BG SALES-TRADING MORNING DU 17/08/2016

Economic Calendar

GBP - Jobless Claims Change Jul. (9k E)
CHF - ZEW Survey Expectations Aug.
USD - DOE US Crude Oil Inventories Aug.
USD - FED Releases Minutes from July 26-27 FOMC Meeting

Markets Recap (source Street account)

Asian markets are mixed on Wednesday. There has been some reprieve for the Nikkei with the dollar-yen back above 100. Japan Vice Finance Minister Asakawa urged action against extreme moves in the FX market. Some dollar support was also attributed to hawkish-leaning comments from NY Fed President Dudley. CME fed fund futures were pricing in a 55% chance of a December move, up from 42% on Monday.

Greater Chinese markets are little changed in lackluster trade. China's State Council formally approved the Hong Kong-Shenzhen trade link late Tuesday though this was widely expected and has had minor bearing on market activity today. The PBoC sought to dial back speculation of further easing, urging investors not to rely too much on monetary policy. Elsewhere, healthcare stocks are weighing on the ASX following CSL's earnings miss.

There have been a handful of economic releases though these haven't had much of a discernable impact on markets. The kiwi has faded lower despite stronger-than-expected New Zealand employment growth and an end to input deflation. A slight increase in the Aussie wage price index didn't do much to dispel concerns over a subdued wage outlook. In commodity markets, oil has eased slightly in in post-settlement trade after API revealed a bigger-than-expected crude drawdown but an unexpected gasoline build.

US equities finished lower on Tuesday. Treasuries were mostly weaker, unable to hold on to morning gains. The dollar was under broad-based pressure. Gold gained 0.7%. Oil extended its recent strength, with WTI crude settling up 1.8%.

Big story today was fedspeak and dollar weakness. San Francisco Fed's Williams said central banks need to reexamine policy in light of secular pressures on the natural rate. New York Fed's Dudley, however, noted that a September rate hike was still possible. Dollar was under pressure overnight, but came off worst levels following Dudley comments.

Economic calendar also received some attention. Core CPI softer, while housing starts and industrial production surprised to the upside. Corporate calendar relatively quiet as earnings die down. A few more notable retailers reported. Also some attention on 13F filings, with a number of high-profile investors turning cautious on US equities.

More signs of cyclical rotation in sector performance. Telecom and utilities the worst performers, both losing more than 1%. Healthcare also underperformed. Energy the only major sector to trade higher. Financials and materials also beat the tape.

Stocks Factor to watch today :

CARLSBERG : H1 slightly below forecasr, keeps 2016 outlook

WIRECARD : Affirms 2016 guidance

Rating & TP Changes

ADIDAS : TP raised to EUR140 vs. EUR98, *@BERENBERG*

ALLIANZ : TP raised to EUR155 vs. EUR150, *@ BERNSTEIN*

AHOLD DELHAIZE : TP raised to EUR21.5 vs. EUR20, *@UBS*

Bryan Garnier … Today’s comment(s)

Capgemini	RATING : BUY	Fair Value EUR94 vs. EUR93 (+10%)

We reiterate our Buy rating and raise our DCF-derived fair value to EUR94 from EUR93 (+EUR2 on medium-term tax rate - 30% vs. 32% - and -EUR1 on updated fx rates). The takeaways from a company contact we had last week are that: 1) negative comments from Cognizant and Infosys on Brexit are mainly client-specific issues and do not have to be generalised; 2) discretionary IT spending is less important than a few years ago; 3) service automation and new offers will increasingly contribute to op. margin improvement.

Essilor	RATING : BUY	Fair Value EUR130 (+14%)

Yesterday Essilor announced the future acquisition of MyOptique Group, Europe’s leading online optical retailer that operates six online retail brands and generated sales of GBP57m (~EUR65m) in the FY ended April 30th, 2016. This new acquisition completes Essilor’s existing online platforms in Europe (Coastal, Vision Direct and Lensway) when multi-channel players such as Mister Spex or Brillen.de are also expanding their operations in Europe. Earlier this month, GrandVision has also announced the opening of its first European omni-channel platform in Germany.

Carlsberg	RATING : SELL	Fair Value DKK600 (-12%)

We are downgrading our rating on Carlsberg from Neutral to Sell following the slightly lower than expected H1 results and the lack of upgrade in earnings outlook implicit in our and consensus figures. Carlsberg reported this morning first half figures which came in below expectations. It delivered revenue of DKK 31.24bn vs consensus DKK 31.44bn (miss 1%), EBIT of DKK3,513m vs. consensus DKK3,541 (miss 1%) and adjusted net profit of DKK1,688m vs consensus of DKK1,758m (miss 4%). Organic revenue and EBIT growth was respectively 4% and 8%, which was ahead of consensus of 3% and 5%.