



Early Look – 7:00AM EST

Thursday, August 14, 14

| Index | Up/Down | % | Last |
|----------------|---------|-------|--------|
| DJ Industrials | 24.00 | 0.14% | 16,642 |
| S&P 500 | 2.75 | 0.14% | 1,947 |
| Nasdaq | 6.70 | 0.17% | 3,952 |

Strong, steady and rising all day best description of yesterday's stock market action, while this morning looks like more of the same to start (SPU up 3 at 1948). No specific drivers for yesterday's gains, other than technicals, and it just wanted to go higher (despite weaker earnings/data). Later this morning we get jobless claims and import prices for July, which follows weaker GDP readings in Europe (however, European markets are mixed, led by **Germany** by 0.5%, despite GDP falling -0.2% in latest quarter, Italian and Spanish markets are the worst-performing larger bourses, the U.K. the best). Note, the German 10-year yield fell below 1% earlier (first time ever). In Asian markets, The **Nikkei Index** rose 100 points to close at 15,314, the **Shanghai Index** fell 16 points, or (-0.74%) to close at 2,206, and the **Hang Seng Index** dropped 88 points to 24,801

In corporate news overnight, **CSCO** beat top/bottom line, but stock slipped after saying it sees no material rebound in emerging markets (also to cut 6,000 jobs); several co's announce stock buybacks overnight (**ORLY**, **GNC**, **MOG.A**, **WY**, **PCP**); double dose of bad news for **AMGN** overnight (trial misses endpoint/recall); retail earnings from **WMT** this morning, **KSS/JWN** after the close; yesterday, the VIX fell -8.7% to 12.90; more later...

Market Closing Prices Yesterday

- The **S&P 500 Index** jumped 12.97 points, or 0.67%, to 1,946.72
- The **Dow Jones Industrial Average** rose 91.26 points, or 0.55%, to 16,651.80
- The **Nasdaq Composite** spiked 44.87 points, or 1.02%, to 4,434.13
- The **Russell 2000 Index** advanced 8.75 points, or 0.77% to 1,141.78

Events Calendar for Today

- 8:30 AM ET Weekly Jobless Claims/Continuing Claims
- 8:30 AM ET Import/Export Prices, for July
- 10:30 AM ET Weekly EIA Natural Gas Inventory Data
- 1:00 PM ET U.S. Treasury Auction 30-year notes

| Macro | Up/Down | Last |
|--------------|---------|----------|
| WTI Crude | -0.09 | 97.50 |
| Brent | -0.64 | 103.64 |
| Gold | -1.90 | 1,312.60 |
| EUR/USD | 0.0012 | 1.3376 |
| JPY/USD | 0.00 | 102.41 |
| 10-Year Note | +0.00 | 2.411% |

World News

- **Japanese core machinery orders** rose 8.8% in June MoM, which was smaller than the expected increase of 16.2%; unadjusted core orders also fell 3.0% from the year-earlier month
- The **Bank of Korea cut** its benchmark interest rate Thursday by a quarter point to 2.25%, the lowest since late 2010 (as expected)
- **Second quarter GDP** was unchanged from the first quarter, when it increased 0.2%, Eurostat, said today (estimates were for growth of 0.2%. In a separate report, the agency confirmed inflation at 0.4% in July.
- **Germany's economy contracted (-0.2%)** in the three months to June, the first decline in output since the start of 2013. Compared with the second quarter of 2013, output was up 1.2%
- Weaker European economic growth figures (German GDP -0.2%), particularly for Germany and France, sent German government bonds jumping to a record high. The **yield on the 10-year German government bond** slipped to below 1% — its lowest on record
- Bears in **American Association of Individual Investors survey** fall to 6-week low of 26.7% from last week's one-year high of 38.2%; said Bulls rise to 9-week high of 39.8% from 30.9%, while those considered neutral rise to 2-wwwk high of 33.2% from 30.9%
- The **European Union** threatens to impose tariffs on electrical steel from the U.S., Russia, Japan, China and South Korea, according to an announcement in the EU Official Journal

Sector News Breakdown

Consumer

- **Noodles & Co. (NDLS)** rpts Q2 eps 12c/\$99.5M vs. est. 15c/\$103M; sees year adj. EPS growth flat, had seen up 25%, (est. up 23%); sees flat year comp restaurant sales growth, had seen up 2.5%-3%, (est. up 2.3%)
- **The Priceline Group (PCLN)** announces \$1B convertible notes offering
- **O'Reilly Automotive (ORLY)** authorizes additional \$500M share repurchase
- **GNC Holdings (GNC)** increases share repurchase authorization to \$500M
- **Zoe's Kitchen (ZOES)** 4.5M share Secondary priced at \$30.25
- **Scientific Games (SGMS)** announced that it has signed an extension of its contract with the Minnesota Lottery to continue as a provider of instant lottery games
- **American Homes 4 Rent (ANH)** files to sell 13M Class A common shares
- Paulson & Co. lowers stake in **Extended Stay America (STAY)** to 23.3% from 27.2%
- **McCormick (MKC)** initiates voluntary recall of oregano due to possible Salmonella risk
- **Spartan Stores (SPTN)** narrows FY14 adjusted EPS view to \$1.70-\$1.75 and maintains its previously issued guidance of consolidated net sales in the range of \$7.9B-\$8.04B

Energy

- **Lukoil Holdings** warned of a possible decline in sales abroad; said "a negative perception of Russian Federation's public image in the majority of the company's countries of operations... may lead to a short-term decline in retail sales" by association
- **Rice Energy (RICE)** 11.94M share Secondary priced at \$27.30
- **Newfield Exploration (NFX)** files automatic mixed securities shelf
- **ITC Holdings (ITC)** raises dividend 14% to 16.25c from 14.25c per share
- **Viper Energy (VNOM)** files to sell 3.5M common units for limited partners
- **Cheniere Energy Partners (CGQ)** files to sell 10.1M shares

Financials

- **Barclays Plc (BCS)**'s index business drew offers from NASDAQ OMX Group Inc., Bloomberg LP, and CME Group Inc., people with knowledge of the matter said. <http://goo.gl/tDMMXx>
- **Progressive (PGR)** upgraded to Buy from Neutral at Citigroup
- **Fifth Street Senior (FSFR)** files to sell 22.8M shares of common stock
- **Providence Service (PRSC)** to replace **UNS Energy (UNS)** in S&P 600 as of 8/15 close
- **C1 Financial (BNK)** 2.632M share IPO priced at \$17.00

Healthcare

- **Amgen (AMGN)** said it was unable to meet its primary goal in a test of the effectiveness of its blood-cancer drug Kyprolis when compared with current regimens involving two other drugs
- **Amgen (AMGN)** initiated a voluntary recall on June 26, 2014 for nine packaged lots of Aranesp® (darbepoetin alfa) (500 mcg) prefilled syringes
- **Tekmira Pharmaceuticals Corp. (TKMR)** said that the "regulatory framework" for giving its drug to patients in Africa is not clear, given that the drug's safety and effectiveness has not been established. <http://goo.gl/UROn6c>
- **WuXi PharmaTech (WX)** raises FY14 EPS view to \$1.82-\$1.86 from \$1.80-\$1.85 (est. \$1.84); narrows FY14 revenue view to \$665M-\$670M from \$660M-\$670M (est. \$669.74M)
- **InterMune (ITMN)** downgraded to Neutral from Buy at Goldman
- **Bristol-Myers Squibb's (BMY)** phase 3 Genotype 1 Hep-C trial has been halted
- **Allergan (AGN)** said it has closed a transaction to acquire worldwide rights to TARIS Biomedical's ("TARIS") lead program, LiRIS, which is currently in Phase 2 trials for the treatment of (IC/BPS)

Industrials & Materials

- **Weyerhaeuser (WY)** increases dividend 32% to 29c from 22c, and announces \$700M share buyback program
- **General Electric Co. (GE)**'s home appliance business has drawn interest from Sweden's **Electrolux (ELUXB) AB** and Quirky Inc. – Bloomberg. <http://goo.gl/IWQaCo>
- **Precision Castparts (PCP)** approves \$1B expansion to existing share repurchase program
- **Moog Inc. (MOG.A)** announced that its board has amended its previously announced share repurchase program to include an additional 5M shares
- **Freeport McMoRan (FCX)** downgraded to Hold from Buy at Stifel
- **ThyssenKrupp AG** lifted its outlook for 2014 after swinging to a small net profit in Q3; now sees break even or post a net profit in its fiscal year 2014 through September (previously only projected an improvement "toward break-even.")
- **ExOne (XONE)** rpts q2 eps loss (32c)/\$11.2M vs. est. loss (15c)/\$12.1M; sees year gross margin 32%-36%, saw 40%-43% ex-costs; still sees 40%-50% year rev growth
- **Pan American Silver Corp. (PAAS)** said produced 6.56M ounces of silver and 37,700 ounces of gold during Q2, an increase of 6% and 26%, respectively from Q2 of 2013

- **IAMGOLD (IAG)** rpts Q2 EPS 2c/\$288.6M vs. est. 3c/\$274.57M; reports Q2 attributable gold production 206K ounces, up 20% from Q1
- **Silver Wheaton (SLW)** reports Q2 EPS 18c/\$148.6M vs. est. 20c/\$169.5M
- **URS Corporation (URS)** downgraded to Neutral from Buy at Sterne Agee

Media & Telecom

- **YuMe (YUME)** rpts 2q eps loss (8c)/\$40.4M vs. est. loss (13c)/\$41.5M; lowers year revs to \$180m-\$190m, from \$190m-\$200m (est. \$193.7m)
- **R. R. Donnelley (RRD)** awarded a five year, multi-service contract by Allianz Insurance to provide onsite creative design services along with print management and transactional print services
- **Liberty Media (LMCA)** upgraded to Overweight from Equal-Weight at Evercore

Technology

- **Cisco Systems (CSCO)** rpts Q4 EPS 55c/\$12.36B vs. est. 53c/\$12.15B; said q4 adj. gross margin 61.8% (guidance 61%-62%); says co. is "executing well in a tough environment; sees no material rebound in emerging markets; sees no bounce back in emerging markets for several qtrs.; sees cutting 6,000 jobs or 8% of workforce – taking charge up to \$700M in FY15 on restructuring
- **NetApp (NTAP)** rpts q1 eps 60c/\$1.49B vs. est. 57c/\$1.47B; sees 2Q adj. EPS 66c-71c vs. est. 69c and q2 revs \$1.49b-\$1.59b, vs. est. \$1.53b; seeing momentum in key business areas and expects it to continue through FY15
- **Lenovo Group Ltd.** said its net profit for the three months ended June rose 23% from a year earlier, helped by strong sales of personal computers and smartphones. <http://goo.gl/VHiZtv>
- **Vipshop (VIPS)** rpts q2 eps 72c/\$829.4M vs. est. 63c/\$792.3M; sees 3Q revs \$850m-\$860m, vs. est. \$825.6m; said q2 gross margin 24.8%, est. 24.9%
- **Avago Tech (AVGO)** announced the signing of a definitive agreement for **Intel (INTC)** to acquire LSI's Axxia Networking Business and related assets for \$650M in cash. <http://goo.gl/Yz1vEA>
- **NetEase.com (NTES)** rpts Q2 EPS \$1.48/\$475.8M vs. est. \$1.46/\$426.64M; reported sustained revenue growth from online games and advertising, which benefited from the FIFA World Cup
- **Oclaro (OCLR)** reports Q4 EPS loss (11c)/\$95.9M vs. est. loss (15c)/\$96.36M; guides q1 revs to \$83M-\$91M vs. est. \$99.2M
- **Aspen Technology (ASPN)** sees Q1 adjusted EPS 27c-30c on revs \$102M-\$105M vs. est. 25c/\$101.87M; raises FY15 adjusted EPS guidance to \$1.18-\$1.24 from \$1.12-\$1.19; q4 eps/revs topped estimates with subscription software \$91.6M
- **Dangdang (DANG)** rpts Q2 EPS 6c/\$316.1M vs. est. 2c/\$314.28M; said gross merchandise value from the marketplace in Q2 was \$230.7M, an 81.6% increase YoY
- **Aruba Networks (ARUN)** upgraded to Buy from Hold at Stifel
- **Advent Software (ADVS)** files to sell 3.75M shares of common stock for holders

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