has started to turn around with opex slashed by 30% and a bouncing book-to-bill ratio.

Morphosys	RATING : BUY	Fair Value EUR62 (+57%)

H1 2016 results are below estimates as net income stood at –EUR19.2 (vs BG: -EUR16m and consensus: -EUR-16m). But let's note that 1/ the mismatch with anticipations is largely associated to the payment of EUR2.4m during Q2 2016 (vs BG: -EUR3.7m); 2/ more importantly, the company has reiterated its FY 2016 guidance of 1/ revenues in a range of EUR47-52m along with an EBIT of –EUR58/68m (vs BG: -67m). We stick to our BUY rating and our FV of EUR62.

QIAGEN	RATING : BUY	Fair Value EUR26 vs. EUR22 (+24%)

Last Friday we upgraded QIAGEN from NEUTRAL to BUY. Following the conference call on Q2 results, we come back on the investment case which now features a higher level of confidence and raise our Fair Value from EUR22 to EUR26. Main point of interest during the call where 1/ margin ramp-up, 2/ growth of drivers and 3/ NGS. We welcomed management's confidence on all of these topics. Note that an Investor Day on November 15th (right after the AMP), should provide us with more details on the GeneReader.