

Today At A Glance

Company	Ticker	Rating	PT chg	Curr. Q (e) chg	Curr. Y (e) chg	Next Y (e) chg	Est. Type
CSR plc	CSR LN	H to B	360.00p to 410.00p	-	\$0.41 to \$0.30	-	EPS
Olympic Steel	ZEUS	H to B	\$32.00 to \$34.00	-	\$2.55 to \$2.49	\$2.65 to \$2.68	EPS
SJM Holdings Ltd.	880 HK	H to B	HK\$17.10 to HK\$22.40	-	HK\$0.87 to HK\$1.09	HK\$1.04 to HK\$1.42	EPS
Steel Dynamics	STLD	B	-	-	-	-	
Carrefour	CA FP	H	€34.00 to €25.00	-	€2.32 to €1.78	€2.74 to €2.08	EPS
Cigna Corp.	CI	B	\$62.00 to \$64.00	-	\$4.96 to \$5.04	\$5.29 to \$5.59	EPS
Edison Int'l	EIX	B	\$44.50 to \$44.00	\$0.55 to \$0.50	-	-	EPS
Galaxy Entertainment	27 HK	B	HK\$20.50 to HK\$22.60	-	HK\$0.98 to HK\$1.03	-	EPS
GrafTech Int'l	GTI	B	\$30.00 to \$28.00	\$0.19 to \$0.22	\$1.05 to \$1.06	\$1.50 to \$2.00	EPS
Melco Crown Entertainment	MPEL	H	\$9.60 to \$12.40	-	-	-	
Melco International Develop.	200 HK	H	HK\$4.80 to HK\$8.00	-	(HK\$0.08) to HK\$0.28	-	EPS
Metals USA	MUSA	B	\$23.00 to \$20.00	\$0.48 to \$0.47	-	-	EPS
Reliance Steel & Aluminum	RS	B	\$66.00 to \$69.00	\$1.28 to \$1.33	\$4.50 to \$4.75	\$5.50 to \$6.00	EPS
Sands China Ltd.	1928 HK	H	HK\$18.90 to HK\$20.60	-	\$0.14 to \$0.13	-	EPS
Tianjin Development Hldgs Ltd.	882 HK	H	HK\$7.00 to HK\$5.40	-	-	-	
WMS Industries	WMS	H	\$36.00 to \$32.00	\$0.51 to \$0.48	\$1.75 to \$1.72	\$1.99 to \$1.87	EPS
Wynn Macau Ltd.	1128 HK	B	HK\$24.40 to HK\$31.70	-	HK\$1.55 to HK\$1.49	-	EPS
Bally Technologies	BYI	B	-	\$0.61 to \$0.58	\$1.92 to \$1.89	\$2.82 to \$2.70	EPS
Dialog Semiconductor	DLG GR	B	-	-	-	-	
Dragonwave	DRWI	B	-	(\$0.15) to (\$0.19)	(\$0.41) to (\$0.53)	-	EPS
Orion Oyj	ORNBV FH	H	-	-	€1.45 to €1.44	€1.32 to €1.30	EPS
Penford Corp.	PENX	B	-	\$0.10 to \$0.06	\$0.10 to (\$0.10)	-	EPS
Ross Stores	ROST	H	-	\$1.15 to \$1.21	\$5.20 to \$5.26	-	EPS
The TJX Companies	TJX	H	-	\$0.81 to \$0.86	\$3.85 to \$3.90	-	EPS
AK Steel Holding Corp.	AKS	H	-	-	-	-	
Amylin Pharmaceuticals	AMLN	B	-	-	-	-	
BJ's Wholesale Club	BJ	R	-	-	-	-	
Commercial Metals Co.	CMC	H	-	-	-	-	
Costco	COST	B	-	-	-	-	
Coventry Health Care	CVH	H	-	-	-	-	
Gerresheimer AG	GXI GR	B	-	-	-	-	
Gulfport Energy	GPOR	B	-	-	-	-	
Kohl's Corporation	KSS	B	-	-	-	-	
Nucor Corp.	NUE	B	-	-	-	-	
Sagent Pharmaceuticals	SGNT	B	-	-	-	-	
Schnitzer Steel	SCHN	B	-	-	-	-	
Target	TGT	B	-	-	-	-	
Boeing	BA	B	-	-	-	-	
United States Steel	X	H	-	-	-	-	
Worthington Industries	WOR	H	-	-	-	-	

Focus Calls

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Dialog Semiconductor plc (FSE: DLG GR, €12.84 , BUY) ▶▶

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2Q11 Preview**Key Takeaway**

The picture for 2011 remains strong (j/est 60%+ sales growth) as near term concerns lift by 4Q (supply constraints, Gross margin tightness, poor new product traction) and mid-term promise (tablets, audio, screens, autos) remains.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	€16.50	-	\$1.44	-	EPS	Europe

Gerresheimer AG (XETRA: GXI GR, €32.80 , BUY) ▶▶

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Getting ready for accelerating growth**Key Takeaway**

Gerresheimer will report its Q2 2011 results on July 13th. We expect the market to focus on Tubular Glass performance as well as on the demand picture in the non-pharma businesses Life Science Research and Moulded Glass in particular.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	€40.00	€0.57	€2.39	€2.82	EPS	Europe

CSR plc (LSE: CSR LN, 317.40p , BUY) ▶▶

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Near term relief likely; Upgrading to Buy**Key Takeaway**

We see the continued progress on the combo chip as a catalyst for the much needed relief rally. In the meantime, CSR's GPS wins in mobile should curtail the risks of further wireless headwinds. Our new 410p PT reflects the valuation multiple expansion to peer-like levels and warrants a rating change to Buy.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ 360.00p to 410.00p	\$0.08	\$0.41 ▼ \$0.30	\$0.43	EPS	Europe

Carrefour (PSE: CA FP, €23.72 , HOLD) ▶▶

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The impact of Dia spin-off and downgrades**Key Takeaway**

We have adjusted our model and target for the recent French warning and Dia spin off. Earnings are cut by 23% in 2011 and 24% in 2012 and our target is reduced to €25 (12x 2012 P/E). Upcoming Q2 sales (13 July) are set to confirm pressured mature consumers and likely another decline in earnings in 2011.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▼ €34.00 to €25.00	-	€2.32 ▼ €1.78	€2.74 ▼ €2.08	EPS	Europe

All Research

Consumer - Food Retailers

Carrefour (PSE: CA FP, €23.72 , HOLD) >>

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HOLD	▼€34.00 to €25.00	-	€2.32 ▼ €1.78	€2.74 ▼ €2.08	EPS	Europe

Consumer - Gaming & Lodging

Bally Technologies Inc. (NYSE: BYI, \$41.10 , BUY) >>

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When Is the Waiting Game Over?

Key Takeaway

With the collection of flimsy theses and missed expectations, investors' trepidation on equipment companies has been sensible. However, we believe a change is forthcoming in 2HFY12, and some credit for certain business opportunities should be given. Although our updated estimates suggest the next few quarters should bear little change from the past several, we remain focused on the key differentiating factors for BYI.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$52.00	\$0.61 ▼ \$0.58	\$1.92 ▼ \$1.89	\$2.82 ▼ \$2.70	EPS	Americas

Consumer - Gaming & Lodging

WMS Industries Inc. (NYSE: WMS, \$28.11 , HOLD) >>

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The Power of Momentum; It Goes Faster Than It Comes

Key Takeaway

Recent market dynamics as well as industry channel checks suggest that the domestic market conditions and WMS' present competitive positioning warrant a more conservative approach to our estimates. In short, irrespective of the new casinos opening later in 2012, we believe it could be several quarters before WMS regains its momentum. Reiterating HOLD rating and reducing our price target to \$32.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▼\$36.00 to \$32.00	\$0.51 ▼ \$0.48	\$1.75 ▼ \$1.72	\$1.99 ▼ \$1.87	EPS	Americas

Consumer - Gaming & Lodging

SJM Holdings Ltd. (HKSE: 880 HK, HK\$18.54 , BUY) >>

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Attractive earnings with sweet dividend; Upgrade to Buy

Key Takeaway

We are positive on SJM and its earnings outlook, and we believe it should continue to be strong in holding its market share leadership. We raised our assumptions for its earnings as Macau growth surpassed our expectations. We find its annual dividend to be attractive. Assumptions raised, PT raised to HK\$22.40, upgrade to Buy.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ HK\$17.10 to HK\$22.40	-	HK\$0.87 ▲ HK\$1.09	HK\$1.04 ▲ HK\$1.42	EPS	Asia

Consumer - Gaming & Lodging

Gaming & Lodging>>

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Cherry Picking of the Group

Key Takeaway

We remain positive on the outlook of the Macau gaming industry and revise our 2011 GGR growth up by 10% to 40%, while keeping our 25% growth for 2012.

Consumer - Gaming & Lodging

Wynn Macau Ltd. (HKSE: 1128 HK, HK\$27.05 , BUY) >>

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Still has the Best to Offer; Re-iterate Buy

Key Takeaway

We consider Wynn Macau a leader in the sector, thanks to its premium VIP business. We are positive as it continues to build on that strength and a strong 2Q11 result is expected. It should be in a better position to expand on Cotai thanks to quality Management. The stock deserves to trade at a premium, in our view. PT raised to HK\$31.70, re-iterate Buy.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ HK\$24.40 to HK\$31.70	-	HK\$1.55 ▼ HK\$1.49	HK\$1.79	EPS	Asia

Consumer - Gaming & Lodging

Galaxy Entertainment (HKSE: 27 HK, HK\$17.40 , BUY) >>

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Will continue to impress; A Top Pick

Key Takeaway

We remain positive on Galaxy after the strong execution of its new resort. We believe the strong earnings growth has yet to be fully recognised for the new resort and the market share ramp up would become more visible in 3Q11. We expect another strong result from the Starworld for 2Q11 despite weaker VIP hold, and are still positive for the property's future competitiveness. PT raised to HK\$22.6, re-iterate Buy on our Top Pick.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ HK\$20.50 to HK\$22.60	-	HK\$0.98 ▲ HK\$1.03	HK\$1.19	EPS	Asia

Consumer - Gaming & Lodging

Sands China Ltd. (HKSE: 1928 HK, HK\$21.70 , HOLD) >>

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May trail behind the market for some time; Maintain Hold

Key Takeaway

We remain cautious on Sands China due to execution risks of opening of its Parcels 5 & 6 in 2012. We expect to see improvement in Hold rates in 2Q11 result and expect the Cotal synergy to continue to benefit the company in 3Q11. But lower exposure to junket VIP and negative news on investigations should continue to impact Sands China's share performance. Valuation is fair while trading at 16.7x 2011E EV/EBITDA, maintain Hold.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▲HK\$18.90 to HK\$20.60	-	\$0.14 ▼ \$0.13	\$0.15	EPS	Asia

Consumer - Gaming & Lodging

Melco Crown Entertainment (NASDAQ: MPEL, \$13.69 , HOLD) >>

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Optimism overdone; Maintain Hold

Key Takeaway

We think MPEL's acquisition of the Macau City Studio is a long term positive but expect it to face challenges in the near term, such as Government approvals and its financing capability. We think market optimism is overdone and stock valuation is now demanding at 16.8x 2011E EV/EBITDA, PT is raised to US\$12.4 after raising assumptions. Maintain Hold.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▲\$9.60 to \$12.40	-	-	-		Asia

Consumer - Retailing/Broadlines & Dept Stores

Target Corp. (NYSE: TGT, \$48.44 , BUY) >>

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June Sales Even Stronger Than Our Bullish View

Key Takeaway

Target reported a 4.5% comp, coming in well ahead of expectations for a 3.1% increase and toward the high end of guidance for a LSD-MSD increase. Shares should trade well on the acceleration in comp store sales, particularly given very low expectations.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$59.00	-	-	-	EPS	Americas

Consumer - Retailing/Broadlines & Dept Stores

Kohl's Corporation (NYSE: KSS, \$52.09 , BUY) ►►

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Strong Sales On Weather, Stronger Sales Events and Some Inflation

Key Takeaway

Kohl's reported comparable store sales of 7.5%, well ahead of consensus expectations of a 3.1% increase and topping our estimate of 3-5%. The strong results were driven by more favorable weather in seasonally sensitive regions, stronger sales events and some inflation. Comp store sales are 4.4% QTD, ahead of our 3% expectation.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$63.00	-	-	-	EPS	Americas

Consumer - Retailing/Broadlines & Dept Stores

BJ's Wholesale Club, Inc. (NYSE: BJ, \$50.36 , Restricted) ►►

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Sales Strong; Food and General Merchandise Improve

Key Takeaway

April core comp sales gained 3.5%, in line with our 3-4% expectation, and within the 1.7-3.7% quarterly plan. Sales continue to benefit from food and gas inflation. The general merchandise comp showed improvement at +1% compared to monthly declines in Q1 and a flat comp in May, also consistent with our expectations.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
Restricted	NA	-	-	-	EPS	Americas

Consumer - Retailing/Broadlines & Dept Stores

Costco Wholesale Corp. (NASDAQ: COST, \$82.64 , BUY) ►►

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Sales Momentum Continues in June

Key Takeaway

Total and Core comp store sales were in line with our expectations for both the US and International divisions. Costco continues to benefit from inflation in food and gas as well as favorable currency translation. In periods of rising prices, consumers are seeking out the low cost providers like Costco and this is evident in its traffic as well as its food and gas sales.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$93.00	-	-	-	EPS	Americas

Consumer - Retailing/Specialty Stores

Ross Stores, Inc. (NASDAQ: ROST, \$81.07 , HOLD) >>

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June SSS "Post Game": Strong Numbers

Key Takeaway

June sales came in quite strong, helped by a considerable improvement in the weather. While this is likely to help the group over the near term, our big question is how this trend plays out for BTS especially as cost increases take effect and consumer acceptance of price hikes is still very uncertain. As such, we continue to remain selective on the group and favor only revenue visibility stories. Top picks ANF, BODY, FOSL, GES.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$74.00	\$1.15 ▲ \$1.21	\$5.20 ▲ \$5.26	-	EPS	Americas

The TJX Companies, Inc. (NYSE: TJX, \$53.79 , HOLD) >>

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Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$49.00	\$0.81 ▲ \$0.86	\$3.85 ▲ \$3.90	-	EPS	Americas

Energy - Electric Utilities

Edison International (NYSE: EIX, \$38.79 , BUY) >>

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Lower 2Q11 EPS Estimate; Maintain 2011-2013 EPS Estimates

Key Takeaway

We are lowering our 2Q11 EPS estimate by \$0.05 to \$0.50. We are increasing our 3Q11 EPS estimate by \$0.05 to \$1.25.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▼\$44.50 to \$44.00	\$0.55 ▼ \$0.50	\$2.75	\$2.35	EPS	Americas

Energy - Oil & Gas Exploration & Production

Gulfport Energy Corp. (NASDAQ: GPOR, \$31.43 , BUY) >>

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Grizzly Oil Sands Update: A Mixed Bag

Key Takeaway

Recent Grizzly (25% owned by GPOR) presentation showed ~10% increase to its oil sands resource base from recent winter drilling program. The slides also showed further cost escalation.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$40.00	-	-	-	EPS	Americas

Energy - Oil & Gas Exploration & Production

Oil & Gas Exploration & Production>>

U.S. Natural Gas Storage Result: Above Consensus

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Key Takeaway

The EIA reports a 95 bcf injection, above JEF estimate of 87 and consensus of 82.

Healthcare - Biotechnology

Amylin Pharmaceuticals, Inc. (NASDAQ: AMLN, \$13.71 , BUY) >>

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Favorable Outcome In tQT Study Will Likely Lead To Bydureon FDA Approval

Key Takeaway

Today, AMLN reported that the Bydureon thorough QT (tQT) study did not show prolongation of the QT interval. We believe this positive outcome, which is in line with our expectations, will likely result in regulatory approval of Bydureon in 1Q12.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$22.00	-	-	-	EPS	Americas

Healthcare - Managed Care

Cigna Corp. (NYSE: CI, \$51.86 , BUY) >>

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CI's Consultative Selling Approach Is Still a Consultative Buy

Key Takeaway

We continue to like CI's progress in Commercial Select Segment and in International markets. Recent discussions with management affirm pricing consistency/discipline in US Commercial and focus on total cost management. A 15% discount to group valuations also suggests the stock is not overheated; however, valid reasons for discount remain in VADBe, Pension, and Medicaid.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲\$62.00 to \$64.00	\$1.32	\$4.96 ▲\$5.04	\$5.29 ▲\$5.59	EPS	Americas

Healthcare - Managed Care

Coventry Health Care, Inc. (NYSE: CVH, \$37.41 , HOLD) >>

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KY Award Moves The Needle

Key Takeaway

CVH's stock move undershoots the impact of today's announcement that it was one of three MCOs to win Kentucky's Medicaid contracts. We estimate annualized revenue of \$700mm+, which translates into run-rate incremental EPS of approximately \$0.10-0.15.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$37.00	-	-	-	EPS	Americas

Healthcare - Medical Supplies & Devices

Gerresheimer AG (XETRA: GXI GR, €32.80 , BUY) >>

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Getting ready for accelerating growth

Key Takeaway

Gerresheimer will report its Q2 2011 results on July 13th. We expect the market to focus on Tubular Glass performance as well as on the demand picture in the non-pharma businesses Life Science Research and Moulded Glass in particular.

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BUY	€40.00	€0.57	€2.39	€2.82	EPS	Europe

Healthcare - Pharmaceuticals/Specialty

Orion Oyj (HSE: ORNBV FH, €17.94 , HOLD) >>

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1H Results Preview

Key Takeaway

Orion is to report 1H Results on 2nd August. We expect the focus to be on entacapone stocking levels as there are only nine months remaining until generics enter the US market during April 2012. We look for any pipeline update (Easyhaler, Dexmedetomidine in Europe) and signs of cost control, which helped boost reported EBIT margins in 1Q. Retain Hold and €15.4 PT.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	€15.40	-	€1.45 ▼ €1.44	€1.32 ▼ €1.30	EPS	Europe

Healthcare - Pharmaceuticals/Specialty

Sagent Pharmaceuticals (NASDAQ: SGNT, \$26.51 , BUY) >>

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Generic Levaquin IS Their Bag, Baby

Key Takeaway

FDA just approved Sagent's 2nd ANDA for generic Levaquin. While already in our model, Sagent appears to be the only generic approved for this pre-mixed "bag" formulation -- presenting the potential for significant upside. Right now we have only \$4.5M in our model for 2011, but with a \$150M brand product and as a sole generic (we don't know about an AG), it could be closer to \$30M, which could raise EPS by \$0.05 in 2011.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$31.00	-	-	-	EPS	Americas

Industrials - Aerospace & Defense Electronics

The Boeing Company (NYSE: BA, \$75.99 , BUY) >>

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Orders, Deliveries and Other Items

Key Takeaway

We continue to believe Boeing's efforts at improving its productivity will lead to a higher share price. The company announced deliveries of 118 planes for the June quarter, matching our estimate. Year-ago deliveries were 114 jetliners.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$90.00	\$1.00	\$4.25	\$5.00	EPS	Americas

Industrials - Chemicals

Penford Corporation (NASDAQ: PENX, \$5.29 , BUY) >>

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Q3 miss on ethanol. Industrial starch mix improves.

Key Takeaway

Penford reported a \$0.06/share loss. Ethanol volatility should continue to offset margin expansion in industrial starches and momentum in food in the near-term. We are lowering 2011E EPS by \$0.20 to (\$0.10) but maintaining 2012E at \$0.45.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$8.00	\$0.10 ▼ \$0.06	\$0.10 ▼ (\$0.10)	\$0.45	EPS	Americas

Industrials - Conglomerates

Melco International Develop. (HKSE: 200 HK, HK\$8.34 , HOLD) >>

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Holding Structure Unattractive; Maintain Hold

Key Takeaway

We expect Melco International's bottom line to turn black for 1H11 thanks to its core investment in MPEL. However, we remain cautious on the stock due to its complex holding structure, non-performing investments, and lack of transparency. MPEL accounts for 99% of Melco's 2011E gross NAV, with its current price 3% above our PT after holding discount, valuation is fair. Maintain Hold with PT raised to HK\$8.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▲ HK\$4.80 to HK\$8.00	-	(HK\$0.08) ▲ HK\$0.28	HK\$0.33	EPS	Asia

Industrials - Conglomerates

Tianjin Development Hldgs Ltd. (HKSE: 882 HK, HK\$4.73 , HOLD) >>

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Strong interim ahead; three macro themes to drive performance

Key Takeaway

We expect China conglomerates' interim earnings to grow 31% yoy on average; Cosco Pacific, Shanghai Industrial and Citic Pac may outperform. We believe inflation may peak soon, property tightening policies may continue, and see modest growth in foreign trade. We prefer companies that benefit from macro trends, can deliver strong organic growth with positive catalyst. Top Picks: Shanghai Industrial, Citic Pac and Guangdong Investment.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▼ HK\$7.00 to HK\$5.40	-	HK\$0.59	-	EPS	Asia

Industrials - Industrials

Industrials>>

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Auto & Transport Week in Review: LTL Pricing Improved Sequentially in 2Q

Key Takeaway

Channel check highlights: (1) Two of our auto industry contacts told us that prices are going up, but they don't expect a price war; (2) One of our trucking contacts commented that LTL pricing improved sequentially in 2Q and volumes were steady.

Industrials - Industrials - Distribution

Olympic Steel, Inc. (NASDAQ: ZEUS, \$27.50 , BUY) >>

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Long-Term Growth Likely to Exceed Expectations; Assume Coverage with Buy

Key Takeaway

We are assuming coverage of ZEUS with a Buy rating and \$34 price target. With long-term earnings power likely to exceed expectations following the company's substantial growth investments during the downturn and valuations off -23% from YTD highs, we see risk-reward as attractive for the shares. Our \$34 target price values the shares at 8.1x 2012E EBITDA.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$32.00 to \$34.00	\$0.94	\$2.55 ▼ \$2.49	\$2.65 ▲ \$2.68	EPS	Americas

Industrials - Materials (Steel)

AK Steel Holding Corp. (NYSE: AKS, \$16.61 , HOLD) >>

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Cheap Valuation Tempting but Likely Warranted: Initiate with HOLD

Key Takeaway

While valuations look cheap relative to historical earnings, AKS' high cost structure and lack of vertical integration positions it poorly in the expected low utilization, high input cost, and intensifying competitive environment for carbon flat rolled steel. This and less favorable supply/demand dynamics for its specialty steel products make it unlikely it will reach prior peak earnings this cycle.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$18.00	\$0.53	\$1.15	\$1.55	EPS	Americas

Industrials - Materials (Steel)

United States Steel (NYSE: X, \$45.85 , HOLD) >>

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Poor Cost Structure to Continue Driving Underperformance: Initiate with HOLD

Key Takeaway

Though valuations look cheap relative to historical mid-cycle earnings, X's unfavorable cost structure poorly positions it in the expected low utilization expected for carbon flat rolled steel in the coming years. Given this and less favorable competitive dynamics in its Tubular and USSE business relative to last cycle, we expect earnings for X to continue to underperform its peers.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$45.00	\$1.18	\$1.54	\$3.82	EPS	Americas

Industrials - Materials (Steel)

Nucor Corp. (NYSE: NUE, \$41.51 , BUY) >>

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High Quality Producer with Above Average Growth Prospects: Initiate with BUY

Key Takeaway

We are initiating coverage on NUE with a BUY-rating and \$52 price target. With the shares having pulled back -16% from YTD highs (currently 5.6x 2012E EBITDA), current prices represent an attractive entry point ahead of improving industry fundamentals in 2012 and beyond. Our \$52 price target values the shares at 6.9x long term historical average multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$52.00	\$0.85	\$2.26	\$3.57	EPS	Americas

Industrials - Materials (Steel)

Steel Dynamics, Inc. (NASDAQ: STLD, \$16.44 , BUY) >>

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Well Positioned for Continued Outperformance: Initiate with BUY

Key Takeaway

We're initiating coverage on STLD with a BUY-rating and \$20 price target. Following the 21% pullback in valuations from YTD highs (currently 8.2x 2012E EPS), current prices represent an attractive entry point ahead of improving industry fundamentals in 2012 and beyond. Our \$20 target price values the shares at 10.0x 2012E EPS; in line with long term historical median cycle multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$20.00	\$0.36	\$1.45	\$2.00	EPS	Americas

Industrials - Materials (Steel)

Commercial Metals Co. (NYSE: CMC, \$14.36 , HOLD) >>

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Earnings Recovery to Lag Peers; Initiate with HOLD

Key Takeaway

We're initiating coverage on CMC with a HOLD rating and \$16.50 price target. Though valuations appear favorable on longer term earnings prospects, losses in its N.A. fabrication and Croatian steel business along with lagging U.S. non-residential construction trends dim our outlook on the shares. Our \$16.50 target price values the shares at 5.9x F2012E EBITDA; in line with historical long term multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$16.50	\$0.25	\$0.17	\$1.48	EPS	Americas

Industrials - Materials (Steel)

Reliance Steel & Aluminum Co. (NYSE: RS, \$49.64 , BUY) >>

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Earnings Power Underappreciated at Current Valuation; Assuming Coverage at Buy

Key Takeaway

We assume coverage of RS with a Buy rating and \$69 price target. Following the -19% pull back in prices from YTD peaks, valuations are notably attractive and underestimate the company's long term earnings potential following its acquisition and expansion activity during the downturn. Our \$69 price target values the shares at 7.0x 2012E EBITDA; in line with long term historical average multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲\$66.00 to \$69.00	\$1.28 ▲\$1.33	\$4.50 ▲\$4.75	\$5.50 ▲\$6.00	EPS	Americas

Industrials - Materials (Steel)

Metals USA, Inc. (NYSE: MUSA, \$15.14 , BUY) ▶▶

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Attractive Growth Story at Depressed Valuation; Assume Coverage with Buy

Key Takeaway

We are assuming coverage of MUSA with a Buy rating and \$20 price target. With valuations depressed relative to the company's attractive longer-term earnings prospects in the coming years, we see risk-reward as favorable at current prices. Our \$20 target price values the shares at 6.9x 2012E EPS, which is in line with the historical long-term average multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▼ \$23.00 to \$20.00	\$0.48 ▼ \$0.47	\$1.60	\$2.00	EPS	Americas

Industrials - Materials (Steel)

GrafTech International Ltd. (NYSE: GTI, \$21.58 , BUY) ▶▶

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Tightening Supply to Drive Significant Pricing Power: Maintain BUY

Key Takeaway

We're assuming coverage on GTI with a BUY rating and \$28 price target. With utilizations expected to exceed 90% for its needle coke and electrode operations by year's end, we expect pricing power to improve for the company in 2012, driving a substantial increase in earnings power YoY. Our \$28 target price values the shares at 14.0x 2012E EPS, which is in line with historical long term average levels.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▼ \$30.00 to \$28.00	\$0.19 ▲ \$0.22	\$1.05 ▲ \$1.06	\$1.50 ▲ \$2.00	EPS	Americas

Industrials - Materials (Steel)

Worthington Industries (NYSE: WOR, \$23.39 , HOLD) ▶▶

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Seeking Better Entry Point: Initiating with Hold & \$26 Price Target

Key Takeaway

Favorable Long Term Story: Though we maintain a favorable outlook on the company's long term earnings prospects, we see risk-reward as balanced following WOR's recent earnings beat (and subsequent rise in valuations). Seeking a more attractive entry point into the shares, we rate WOR a Hold at this time. Our \$26 target price values the shares at 14x F2012 EPS, roughly in line with long term historical median levels.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$26.00	\$0.38	\$1.85	\$2.30	EPS	Americas

Industrials - Materials (Steel)

Schnitzer Steel Industries Inc. (NASDAQ: SCHN, \$58.57 , BUY) >>

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Attractive Growth Story at Reasonable Valuation: Initiate with BUY

Key Takeaway

We're initiating coverage of SCHN with a BUY rating and \$70 price target (7.5x 2012E EBITDA). With continued growth from acquisitions and benefits from the company's investments in recycling technology we see the likelihood for earnings power to exceed expectations in the coming years as scrap flows recover and ferrous margins normalize.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$70.00	\$1.20	\$3.94	\$5.15	EPS	Americas

Industrials - Transport. & Logistics

Transport. & Logistics>>

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Rail & Intermodal Volumes (Week 26): +1.3% YoY to End 2Q on a Soft Note

Key Takeaway

U.S. total rail volumes rose 1.3% YoY in Week 26, matching the previous week's YoY gain. Growth seems likely to remain muted vs. challenging year-ago comps. Intermodal (+2.5% YoY) continued to outpace rail carloads (+0.3% YoY) in Week 26. Velocity remained weak on a YoY basis.

Technology - Computer Services & IT Consulting

Computer Services & IT Consulting>>

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Monthly "Payroll Perspectives" - June Payrolls Better Than Expected

Key Takeaway

ADP's National Employment Report (NER) released this morning showed an increase of 157K for June, well above consensus of 70k (and a solid increase vs. May's tepid 38K). We continue to believe, however, that if volatility in US employment markets persists, this will be a growth headwind for Hold-rated ADP and PAYX.

Technology - Semiconductors

Dialog Semiconductor plc (FSE: DLG GR, €12.84 , BUY) >>

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2Q11 Preview

Key Takeaway

The picture for 2011 remains strong (j/est 60%+ sales growth) as near term concerns lift by 4Q (supply constraints, Gross margin tightness, poor new product traction) and mid-term promise (tablets, audio, screens, autos) remains.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	€16.50	-	\$1.44	-	EPS	Europe

Technology - Semiconductors

CSR plc (LSE: CSR LN, 317.40p, BUY) >>

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Near term relief likely; Upgrading to Buy

Key Takeaway

We see the continued progress on the combo chip as a catalyst for the much needed relief rally. In the meantime, CSR's GPS wins in mobile should curtail the risks of further wireless headwinds. Our new 410p PT reflects the valuation multiple expansion to peer-like levels and warrants a rating change to Buy.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ 360.00p to 410.00p	\$0.08	\$0.41 ▼ \$0.30	\$0.43	EPS	Europe

Technology - Telecom Equipment/Wireless

Dragonwave (NASDAQ: DRWI, \$5.47, BUY) >>

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Poor Guidance Expected; Treading Water Until Sprint/Clearwire Ramp in Feb Q

Key Takeaway

FQ1 (May) revenues were inline with the pre-announcement but opex was higher. FQ2 (Aug) guidance was as expected but below consensus. Management announced a cost cutting plan and a return to breakeven in 3-4 quarters, which we had already modeled. Overall, we continue to expect the Sprint/Clearwire ramp to occur in FQ4 (Feb) and our thesis remains unchanged. Reiterate Buy and \$9.50 target.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$9.50	(\$0.15) ▼ (\$0.19)	(\$0.41) ▼ (\$0.53)	\$0.72	EPS	Americas

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Conferences

Title	Dates	Location
Jefferies 2011 Global Industrial and A&D Conference	8/9/2011 - 8/11/2011	New York
Jefferies 2011 Global Shipping Conference	9/7/2011	New York
Jefferies 2011 Global Healthcare Conference in London	9/27/2011 - 9/28/2011	London, UK

Company Marketing

Title	Dates	Location
Optos Plc (OPTS LN)	7/11/2011	Zurich
Aegean Marine Petroleum Network Inc (ANW)	7/11/2011 - 7/12/2011	Chicago, Milwaukee
El Paso Electric Co (EE)	7/12/2011 - 7/13/2011	Boston, New York
Devon Energy Corp (DVN)	7/12/2011 - 7/13/2011	Chicago, Kansas City
Comba Telecom Systems Holdings Limited (2342 HK)	7/12/2011	Hong Kong
Nordion Inc (NDZ)	7/13/2011 - 7/14/2011	Denver, Milwaukee
Ariad Pharmaceuticals Inc (ARIA)	7/14/2011	New York
Isis Pharmaceuticals Inc (ISIS)	7/18/2011 - 7/19/2011	Austin, Dallas, Houston
China Communications Services Corp Ltd - Underlyin (552 HK)	7/20/2011	Hong Kong
Group meeting with The Travelers Companies, Inc.	7/21/2011	New York

Analyst Marketing

Title	Dates	Location
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Charlotte Edgar	7/8/2011	Geneva
Jerry Dellis, Ulrich Rathe	7/11/2011 - 7/12/2011	Boston, New York
Jason Kupferberg	7/11/2011	Stamford
Christie Ju	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Naomi Kumagai	7/11/2011 - 7/14/2011	Austin, Boston, Dallas, New York
Laban Yu	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Nilesh Jasani	7/11/2011 - 7/15/2011	Austin, Boston, Dallas, New York, San Francisco
Cynthia Meng	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Makarim Salman	7/11/2011 - 7/15/2011	Austin, Boston, Dallas, New York, San Francisco
Johnson Leung	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Jessie Guo	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Julian Bu	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Mike Betts	7/11/2011 - 7/14/2011	Boston, New York
Stephen Gengaro	7/11/2011	Chicago
Jeffrey Holford	7/11/2011	London
Daniel Fannon	7/11/2011 - 7/12/2011	New York
Scott Mushkin	7/11/2011	New York
Jeffrey Farmer	7/11/2011	Connecticut
Ken Usdin, Daniel Fannon - Dinner with Blackrock	7/11/2011	Plainsboro
Peter Nesvold	7/12/2011	New York
Andrew Barish	7/12/2011 - 7/13/2011	Austin, Dallas, Houston
Jon Wood	7/12/2011 - 7/14/2011	Edinburgh, Glasgow, London
Milan Radia	7/12/2011	Geneva, Zurich
Arthur Henderson, Brian Tanquilut	7/12/2011 - 7/14/2011	Connecticut, New Jersey, New York
Peter Welford	7/12/2011	Frankfurt
Corey Davis	7/12/2011 - 7/14/2011	Edinburgh, London
Peter Misek	7/12/2011 - 7/14/2011	Boston, New York
Ken Usdin, Daniel Fannon, Daniel Furtado, Emlen Harmon, Casey Haire, Steven Benyik, Omotayo Okusanya, Jason Kupferberg	7/12/2011	New York
Peter Nesvold	7/13/2011	Toronto
Omotayo Okusanya, Steven Benyik	7/13/2011	Detroit
Douglas Mavrinac	7/13/2011	Boston
Scott Graham	7/13/2011 - 7/14/2011	Kansas City, Minneapolis
James Shuck	7/13/2011 - 7/19/2011	Atlanta, Boston, Chicago, Connecticut, Dallas, Houston, New York
Milan Radia	7/13/2011	Frankfurt
Subash Chandra, Biju Perincheril	7/14/2011	Connecticut
Douglas Mavrinac	7/14/2011 - 7/15/2011	New York
Jeffrey Holford	7/14/2011	Connecticut
Laurence Alexander	7/15/2011	Stamford
Jason Kupferberg	7/18/2011 - 7/20/2011	Chicago, Denver, Kansas City, Minneapolis
Iain Reid, Alexander Barnett, Gerard Reid	7/18/2011 - 7/22/2011	London
Omotayo Okusanya, Steven Benyik	7/18/2011	Cleveland, Pittsburgh
Brendan Warn, Laura Loppacher	7/18/2011	Frankfurt
Daniel Fannon	7/19/2011 - 7/21/2011	Chicago, Kansas City, Minneapolis
Omotayo Okusanya, Steven Benyik	7/19/2011	Columbus
David Katz	7/21/2011 - 7/22/2011	Boston

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Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
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