

BG SALES-TRADING MORNING DU 24/10/2016

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	18145,7	-0,1%	0,1%	MEDIAS	1,4	4,6	Basic Resources	1,2	39,9
NASDAQ	5257,4	0,3%	0,2%	IT, SOFTW & Serv.	1,2	8,9	Technology	1	-0,2
S&P 500	2141,2	0%	0,1%	Food Bev & Tobacco	1,1	6,1	Banks	0,5	-17,7
NIKKEI	17221,5	0,2%	-	Consumer Serv.	0,9	-5,2	Telecom	0,5	-16,2
SECTEURS S&P : WORST PERFS.					SECTEURS STOXX : WORST PERFS				
				S&P	Var %	YTD	STOXX	Var %	YTD
				Telecom Op.	-2,3	6	Auto & Part	-0,7	-12,6
				PHARMA.	-1,2	-7,5	Travel & Leisure	-0,5	-17,5
				Oil & Gaz	-0,7	15,3	Personal & Household	-0,4	0,2
				Insurance	-0,7	3,7	Food & Bev	-0,4	-2,1

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%	
ESSILOR INTERNATIONAL	104,9	-5,6	ESSILOR INTERNATIONAL	104,9	-5,6	TECHNICOLOR - REGR	5,3	-8,1	
VALEO SA	53,6	3	INDUSTRIA DE DISENO TEXTIL	33,2	0,9	BRITISH AMERICAN TOBACCO PLC	4666	-2,9	
ARCELORMITTAL	6,2	4,6	SAP SE	82	3,4	BURBERRY GROUP PLC	1495	3,1	
PUBLICIS GROUPE	62,4	-1,3	DAIMLER AG-REGISTERED SHARES	64,6	-2,1	HEXAGON AB-B SHS	378,6	-0,4	
TECHNIP SA	62,3	1,8	BNP PARIBAS	51,6	1,1	VOLVO AB-B SHS	94,9	-1,9	

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%	0,8%	€/ \$	1,0876	-0,1%	0,1%	BRENT	49,6	-0,7%	38,9%
U.S 10 ANS	97,9	0,1%	1,7%	€/ ¥	112,99	0%	15,6%	ONCE OR (\$)	1265,1	-0,1%	19,2%

VIX Index	13,3	-3%	VSTOXX Index	16,6	-3,6%
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Economic Calendar

9h30 DE - Manuf PMI Oct. (51.5 E)
 9h30 DE - Composite PMI Oct. (53.3 E)
 10h00 EUZ - Composite PMI Oct. (52.4 E)
 15h45 US - Manuf. PMI Oct. (51.5 E)

Dividends Calendar ex-date next day

TELIA COMPANY 1.5SEK (3.87%)

Ex Div today

MELEXIS €0.949 (1.49%)

Markets Recap (source Street account)

Asian markets are trading higher on Monday. Mainland Chinese markets are leading regional gains, as Hong Kong resumes trade after Friday's typhoon-affected closure. The Hang Seng overcame an earlier drop where recent weakness has been generally attributed to concerns the HKD's peg to the dollar will trigger a rise in borrowing costs once the Fed tightens. Meanwhile the offshore yuan weakened to a fresh six-year low against the dollar, as analysts argue officials won't mind this latest depreciation. Newsflow was headlined by reports China's banking regulator will step up its oversight of the property sector.

The Nikkei is flat in very quiet trade with yen also little changed. Nintendo has extended declines as investors remain unconvinced over its new Switch console. Data showed a Japan's exports fell for a 12th consecutive month, but the decline was less-than-expected and volumes – which are more relevant for tracking GDP – rose for a third month out of four. The ASX is the only major index trading lower with energy and healthcare stocks weighing. US corporate activity has also generated some discussion with AT&T confirming its merger agreement with Time Warner.

US equities were mostly lower in Friday trading. Treasuries were mixed. The dollar was stronger, outperforming on most major crosses but lagging against the yen. Gold was little changed. Oil was slightly higher after yesterday's 2.3% drop. WTI settled up 0.4%.

The strong dollar remained a notable theme, with the DXY hitting its highest mark since February. Otherwise, macro news was sparse and it was largely quiet, a continuation of a trend that has been increasingly discussed in the press as perhaps signaling a lack of conviction in equities. However, it is also true that the market may be waiting for Nov/Dec macro catalysts (such as the ECB and Fed decisions, along with the US Presidential election).

Corporate news drove the bulk of today's price action. MSFT's beat was underpinned by cloud momentum. MCD comps were stronger. Analysts were positive on PYPL's medium-term guide. GE earnings beat but the company lowered its organic growth guidance. SKX missed on weak sales and higher taxes. In M&A news, T is reportedly in advanced discussions to acquire TWX.

The media group was boosted by the TWX merger proposal. Internet and social-media firms led in tech. M&A also helped tobacco names outperform in consumer staples. Banks were better for financials. Paper and forest product stocks were a drag on materials. Airlines lagged. Biotech was weaker.

Stocks Factor to watch today :

FUTUREQ 08h00 : ES50 +.2%, DAX =, CAC +0.2%, FTSE +0.3%

U.S. 99% of actively managed US equity funds underperform : Almost all US, global and EM funds have failed to beat their benchmark since 2006 (Financial Times)

ALTRAN : added to Europe Small & Mid Cap Ideas list @DBK
GLAXOSMITHKLINE : US FDA submission of Shingles Candidate Vaccine

Rating & TP Changes



EURO ZONE EQUITIES upgraded and UK equities downgraded @JPM

RICHEMONT : BUY vs. NEUTRAL, TP raised to CHF73 vs. 60 @Bryan Garnier

SWATCH : NEUTRAL vs. SELL, TP raised to CHF 320 vs. 270 @Bryan Garnier

SAP : TP raised to €72 vs. 79, NEUTRAL @Bryan Garnier

SAP : TP raised to \$93 vs. 90, MARKET OUTPERFORM @JMP

SAP: TP raised to \$95 vs. 90, OUTPERFORM @Openheimer

SAP : TP raised to €100 vs. 96, BUY @ Goldman Sachs

SAP : TP raised to €94 vs. 87, BUY @Berenberg

SAP : TP raised to €90 vs. 80, BUY @DB

AEGON: TP raised to €3.5 vs. 3.4, Underweight @ Barclays

INTERCONTINENTAL : TP raised to 3060p vs. 2955 Equal Weight @Barclays

FRESENIUS SE: TP raised to €77 vs. 75, BUY @DBK

FRESENIUS MC : TP raised to €84 vs. 82, HOLD@DBK

ADIDAS : TP raised to €170 vs. 165 BUY @DBK

RANDSTAD: TP raised to €46 vs. 41, NEUTRAL @ JPM

TEMENOS : TP raised to CHF75 vs.71 @Credit Suisse

CREDIT AGRICOLE : initiated with BUY rating, TP 10.8€ @UBS

DANONE: TP cut to €69 vs. 70, HOLD @ Berenberg

BUREAU VERITAS: TP cut to €20 vs. 21.5 @ Credit Suisse



ESSILOR : TP cut to €128 vs. 130, BUY @Bryan Garnier

Technical Analysis

HIGHEST YTD : ALTICE, ARKEMA, BASF, EDENRED, EUROFINS, FORTUM, LAFARGEHOLCIM, PERNOD RICARD, RUBIS, SARTORIUS, TECHNIP, TELEPERFORMANCE, VALEO

LOWEST YTD : BRITVIC, ERICSSON, GETINGE, ROCHE HOLDING

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

Luxury Goods

Following several quarters of negative trend in Greater China, it seems that momentum is beginning to improve in Mainland China and even in Hong Kong (although at a less extent). We bet that worst is behind us and therefore we are more positive on hard luxury groups with a Buy for Richemont (vs Neutral) and Neutral on The Swatch Group (vs Sell).

Suez RATING : BUY-Top Picks Fair Value EUR17,5 (+23%)

Suez is set to report its Q3-16 results on October, 27th in the morning. After poor metrics reported in H1-16, we expect Suez's performance to go back to normal in Q3-16. We expect therefore Q3-16 company's EBIT to organically grow by 5.2%, notably spurred by self-help measures and strong growth in the international division. As a reminder, Suez's FY-16 guidance implies a 5%+ organic growth in EBIT in H2-16. We also expect Suez to unveil new measures as part of its transformation plan.

Essilor RATING : BUY Fair Value EUR128 vs. EUR130 (+22%)

Whilst the R&S recovered in Q3 (+6.9% LFL), the weak performance of North America (+1.5%) was the main negative point. This slowdown was marked by specific headwinds (TOI, expiration of some government supply programs, Coastal.com) but also by softer underlying trends in the optical market which has surprised the Group, as it has not identified the specific reasons for this slowdown. Hence the management remain cautious on this market for Q4 (~44% of the L&OI division). Our new FV of EUR128 vs. EUR130 reflects our adjustments on our FY16 growth assumptions.

Plastic Omnium RATING : BUY-Top Picks Fair Value EUR36 (+21%)

Last Friday we hosted Plastic Omnium (IR & Executive Vice President of Communications) during a breakfast organised with French investors. Global tone on short term was quite reassuring, with the group confirming Chinese and North American markets are so far still offering growth, thanks to new contracts, while sales growth on mid to long term would come from innovation mainly. Plastic Omnium remains our top pick for Q4-16. Buy rating confirmed with FV unchanged at EUR36/sh. Positive.

SAP RATING : NEUTRAL Fair Value EUR82 vs. EUR79 (0%)

We reiterate our Neutral rating and increase our DCF-derived fair value to EUR82 from EUR79, as we revise our adj. EPS ests. by +1% for 2017-18 and adjust our working capital assumptions. We deem more resilient than initially expected licence and maintenance revenues will offset the headwinds to the non-IFRS op. margin in 2017 caused by cloud revenue mix and cloud customers migrating to HANA. However we still do not see the operating margin taking off before 2018 and consider the stock is fairly valued.

Grifols RATING : NEUTRAL Fair Value EUR20 (+6%)

We reiterate our cautious stance a few days before the publication of Q3 16 results (November 8th). Consensus' estimates are quite high in our view, especially looking at the EBIT and EBITDA margins for the period and thus for the whole year. Given how demanding the valuation is our view (P/E 2017e: 20.9x), we stick to our Neutral rating. Our preference goes to SHP within the Pharma/Biotech segment. But for those seeing GFS as a medtech company, we would recommend a switch towards FRE SE.