



TODAY 03-11-11

NL (a.o.): ArcelorMittal, ING, Unilever, Corio (aft mkt), Arcadis, Delta Lloyd, Holland Colours, Sopheon, Ten Cate, Vastned, Wereldhave, Eurocommercial ex-div;

NL Tomorrow (a.o.): DAP ;

EUR (a.o.): BNP Paribas, Sanofi, BMW, Vinci, Swiss Re, Heidelberg Cement, Portugal Telecom, Metro, Aker, TGS;

EUR Tomorrow (a.o.): Alcatel Lucent, Lafarge, Hermes, Commerzbank, RBS;

FINANCE Credit / CDS HF's

- **Basel To Require Banks To Hold More Assets –FT** -- Banks will be forced to hold more capital and liquid assets to raise their resilience, according to draft rules by the Basel Committee on Banking Regulation, the Financial Times reported Wednesday. The draft largely reaffirmed previous proposals and will force banks to apply a 2% risk-weighting to their trade exposure to central counterparties, up from zero under current requirements, the report said. "To the extent that bank exposures to CCPs are appropriately capitalized, the financial system will be safer," the committee said, pointing out that bilateral derivatives will carry far higher capital charges. One of the changes made to the Basel III draft rules include allowing banks that do their clearing through other, usually larger, banks some leeway on the amount of capital they have to hold against those transactions, the newspaper reported. The rules would be finalized before the end of the year, the committee said. (DJ)
- **SEC Expects To File CDO Charges Against More Wall Street Firms –FT** -- The U.S. Securities and Exchange Commission is expecting to file more charges against Wall Street firms for allegedly misleading clients on assets included in collateralized debt obligations, the Financial Times reported late Wednesday, citing a senior enforcement official. "It's fair to say we're not at the end," Kenneth Lench, chief of the structured and new products unit in the SEC's enforcement division, told the newspaper in a recent interview. "There will be a handful of additional cases, I believe, over the next several months." (DJ)
- **ISDA Defends Transparency Of CDS, Lambasts Bloomberg Columnist** --The International Swaps and Derivatives Association, which will play a central and potentially controversial role in the euro zone's solution to its debt crisis, took the unusual step of denouncing a column on the potential dangers of the credit default swaps Wednesday. In a harshly-worded blog item emailed to media outlets and titled "It's Time to Stop the Nonsense," the ISDA took Bloomberg Views columnist Mark Buchanan to task for arguing that "unregulated" CDS create dangerous systemic risks because they are "mostly arranged 'over-the-counter,' and not traded on any exchange or recorded by any central information repository." "Really?" countered the ISDA, a trade body that acts as the worldwide arbiter on when investors can claim a payout on CDS contracts that are designed to insure against a bond issuer going into default. "Does the author not know about DTCC's CDS Trade Information Warehouse? ...It's only been up and running since 2008, capturing more than 98% of all CDS transactions." The association implied that Buchanan's remarks were part of a general trend of misguided commentary on the topic, declaring that "It's hard to overstate the amount of nonsensical chatter on credit default swaps in the past few days." (DJ)
- **[yday] G-20 Doesn't Support EU Transaction Tax, U.K.'s Osborne Says** -- Global finance ministers don't support a proposed European Union tax on financial transactions, U.K. Chancellor of the Exchequer George Osborne told banks in a letter addressing their concerns over the levy. Osborne said it was clear after a meeting of Group of 20 finance ministers in France last month "that the necessary international consensus does not exist" to implement such a tax globally. The U.K. government has argued that any tax can only be viable if applied worldwide. "I have also noted with concern the significant negative impact on growth and jobs that the commission's analysis sets out," Osborne said in the letter dated Oct. 31 obtained by Bloomberg News. "For these reasons, the U.K. government does not support" the European Commission's proposal, Osborne said. (BN)
- **Denmark's Bank Industry Outlook Remains Negative, Moody's Warns** -- The outlook for Denmark's banks continues to be negative as the industry struggles to survive the fallout of a sluggish economy, stagnant credit growth and declining housing prices, Moody's Investors Service said. "Given the current economic conditions, our main concern is how asset quality will evolve over the outlook horizon," Moody's said in a statement published late yesterday. "The outlook expresses Moody's expectations for the fundamental credit conditions in this sector over the next 12-18 months." (BN)
- **Bernanke and Banks Tested By Latest Market Strains** -- Three years after the global financial crisis, and a year after a U.S. regulatory overhaul, the world economy remains vulnerable to hazards that nearly broke the banking system last time. Federal Reserve officials worry that investors could rush out of the \$2.6 trillion money-market mutual-fund industry, where millions of Americans park their savings and where the world's banks come for short-term loans. There are still no rules among nations for picking up the pieces after the collapse of a global financial giant. Banks have been on a roller coaster for months. And governments can no longer afford a rescue. "Concerns about European fiscal and banking issues have contributed to strains in global financial markets," Fed chairman Ben Bernanke said Wednesday in a news conference. Those concerns, he added, were "likely to have adverse effects on confidence and growth." The collapse this week of MF Global Holdings Ltd., a Wall Street securities firm, reflected the reach and quick temper of the global market. Bad bets on European debt triggered a customer exodus that in days led to a filing for bankruptcy protection. (WSJ)
- **BNP Paribas Third-Quarter Profit Declines 72% on Greek Writedown** -- BNP Paribas SA, France's largest bank, said third-quarter profit fell 72 percent because of a writedown on Greek sovereign debt and losses from selling European government bonds. Net income declined to 541 million euros (\$741 million)
- from 1.91 billion euros a year earlier, the Paris-based company said in an e-mailed statement today. That missed the 1.24 billion-euro average estimate of 13 analysts surveyed by Bloomberg. The bank took a 2.26 billion-euro pretax writedown on Greek sovereign debt in the period. (BN)
- **BNP Paribas Can Withstand 'Another Hit' In Greece, Prot Says** -- BNP Paribas SA would be able to absorb more losses from its holdings of Greek sovereign debt, Chief Executive Officer Baudouin Prot said. "We can certainly withstand another hit," Prot said in a Bloomberg Television interview in Paris. "I hope this country will enact the agreement," he said, referring to a new support package agreed on last week by European Union leaders. BNP Paribas has a "residual exposure" of about 1.6 billion euros to Greek government debt, the CEO said. The bank today said it took a 2.26 billion-euro pretax writedown on Greek sovereign-debt holdings in the third quarter.(BN)

EUR Ex-div (a.o.): - ;

EUR Ex-div Tomorrow (a.o.):Orkla ;

MACRO:

13:30 US Nonfarm Productivity, Unit Labour Costs, Jobless claims

13:45 ECB Announces Interest Rates

14:30 ECB's Draghi speaks at monthly conference

15:00 US ISM Non-Manf., Factory Orders

US ICSC Chain Store Sales



- **ING Has Third-Quarter Net of 1.69 Billion Euros, Will Cut Jobs** -- ING Groep NV, the largest Dutch financial-services company, had third-quarter net income of 1.69 billion euros. The average estimate was for 1.52 billion euros of profit in a Bloomberg survey of 12 analysts. "As income is coming under pressure, we must renew efforts to reduce expenses across the group to adapt to the leaner environment and maintain our competitive position," the Amsterdam-based bank and insurer said today. "It is inevitable that these measures will lead to redundancies of about 2,000 internal and 700 external jobs," ING said. (BN)
- **Swiss Re Net Doubles on Premiums, Fewer Catastrophe Losses** -- Swiss Re Ltd., the world's second- biggest reinsurer, said third-quarter profit more than doubled after fewer claims from natural catastrophes and as property and casualty premiums rose. Net income climbed to \$1.35 billion from \$618 million a year earlier, the Zurich-based reinsurer said today in an e- mailed statement. That beat the \$539 million average estimate of nine analysts surveyed by Bloomberg. (BN)
- **Standard Chartered Sees Signs of Rivals Withdrawing, Bindra Says** -- Standard Chartered Plc is seeing early signs that some international competitors are withdrawing from its markets, Asia Chief Executive Officer Jaspal Bindra said. That "not only allows us more market share but also allows us the opportunity to reprice upwards," Bindra said in a televised interview in Singapore today. The U.K. company also has no immediate plans to move its headquarters from London, he said. (BN)
- **Macquarie Said to Shut Part of Hong Kong Equity Derivatives Arm** -- Macquarie Group Ltd. closed part of its equity derivatives operations in Hong Kong, cutting seven jobs, said two people with knowledge of the matter. Olaf Kasten, head of equity derivatives trading for Asia, is among those who left Macquarie, the people said. Macquarie is moving away from trading equity index derivatives for institutional clients, while keeping the operations that cater to retail investors, said one of the people, who declined to be identified because the information is private. (BN)
- **SEC Probes MF Global, Corzine for Misleading Statements – WSJ** -- The Securities and Exchange Commission is investigating MF Global Holdings Ltd., and Chief Executive Officer Jon Corzine, the Wall Street Journal said, citing people familiar with the matter. * SEC is investigating to see if MF or Corzine made misleading statements about the \$6.3 billion bet on European sovereign debt that caused the company to seek protection from creditors. * SEC itself faces scrutiny over its scrutiny of MF Global. * SEC officials went to MF Global's offices only in recent days. * Still trying to determine fate of missing \$600 million * SEC probe at early stage, may not lead to charges. (BN)
- **[yday] MF May Have Transferred Customer Money After Audit, CME Says** -- MF Global Holdings Ltd. may have transferred customer money last week following an audit by CME Group Inc., which has regulatory authority over the futures broker. The transfer "may have been designed to avoid detection in so far as MF Global did not disclose or report such transfers" to the Commodity Futures Trading Commission or CME Group, the Chicago-based exchange owner said. (BN)
- **[yday] Eurex Futures Exchange Winds Down All MF Global Positions** -- Eurex, Europe's largest futures exchange, said positions taken by MF Global Holdings Ltd., have been "successfully wound down" after the U.S. futures broker filed for bankruptcy protection. "Eurex Clearing terminated the clearing agreement with MF Global on Nov. 1," the exchange said in an e-mailed statement today. "The termination triggered the liquidation of corresponding positions at Eurex Clearing by way of market transactions; the exposure was at all times fully covered by collateral placed by MF Global. At no time there was a need to draw on the clearing fund." (BN)
- **Abu Dhabi Banks Stronger Than Dubai on Loan Growth: Arab Credit** -- Abu Dhabi banks are posting stronger earnings than Dubai-based lenders as lending in the United Arab Emirates' capital increases and the highest provisions for more than a year curb profit for banks in the second-largest emirate. Abu Dhabi's three largest banks posted better-than- expected profit in the third quarter, while Dubai-based Emirates NBD PJSC, the U.A.E.'s biggest lender by assets, missed estimates. Provisions for non-performing loans in the the Persian Gulf nation rose 14 percent in the first nine months of 2011 to 50.4 billion dirhams (\$13.7 billion), the highest since at least April 2010, when Bloomberg began tracking the country's banking data. (BN)
- **[yday] Dubai Group 'lagging' on \$10bn debt interest payments** -- Dubai Group, part of Dubai Holding, has not paid interest on \$10bn of debts for more than a year, threatening the profits of Middle Eastern banks, Reuters has reported, citing sources involved in the company's restructuring. Dubai Group is working hard towards a consensual agreement with banks and expects to provide further details in the coming months, a spokeswoman said, confirming that interest was being rolled up with the principal. "Facilities are being de facto rolled over throughout restructuring negotiations so that a consensual agreement can be reached to the benefit of all stakeholders," she added. (R)
- **Turkey's Tax Change Paves Way for Sukuk Sales: Islamic Finance** -- Islamic bond sales from Turkey are picking up pace after the government changed its tax law to apply the same rates to sukuk as non-Islamic debt. Two banks, Asya Katilim Bankasi AS and Albaraka Turk Katilim Bankasi AS, plan to sell as much as \$500 million in Shariah-compliant debt after Kuveyt Turk Katilim Bankasi AS, a unit of Kuwait Finance House KSC, offered \$350 million of five- year sukuk Oct. 20. (BN)

TECH/TELCO

- **Qualcomm Gains After Forecasts Top Estimates on Smartphone Surge** -- Qualcomm Inc. shares rose in late trading after the biggest maker of mobile-phone chips forecast higher fiscal 2012 sales than analysts had predicted, adding to evidence of robust demand for smartphones. Sales for the year ending in September 2012 will be \$18 billion to \$19 billion, the San Diego-based company said yesterday in a statement. That compares with an average analyst estimate of \$17.3 billion, according to Bloomberg data. Qualcomm shares rose as much as \$5.06, or 9.7 percent, to \$57.24 in extended trading after the report (BN)
- **AT&T Seeks Sprint Plans to Compete Following T-Mobile** -- AT&T Inc. asked a judge to compel Sprint Nextel Corp. to turn over documents regarding its plans to compete in the wireless phone industry after a decision is made on AT&T's proposed purchase of T-Mobile USA Inc. AT&T in a filing today in U.S. District Court in Washington listed 47 areas of interest, including whether Sprint had any plans for a "business combination" with T-Mobile if the AT&T transaction is blocked. AT&T says it needs the documents to defend against the U.S. Justice Department's antitrust lawsuit seeking to stop the T-Mobile deal. (BN)
- **LG Electronics Said to Plan 1 Trillion Won in New Share Sale** -- LG Electronics Inc., reeling from losses at its panel and mobile-phone units, plans to sell new shares worth 1 trillion won (\$884 million) to raise capital for investments, according to a person with knowledge of the plan. (BN)

RESEARCH UPDATES

Citi named **Heineken** as least preferred stock, replacing **Diageo**; SocGen initiated **TNT Express** at Sell;



ENERGY, UTILITIES AND COMMODITIES

- **Oil Drops After Europe Freezes Greek Aid, U.S. Stockpiles Rise** -- Oil fell, paring yesterday's gains, on speculation that Greece's referendum on a bailout agreement threatens to intensify the European debt crisis and derail the region's economy. Futures slid as much as 1.5 percent after leaders in Europe severed aid payments to Greece and warned that the country will surrender all payments if it votes against a rescue package agreed to last week. Brent crude's technical indicators are bearish in the near-term amid "significant" downside risks to demand, according to Standard Chartered Plc. U.S. oil and gasoline inventories rose more than forecast last week. Crude for December delivery fell as much as \$1.37 to \$91.14 a barrel in electronic trading on the New York Mercantile Exchange and was at \$91.78 at 12:12 p.m. in Singapore. The contract gained 32 cents yesterday to close at \$92.51, the highest settlement since Oct 31. Oil is up 0.4 percent this year. Brent for December settlement traded 59 cents lower at \$108.75 a barrel on the London-based ICE Futures Europe exchange. Brent's premium to New York crude was \$17.34 a barrel, compared with \$16.83 yesterday and a record \$27.88 on Oct. 14. (BN)
- **Saudi Aramco Raises December Crude Differentials to U.S.** -- Saudi Arabian Oil Co., the world's largest crude exporter, raised official selling prices for the U.S. and Northwest Europe for deliveries in December, and lowered most differentials for Asia, according to a person familiar with the pricing decision. (BN)
- **Iran to Reduce Oil Premiums to Asia From Records on Saudi Cuts** -- National Iranian Oil Co. is poised to reduce price premiums for December crude sales to Asia for the first time in three months after cuts by Saudi Arabia yesterday. The Tehran-based state oil company will drop Iranian Light by 20 cents to \$2.74 a barrel above the average of Oman and Dubai grades, a Persian Gulf benchmark price, based on its formula linking the crude to Saudi prices. Saudi Arabian Oil Co. yesterday lowered Arab Light, its largest grade by volume, by the same amount, according to an e-mailed statement. Each grade was previously at the highest premium in Bloomberg records going back to 2000. (BN)
- **Shell, Total To Expand India LNG Terminal Capacity In 2012** -- Royal Dutch Shell PLC and France's Total SA plan to expand capacity of their liquefied natural gas terminal in western India by more than a third, buoyed by strong demand for the fuel in the country, a senior Shell executive said. "We are indeed expanding capacity at our LNG terminal [in a joint venture with Total] at Hazira to 5 million tons from 3.6 million tons. This will come online early in the second quarter of 2012," Deepak Mukarji, Shell's country head of corporate affairs in India said in an e-mail to Dow Jones Newswires Wednesday. (DJ)
- **Xenon at Fukushima Plant Isn't From Critical Nuclear Reaction** -- Tokyo Electric Power Co. said the No. 2 reactor at its destroyed Fukushima Dai-ichi nuclear station isn't in a critical state after the company detected signs of nuclear fission. (BN)
- **ArcelorMittal 3Q Ebitda Misses Est.; 4Q May See Price Pressure** -- 3Q Ebitda \$2.41b vs est. \$2.5b (lowest est. \$2.3b). * 3Q IFRS net \$659m vs est. \$831m * 3Q sales \$24.2b vs est. \$23.5b * 3Q Ebitda per ton down to \$114/t from \$154/t in 2Q * 4Q steel shipments to be lower than 3Q on customers' "wait and see" approach * Net debt at end 2011 to be higher than end 3Q level (BN)
- **Aperam Posts Third-Quarter Loss as Stainless-Steel Demand Wanes** -- Aperam, the stainless-steel producer spun off by ArcelorMittal, posted a third-quarter loss after it sold less metal and prices fell. The net loss was \$41 million in the period compared with a \$2 million profit in the prior three months, the Luxembourg-based company said today in a statement. Revenue slumped 11 percent to \$1.52 billion as stainless steel shipments were 18 percent lower. (BN)
- **U.K. Should Include Shipping Emissions in Budgets, Adviser Says** -- The U.K. government should include shipping emissions when it sets national greenhouse gas limits, recommended the nation's Committee on Climate Change. Unless the country accounts for shipping emissions in its so-called carbon budgets to help cut pollution by industry, the sector's greenhouse gas output might reach 11 percent of all emissions allowed by 2050, David Kennedy, chief executive officer of the London-based committee set up to establish climate-protection targets, told reporters by phone. (BN)
- **Denmark to Withdraw Lomborg Subsidy in New Bill, Borsen Says** -- Denmark's new government will withdraw a 9 million-krone (\$1.7 million) subsidy that the previous administration had given climate-change skeptic Bjoern Lomborg's Copenhagen Consensus Center, newspaper Borsen reported. The money will instead go toward projects such as trying to prevent flooding that is linked to climate change, Environment Minister Ida Auken said, according to the Copenhagen-based newspaper. (BN)
- **China Solar Boom Edges U.S. Technology Backed by \$5.5 Billion** -- China's success in wresting control of the solar industry is erasing an advantage for U.S. suppliers led by First Solar Inc., which use a rival technology supported with \$5.5 billion in government loan guarantees. First Solar, the largest U.S. solar maker, for 12 years has tinkered with a process that sandwiches a film of toxic cadmium telluride between panes of glass to harness the sun's power. The Chinese in contrast recently started manufacturing the polysilicon-based cells found in 90 percent of panels sold worldwide and best known for powering the common calculator. First Solar prospered as surging costs for polysilicon prevented the Chinese from dominating the global panel market, worth \$33 billion last year. The tables turned as Chinese manufacturers led by GCL-Poly Energy Holdings Ltd. and LDK Solar Co. ramped up production, pushing the cost of the raw material down 90 percent. That's gutting margins across the industry and forcing First Solar to reduce prices. (BN)

NETHERLANDS / AEX NEWS

- **Unilever Reports Third-Quarter Underlying Sales Growth of 7.8%** --Unilever, the world's second-largest consumer-goods maker, reported third-quarter underlying sales growth that beat estimates. So-called underlying sales, which exclude the effect of acquisitions and currency fluctuations, rose 7.8 percent, according to a statement on Euronext's Web site. The median estimate of 10 analysts was for a 6.2 percent revenue increase. (BN)
- **Unilever Says Profitability May Drop in 2011 Amid Higher Costs** -- Unilever, the world's second-biggest consumer-goods company, said profitability might fall this year amid higher prices for raw materials. The company's underlying operating margin may be unchanged or fall "slightly" in 2011 Unilever said. "In 2011, we have sought to mitigate the impact of commodity inflation on consumers by pricing to recover cost rather than to maintain margin," Chief Executive Officer Paul Polman said in the statement. Unilever's pricing growth in the quarter was 5.8 percent. The company has introduced new products such as Colman's instant gravy paste to attract customers, while paring back price cuts it offered during the global financial crisis. (BN)
- **[yday] Central bank launches onslaught on 'destabilising' mortgage tax relief** -- The Dutch central bank has called on the government to limit the tax breaks for mortgage holders, saying the current system is damaging the country's financial stability. The Dutch system is one of the most generous in Europe -- home owners can fully deduct all the interest from tax for 30 years - and the current government has pledged to leave it untouched. However, the structure of the housing market makes households and banks vulnerable to shocks, the central



bank said in its half-yearly report on the financial stability of the Netherlands. 'The large mortgage debt in the Netherlands (128% of GDP) reflects the current fiscal regime, which encourages households to take out maximum loans and make minimum repayments,' the bank says. While mortgage rules were tightened up earlier this year, as a logical next step, interest-only mortgages should be discouraged. This, it says, would encourage people to make higher repayments. Politicians and interest groups were quick to condemn the bank's proposals. (DutchNews)

M&A and OTHER CORPORATE NEWS

- **Asian Stocks Decline as Europe Leaders Withhold Greece Aid** -- Asian stocks declined as European leaders withheld aid to Greece after the country said it will hold a referendum on a bailout package and the U.S. Federal Reserve cut its forecast for the world's biggest economy. HSBC Holdings Plc, Europe's biggest lender, dropped 2.7 percent in Hong Kong on speculation a default by Greece will threaten bank earnings. United Overseas Bank Ltd., Singapore's No. 3 lender by market value, sank 3.5 percent after posting profit that missed estimates. LG Electronics Inc., the world's third-biggest mobile phone maker, slumped 14 percent in Seoul after the Wall Street Journal reported the company is planning a 1 trillion won (\$886 million) share sale. The MSCI Asia Pacific Excluding Japan Index slipped 1.6 percent to 411.52 as of 1:55 p.m. in Hong Kong. The measure gained 13 percent last month, the most since May 2009, as Europe appeared to be closing in on a deal to contain its debt crisis, reports showed the U.S. economy grew faster and China hinted at easier monetary policy. South Korea's Kospi Index declined 1.5 percent. Australia's S&P/ASX 200 lost 0.3 percent. Japanese markets were closed today for a holiday. Hong Kong's Hang Seng Index dropped 1.9 percent as property developers slid after home sales fell. (BN)
- **U.S. Stocks Advance as Fed Says It May Act to Safeguard Recovery** -- U.S. stocks advanced, rebounding from a two-day drop in the Standard & Poor's 500 Index, as the Federal Reserve said economic growth strengthened and it is prepared to take action if needed to safeguard the recovery. Gauges of commodity and financial shares had the biggest gains in the S&P 500 among 10 industries, rising at least 2.2 percent. Bank of America Corp., Chevron Corp. and Alcoa Inc. rallied more than 2.4 percent. MasterCard Inc. jumped 7 percent as profit beat analysts' estimates. MF Global Holdings Ltd. tumbled 79 percent in its first day of over-the-counter trading after the futures brokerage filed for bankruptcy, prompting the New York Stock Exchange to delist the shares. The S&P 500 increased 1.6 percent to 1,237.90 as of 4 p.m. New York time. The benchmark gauge for American equities fell 5.2 percent over the previous two days. The Dow Jones Industrial Average added 178.08 points, or 1.5 percent, to 11,836.04 yesterday. (BN)
- **U.S. Stock Futures Slide as Europe Cuts Greece Aid on Vote Plan** -- U.S. stock futures fell, indicating the Standard & Poor's 500 Index may retreat for a third time in four days, after European leaders suspended aid payments to Greece as that country initiated a referendum on a bailout. S&P 500 contracts expiring in December dropped 1 percent to 1,222.3 at 11:52 a.m. in Hong Kong. Futures on the Dow Jones Industrial Average slid 0.9 percent to 11,663. The MSCI Asia Pacific excluding Japan Index dropped 1.2 percent. (BN)
- **EUROPE** -- European investors, recoiling from the turmoil surrounding Greece, are likely to sell the bourses lower Thursday. For Thursday's opening, Cantor Index is calling the FTSE down 54 at 5430, the DAX down 92 at 5873, and the CAC off 37 at 3073. (DJ)
- **Metro Says Meeting Annual Target Depends on Christmas Trading** -- Metro AG, the biggest German retailer, said meeting its full-year profit forecast depends on business at Christmas being "considerably better" than a year ago. The owner of Kaufhof department stores said 10 percent earnings growth before special items is achievable under those terms, according to a statement from the Dusseldorf-based retailer today. If Christmas spending is "normal," growth will be at least 5 percent, the company said. Metro today reported third-quarter adjusted net income of 190 million euros, falling short of analysts' expectations for profit on that basis of 255.9 million euros as consumers reined in spending amid the European debt crisis. The company confirmed its revised sales forecast for the financial year 2011, saying that revenue will rise from the year-earlier level after adjusting for portfolio changes. That forecast assumes a "distinct" pick-up in sales in the fourth quarter. (BN)
- **Ex-Porsche Chief Backs Signa's Kaufhof Bid, Handelsblatt Reports** -- Wendelin Wiedeking, former chief executive officer of Porsche SE, is a shareholder in Signa Holding GmbH and a backer of the Austrian real estate group's acquisition talks with Metro AG for the Kaufhof department-store chain, Handelsblatt reported, citing Signa founder Rene Benko. (BN)
- **Kraft Profit Beats Analysts' Estimates on Higher Prices** -- Kraft Foods Inc., the food company planning to split in two next year, reported a third-quarter profit gain that topped analysts' estimates and raised its full-year earnings forecast after boosting prices on some products. Net income rose 22 percent to \$922 million. (BN)
- **BMW 3Q Ebit Beats, Rev. Misses; Profit Outlook Reaffirmed** -- BMW 3Q Ebit EU1.72b, est. EU1.58b. Sales EU16.5b, est. EU16.8b. * Outlook reaffirmed for 2011 profit to improve significantly y/y (BN)
- **IAG Is Frontrunner In Talks To Buy Lufthansa's BMI -FT** -- International Airlines Group is in "detailed talks" with Deutsche Lufthansa AG to buy its U.K. subsidiary BMI British Midland, the Financial Times reported Wednesday, citing people familiar with the situation. An outline deal could be reached this month, which might then require regulatory approval, the people told the newspaper. (DJ)
- **Pearson Reaffirms Guidance for Full Year as 9-Month Sales Rise** -- Pearson Plc said in a statement today that it reaffirmed its guidance for the full year in spite of economic conditions. The company expects full year adjusted EPS of about 83 pence compared with a previous figure of 80 pence. Nine-month sales rose 6 percent and operating profit for the period rose 13 percent. (BN)
- **GlaxoSmithKline Reaches Settlement With US Government** -- Research-based pharmaceutical and healthcare company GlaxoSmithKline PLC said Thursday it has reached an agreement in principle to resolve multiple investigations with U.S. Government and will pay about \$3 billion, subject to negotiation of specific terms, and covered by existing legal provisions. (DJ)
- **Sanofi 3Q Net Profit Up 26% On Year; Boosted By Emerging Markets** -- France's top drug maker Sanofi SA reported Thursday a 26% rise in third-quarter net profit, lifted by sales in emerging markets and new growth platforms. The Paris-based pharmaceutical major said its net income attributable to equity holders stood at EUR2.03 billion in the quarter ended Sept. 30, compared with EUR1.61 billion in the same quarter last year. Sanofi's business net profit--the term it uses for adjusted income excluding items such as impacts associated with acquisitions--for the third quarter was EUR2.4 billion, down 3%, as new generic competition in the U.S. and Europe and adverse currency fluctuations hit earnings. These results are in line with forecasts which expected the company to report a business net profit of EUR2.36 billion, according to a poll of 10 analysts conducted by Dow Jones Newswires. (DJ)



- **CAC Index Adjustment(s):** -- Following the share repurchase tender offer by Bouygues, NYSE Euronext hereby confirms the following adjustments for Bouygues in the CAC40 index: Bouygues: New number of shares in the index: 314,646,340 New free float factor: 60 % Adjusted close price for 2 November 2011: €26.8860917046886 New divisor of the CAC40 index: 183,583,771.509163 (Euronext)
- **Marsh & McLennan CEO Says Corporate Cash Hoards to Fuel Growth** -- Marsh & McLennan Cos. Chief Executive Officer Brian Duperreault said businesses that built cash hoards while politicians grappled with budget deficits are poised to expand if governments can "clear up the uncertainty." (BN)
- **'Makes Sense' for Cos. to Return Capital, Citi's Buckland Says** -- Citi's Robert Buckland says regional strategists expect more de-equitisation. * Highlights stocks set to benefit incl. IBM, Autozone, Bouygues, Reckitt Benckiser, Daito Trust, UMC (BN)
- **Dividend Swaps Signal No U.S. Recession as European Crisis Boils** -- Investors don't see a U.S. recession in the next 12 months, based on dividend swaps that indicate consumption of services may grow 1.8 percent by November 2012. The annualized forecast as of yesterday held in the 11- month range of 1.8 percent to 2.2 percent, according to the four authors of a National Bureau of Economic Research report. They derived the estimates using "standard forecasting techniques" to calculate equity yields from dividend-swaps contracts, said Jules van Binsbergen, a faculty research fellow at the NBER and one of the authors. "Equity yields are not predicting a double-dip recession, but rather a continuation of modest growth," said van Binsbergen, an assistant professor at Northwestern University Kellogg School of Management in Evanston, Illinois, and Stanford University Graduate School of Business in California. Dividend swaps, which are traded over-the-counter in the U.S. for the Standard & Poor's 500 Index, offer "very valuable" information about consumption-growth expectations because they are "very responsive to what's happening in the real economy," said Evert Vrugt, a Singapore-based quantitative trader at Invenio, part of Olam International Ltd., who bought and sold dividend contracts when he worked at Amsterdam-based APG Asset Management. (BN)

MACRO / GEOPOLITICS

- **EU suspends €3bn in Greek aid** -- European leaders suspended an overdue tranche of €3bn in international aid to Athens and demanded Greece make a clear decision on whether it wanted to leave the eurozone at a dramatic meeting on the sovereign debt crisis on Wednesday night. Under strong pressure from French president Nicolas Sarkozy and Angela Merkel, the German chancellor, Greek prime minister George Papandreou agreed to bring forward a planned referendum on the issue to as early as December 4. He said the referendum would be about Greece's continued membership of the eurozone, not just about €130bn rescue plan agreed after painstaking negotiations at a Brussels summit last month. "This is not a question of only a programme," Mr Papandreou said. "This is a question of whether we want to remain in the eurozone." (FT)
- **Venizelos Says Greek Euro Membership Can't Depend on Referendum** -- Greece's Finance Minister Evangelos Venizelos said that his nation's membership in the euro region cannot depend on a referendum, after Germany's leader said a Greek vote on the bailout program would revolve around whether it stays in the euro. "Greece's position within the euro area is a historic conquest of the country that cannot be put in doubt," Venizelos said in a e-mailed statement after his arrival in Cannes, France. "This acquis by the Greek people cannot depend on a referendum." German Chancellor Angela Merkel told reporters hours before a Group of 20 summit set to begin today in Cannes that "the referendum will revolve around nothing less than the question: does Greece want to stay in the euro, yes or no?" (BN)
- **Greek PM: We Will Have A Yes Vote In The Referendum** --Greek Prime Minister George Papandreou said Tuesday he is confident Greeks will vote "yes" for the country to continue being part of the euro zone in a referendum on Dec 4, and to accept further austerity measures. "The Greek people are wise and capable of making the right decisions for the benefit of our country," Papandreou said. "A positive decision by the Greek people is not only a positive decision for Greece, it is a positive decision for Europe I want to say that we will have a yes (vote)in the referendum. (DJ)
- **Juncker Says Doesn't Want Greece to Remain in Euro At Any Cost** -- Luxembourg's PM and head of euro-area group of finance ministers Jean-Claude Juncker says on ZDF Television that he can't ride "permanent roller-coaster" with Greece while saying he wants Greece to stay in the euro area. * Says it's up to Greeks to decide on euro membership * Says will do everything to avoid contagion in the euro area. (BN)
- **China Vice Fin Min: Can't Invest Yet In Expanded EFSF** --China cannot commit yet to investing in an expanded European Financial Stability Facility, the euro zone's bailout fund, the country's Vice Finance Minister Zhu Guangyao said Wednesday. European Union leaders agreed last week on a new set of plans to resolve the currency bloc's debt crisis, including debt relief for Greece, a pledge to recapitalize banks and leverage tools to boost the capacity of the EFSF through a special fund and an insurance scheme for sovereign bonds. Details on the new fund are scant, but European leaders are seeking to partly fund the expansion with investments from cash-rich emerging economies such as China. "Currently there are no technical details yet on these two new [EFSF] mechanisms, so there is no question of talking about investment," Zhu said on the eve of a summit of leaders from the Group of 20 leading industrialized and developing nations. (DJ)
- **[yday] Heard On The St:EFSF Bond-Sale Delay Raises Stakes** -- It certainly doesn't look good. The euro zone's bailout fund was forced to put a planned 3 billion euro10-year bond sale on hold Wednesday after the extraordinary volatility caused by Greek Prime Minister George Papandreou's referendum bombshell. Investors shouldn't read too much into the delay. But the European Financial Stability Facility needs the deal to be a success when it does come to market, which is now expected next week at the earliest. (WSJ)
- **China Help for Europe Could Reach \$100B, Li Daokui Tells Figaro** -- China's intervention in the European debt crisis could be worth as much as \$100 billion, Li Daokui, an adviser to the People's Bank of China, told French daily Le Figaro in an interview. In exchange, China expects at the minimum a better understanding of its interests, Li Daokui told the newspaper. He added that he didn't know whether subjects such as reducing pressure to revalue the yuan are being discussed. (BN)
- **G-20 Debates Whether to Press China for Greater Yuan Flexibility** -- The Group of 20 is debating whether to include a reference to China's currency in a joint statement by leaders following their two-day summit in Cannes, France, according to an official from a G-20 nation. A draft of the communique singled out China as needing to allow more flexibility in its currency to help ease global trade and investment imbalances, the official said on condition of anonymity because discussions on the statement haven't finished. The official wasn't convinced the citation will remain in the final version because of opposition from Chinese officials. The statement is scheduled for release tomorrow. (BN)



- **Yuan Gains as Central Bank Sets Record Fixing Rate Before G-20** -- China's yuan advanced the most in a week as the central bank set a record daily reference rate and signaled before the Group of 20 summit that it will increase moves in the exchange rate. The People's Bank of China set the reference rate 0.16 percent stronger at 6.3198 per dollar, the highest level since July 2005. The government remains open to increased flexibility of the yuan, Zhang Tao, director general of the international department of the People's Bank of China, said yesterday before the meeting in Cannes, France. Inflationary pressure in China is still high, Phoenix News Media reported yesterday, citing Chinese Vice Minister of Finance Li Yong. (BN)
- **China's Non-Manufacturing Industries Expand at Slower Pace** -- China's non-manufacturing industries grew at a slower pace in October as weakness in investment in real estate and railways offset strength in consumer demand, a survey indicated. A purchasing managers' index fell to 57.7 from 59.3 in September, the China Federation of Logistics and Purchasing said on its website today. The gauge, released with the statistics bureau, includes construction. (BN)
- **Draghi May Resist Calls to Step Up ECB Stimulus at First Meeting** -- Mario Draghi's first act as European Central Bank President may be to remind investors he's not there to bail out governments. As Europe's debt crisis worsens, Draghi, who chairs his inaugural policy meeting in Frankfurt today, will resist pressure to increase the central bank's commitment to buying the bonds of distressed euro-area states, economists said. The ECB will also keep its benchmark interest rate at 1.5 percent, according to 49 of 55 forecasts in a Bloomberg News survey. The ECB is being asked to do more and more to stem the crisis as European leaders struggle to find a solution. Greece's surprise decision to hold a referendum on its second rescue package fueled investor concerns about the future of the 17-nation currency bloc, sending yields on Italian bonds soaring to euro-era records. Irish Finance Minister Michael Noonan said yesterday the ECB needs to use a "wall of money" to stop the crisis spreading. (BN)
- **[Yday] Dutch financial stability outlook is 'worrying', says central bank** -- The outlook for financial stability in the Netherlands is worrying and places high demands on institutions and policymakers, the Dutch central bank said in its half-yearly statement on the economy on Wednesday. The European debt crisis and the weak global economic recovery are currently the biggest threats while in the Netherlands itself, the structure of the housing market makes households and banks vulnerable to shocks, the central bank says. One positive development is that Dutch banks have considerably improved their capital position since the outset of the crisis. This is due to market pressure and because of higher supervisory requirements. (DutchNews)
- **Noonan Says Peak Level of Irish Debt to Be Lower Due to Error** -- Irish Finance Minister Michael Noonan said today the projected peak level of government debt will be lower than previously forecast because of a double counting error, without providing details. The government's 2010 debt figure of 148 billion euros, as reported to European authorities, was overstated by 3.6 billion euros because of the calculation error, Noonan said in the Dublin parliament today. The government's 2010 debt to gross domestic product ratio has been revised to 92.6 percent from the previously stated 94.9 percent, he said. Ireland's bailout partners have been notified of the error, which won't affect the government's budget plans, he said. Further details of debt forecasts will be released Nov. 4, Noonan said. (BN)
- **Record Unemployment May Derail EU Rescue Efforts: Euro Credit** -- The highest unemployment rate since the euro's debut in 1999 may hamper efforts by the currency's most indebted nations to reduce deficits, keeping bond yields close to record premiums relative to German securities. The region's jobless rate reached 10.2 percent in September, approaching the highest levels since 1998. Spanish joblessness surged in the third quarter to a 15-year high of 21.5 percent in an economy suffering its worst recession in six decades. About 14.3 percent of Ireland's workforce is idle, compared with 6.9 percent in Germany and 4.5 percent in the Netherlands. (BN)
- **Danish Government Sees \$17.7 Billion Deficit in 2012, DR Says** -- Denmark will have a 96 billion-krone (\$17.7 billion) public deficit next year, a shortfall the new government will try to offset by making it more expensive to buy unhealthy foods, broadcaster Danmarks Radio said. The Finance Ministry is due to release its economic outlook and budget estimate later today. (BN)
- **Fed forecasts low inflation to 2014** -- The US Federal Reserve predicted slower growth and higher unemployment in the world's largest economy while also expressing concern about Europe's debt crisis. The Fed cut its central forecast of growth in 2012 from the 3.5 per cent it expected in June to 2.7 per cent and said it expects unemployment to remain above 8.5 per cent at the end of next year. Inflation is set to remain between 1.5 and 2 per cent in 2012, 2013 and 2014. That compares with the central bank's unofficial goal of "2 per cent or a bit below" and suggests it has further room to ease monetary policy. (FT)
- **Bernanke Gives Push to New Stimulus as Officials Lower Outlook** -- Federal Reserve Chairman Ben S. Bernanke signaled additional monetary stimulus may be needed to lower U.S. unemployment as policy makers projected little acceleration in growth after last quarter's pickup. Potential actions are "on the table," including a third round of securities purchases, extending the period of record-low interest rates or being more specific about when rates would rise, Bernanke said at a press conference yesterday after officials met for two days in Washington. Stocks added to gains while the dollar weakened against the euro. Bernanke warned that economic improvement will probably be "frustratingly slow," with policy makers forecasting a 1 percentage-point drop in the jobless rate to about 8 percent over two years. The chairman said buying mortgage bonds is a "viable option," comments that give the idea an "extra push" and increase already-high odds of the move, said Neal Soss, chief economist at Credit Suisse in New York. (BN)
- **Fed promises to focus on jobs to tackle inequality** -- US central bank backs away from targeting growth rather than inflation and jobs. The chairman of the Federal Reserve, Ben Bernanke, promised to focus the efforts of the US central bank on reducing unemployment, telling the Occupy Wall Street movement that job creation is the best way to tackle its concerns over inequality. But he added that growing inequality was an intractable issue that stretched back 30 years, and urged protesters not to blame the Federal Reserve. Criticisms of the Fed for helping bail out Wall Street in 2008 are based on "misconceptions", he said. The assistance to banks was based on the need to prevent a financial collapse that would have sent unemployment even higher. Mr Bernanke tackled the anger on display in protests around the US and across the world head on in his latest press conference, which followed another Federal Reserve monetary policy statement that highlighted weakness in the labour market. "I understand that many people are dissatisfied with the state of the economy," he said. "I'm dissatisfied. Unemployment is far too high... The best way to reduce inequality is to create jobs." (Indep)
- **Evans Casts Fed's First Dissent Favoring Easing Since 2007** -- Charles Evans has urged his Federal Reserve colleagues to inject more stimulus into the economy since September. He finally broke ranks with most of them today, casting the U.S. central bank's first dissent in favor of further easing since December 2007. The challenge from the head of the Federal Reserve Bank of Chicago likely reflects the concerns of at least three or four other non-voting members on the Fed's policy-setting committee, Bruce Kasman, chief economist for JPMorgan Chase & Co. in New York, said in an interview with Bloomberg Television. They believe "the Fed needs to work toward getting growth solid enough to get the unemployment rate down materially," which may take two or three years, he said. (BN)



- **Fed's Fisher: Fed Will Not Monetize Government Overspending** --The Federal Reserve won't print money and enable the nation's elected leaders to continue forward with a ruinous course of spending, a Fed official said Wednesday. Federal Reserve Bank of Dallas President Richard Fisher made his warning in a speech given in the wake of the conclusion of a Federal Open Market Committee meeting earlier in the day. Speaking before an audience in New York, the official--who this year is a voting member of the policy-setting FOMC--didn't make any comment about the current or future state of the economy and monetary policy. "The central bank must never become an accomplice to feckless government," Fisher warned in the text of a speech prepared for the event. Political leaders must "face up to the fact that they have been improvident and must now change their ways--that they must not, and cannot, hide under the skirts of the Federal Reserve." If the Fed were to print money to cover the debts run up by the government it would lead to hyperinflation, Fisher stated. (DJ)
- **Niesr Sees 50% Chance of U.K. Recession on Euro Crisis Threat** -- The U.K. economy will grow less than previously forecast this year and next and there is a 50 percent chance it will slip back into recession, the National Institute for Economic and Social Research said. The economy faces "significant downside risks," Niesr said in a report published in London today as it cut its forecast for 2012 by more than half. It sees growth of 0.9 percent this year and 0.8 percent next year, down from 1.3 percent and 2 percent respectively in August. (BN)
- **UK's Osborne Considering Options To Cut Benefits Bill** --FT -- U.K. Chancellor of the Exchequer George Osborne is examining options to cut billions of pounds from next year's benefits bill by scrapping inflation-linked rises, the Financial Times reported Wednesday. Osborne has asked officials to provide models for a range of alternatives, including raising benefits in line with average earnings growth of about 2.5% or even freezing some payments altogether, the report said. Officially, the Treasury says "the government's policy is that benefits are updated according to September's inflation figure," but officials declined to comment on possible policy changes, the newspaper reported. (DJ)
- **Australia Retail Sales Rise as Consumers Weather Global Turmoil** -- Australian retail sales advanced in September for a third straight month, led by spending on household goods and at restaurants, as consumers withstood fallout in financial markets from Europe's debt crisis. Sales gained 0.4 percent from a month earlier, when they rose 0.6 percent, the Bureau of Statistics said in Sydney today. That matched the median forecast in a Bloomberg News survey of 23 economists. (BN)
- **Syria Said to Accept Arab Call to Stop Attacks, Free Prisoners** -- Syria agreed to stop attacks on protesters under an Arab League initiative that seeks to end months of unrest, Qatar's prime minister announced. The Syrian government has agreed "to end all violence from any sources to protect Syrian citizens," to release detainees held during the unrest and to clear cities and neighborhoods of "all military displays," Prime Minister Hamad bin Jasim Al Thani told reporters yesterday in Cairo, following an Arab League meeting. (BN)



Last Trading Day Stats

Index	Close	1D %Chg	YTD%Chg
EuroStoxx 50	2,291.89	1.42%	-17.94%
CAC	3,110.59	1.38%	-18.25%
DAX	5,965.63	2.25%	-13.72%
AEX	298.21	0.68%	-15.90%
FTSE 100	5,484.10	1.15%	-7.05%
SMI	5,611.05	0.40%	-12.82%
OMX	964.90	2.01%	-16.50%
S&P 500	1,237.90	1.61%	-1.57%
Nikkei 225	8,640.42	-2.21%	-15.53%

Index	Close	1D Chg	5D Chg
Dow Jones	11,836.04	178.08	-33.00
VIX Index	32.740	-2.030	2.880
VDAX Index	41.560	0.000	4.260
2-10 EUR	140.365		
2-10 US	179.454		
Eur / Dollar	1.3684		

Bunds	Yield (%)	Chg 1d bp	Chg 5d bp
2YR	0.423	1.20	-9.50
5YR	0.992	3.80	-18.30
10YR	1.827	5.90	-21.00
1st CL future	Close	1D Chg	5D Chg
CRB index	92.51	-1.20	-2.65
	316.06	0.83	-0.08

AEX close	298.21
ADR Impact	0.70
ADR Impact %	0.24%
AEX Parity	298.91
AEX Ex-div Impact	

ADRs	Volume	Rel.vol	NL Close	ADR (Eur)	Chg EUR	%Chg
AEGON NV-NY REG	588148	41%	3.33	3.37	0.04	1.26%
ARCELORMITTAL-NY	10060685	114%	14.42	14.58	0.16	1.14%
ASML HOLDING-NY	2208951	66%	29.48	29.57	0.09	0.31%
REED ELSEVIE-ADR	62997	71%	8.80	8.83	0.02	0.28%
ING GROEP-ADR	6675460	114%	5.66	5.66	0.01	0.15%
PHILIPS ELEC-NY	2746046	128%	15.07	15.14	0.08	0.51%
ROYAL DUTCH-ADR	4968105	231%	25.16	25.18	0.03	0.11%
UNILEVER NV-NYS	2609587	64%	24.69	24.79	0.10	0.40%

Dow Jones Sectors US	Close	%Chg	Chg 1d	Chg 2d	Chg 5d
BAS MAT	268.98	2.67%	7.00	-1.14	5.74
CON CYC	351.98	1.13%	3.95	-3.13	-1.73
CON NCY	332.85	0.99%	3.25	-4.48	-3.70
ENERGY	590.38	2.88%	16.55	-1.49	-3.03
FINANCL	245.73	2.81%	6.71	-4.46	0.22
HLTHCAR	341.78	0.57%	1.94	-5.03	-3.06
INDUST	300.26	1.91%	5.63	-4.00	1.19
TECH	670.16	1.04%	6.88	-12.01	-2.74
TELECOM	126.96	1.29%	1.62	-0.62	0.08
UTILITY	168.41	1.72%	2.85	-0.78	0.85

AFS BROKERS +31 20 522 0219 Jacob Jurg j.jurg@afsgroup.nl

Sources amongst others: Bloomberg (BN), Reuters (R), BBC, CNN, NY Times (NYT), Washington Post(WP), The Guardian (G), het Financieele Dagblad (FD), Telegraaf (T), Volkskrant (VK), NRC, Wall Street Journal Europe (WSJE), Dow Jones (DJ), AFX and the Financial Times (FT) The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates expressed in this document are subject to change without notice. AFS does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This document is for information purposes only and is not, and should not be construed as, an offer to buy any securities or derivatives. The information contained in this document is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient.