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BARRON'S

MARKET WEEK

Stocks --- The Trader: Stocks Notch Sixth Straight Monthly Gain

By Sandra Ward

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2013 年 6 月 3 日

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Investors stayed glued to another week of "As the Fed Turns."

Unease about Federal Reserve Chairman Ben Bernanke's recent suggestion of possibly curtailing the central bank's bond buying in coming months and debate included in the minutes of the latest Fed policy meeting unsettled the markets during the holiday-shortened week. Investors tried to guess when and by how much the Fed might ease up on its easing. U.S. Treasuries posted their biggest losses in more than two years, pushing yields to their highest levels in more than a year. The 30-year mortgage rate rose above 4% and the yield on the 10-year U.S. Treasury broke through 2%, putting the benchmark bond on a par with the dividend yield of the S&P 500 for the first time this year.

When is a Fed tightening not a tightening? When it's a tapering. In other words, the Fed would continue its longstanding program of buying bonds as a way of spurring economic growth, also known as quantitative easing, but at a lesser pace than the current \$85 billion a month as long as economic conditions are good enough to warrant a let up.

"You're really talking about how much pressure the Fed is putting on the gas pedal. They are still accelerating and still easing aggressively," says Jason Trennert, chief investment strategist at Strategas Research Partners, a New York City-based institutional-investment research firm.

The Dow Jones Industrial Average fell by 208.96 points, or 1.36%, to 15,115.57 Friday to end the week off 187.53 points, or 1.23%. Still, the blue-chip index ended the month of May up 1.86%, marking the sixth straight month of gains. The Dow has risen in 17 of the past 20 months, the longest such streak since 1951. The Nasdaq Composite was flat for the week at 3455.91. It rose 3.82% for the month of May, the seventh consecutive month of gains.

The S&P 500 fell 18.86 points on the week to close at 1630.74, down 1.14%. It notched its first positive performance for May since 2009 and has been up seven straight months, and 15 of the past 18.

The week started strong as investors enthusiastically responded to news that house prices spiked 10.9% in March from the year-ago period, the biggest appreciation in seven years. The S&P/Case-Shiller index, which measures price changes of existing single-family detached residences, showed all 20 U.S. cities tracked in the index posted gains for the third month in a row. Tempering the exuberance a bit was the disclosure that the gains may have been exaggerated by limited supply.

Still, April housing data released by the U.S. Commerce Department revealed that sales of newly constructed homes were strong, too, coming in higher than expected at a seasonally adjusted annual rate of 454,000, nearly 30% higher than that of a year ago.

No wonder, then, that consumers have 'tude! The Consumer Confidence Index clocked in at its highest level since February 2008, according to the Conference Board, soaring to 72.6 in May from 69 in April. Its Expectations Survey jumped to 82.4 from 74.3 the previous month.

Further good news was delivered by none other than Moody's Investor Services, which lifted its assessment of the U.S. banking system to stable from negative for the first time since the dark days of 2008. Banks rallied.

Citigroup (C) reached a 52-week high of \$53.56 during the week, approaching levels last achieved in 2009 when it hit \$54.30 a share and exceeding its highs in 2010 and 2011. That suggested to technical analysts its stock price is on the verge of a breakout, according to Ron Meisels, principal at Phases & Cycles, a Montreal-based independent technical-research firm.

All of this good news, of course, points to economic strength and provides fodder for the Fed to pull back from the pump. Yet, later in the week, disappointing figures on jobless claims, U.S. economic growth and consumer spending suggested the Fed will continue to prime the pump.

Importantly, Bernanke made clear he is reluctant to taper too soon for fear of jeopardizing the recovery, and without more progress on job creation.

Speaking of tapirs . . . Okay, we're speaking of pigs, really, but we couldn't resist. China's Shuanghui International Holdings agreed to acquire U.S.-based pork processor Smithfield Foods (SFD) for \$4.7 billion, or \$34 a share, and the assumption of debt. The price represents a 30% premium to Smithfield's Tuesday closing price of \$26. Should the deal proceed, it will rank as the biggest takeover of a U.S. company by a Chinese firm yet. As the world's largest hog farmer and pork producer, Smithfield provides a valuable commodity to a China interested in securing food supplies for its upwardly mobile population. While there were hints of other competing bids emerging, Smithfield shares ended the week at \$32.96, suggesting otherwise.

In another major transaction, Berkshire Hathaway's (BRKA) MidAmerican Holdings announced a bid for NVEnergy (NVE), a power company serving Nevada, for about \$5.6 billion in cash, or \$23.75 a share and debt assumption. That's a 23% premium to its May 29 closing price of \$19.28. But when you consider that as recently as April 30 NVEnergy traded at \$21.63 a share, shareholders perhaps didn't make out as well as MidAmerican. NVEnergy shares have suffered as investors have been rotating out of defensive sectors and into more cyclical areas. MidAmerican seized the opportunity.

Indeed, on an equal-weighted basis cyclical stocks such as industrials, materials, energy, and technology have been outperforming defensive sectors such as health care, consumer staples, utilities, and telecom since late April, an early sign perhaps of stronger economic growth and the start of a new credit cycle, according to Strategas's Trennert. "Most people think that all the stock-market gains are driven by central-bank liquidity. But maybe the stock market is telling us the economy is stronger."

Last week notwithstanding, the stock market's been partying like it's 1995!

The current trajectory of the S&P 500 is nearly a mirror image of 1995, and, as the good folks at Bespoke Investment Group point out, that would be a very good year to emulate. The S&P 500 delivered a 34.1% gain for the year and never dropped more than 2.5% from a prior closing high all year long. The one pullback happened 11 days before the end of the year, a long time to wait before grabbing the bull by the horns. A chart of both years through May 19 shows almost identical patterns as the S&P followed its skyward swing.

A similar pattern emerges in the behaviors of the leaders and laggards in both years. In 1995, the five best-performing sectors as of May 19 were up 13.5% during the remainder of the year while the five worst performing sectors gained 23.9%.

If the 1995 pattern holds true this year, look for the lagging sectors --materials, technology, energy, and utilities --to dominate the second half after underperforming in the first half. In turn, investors would rotate out of the top performing sectors --health care, consumer discretionary, consumer staples, and financials. It's still early but that move appears to be under way.

Echoes of 1995 also show up in the work of the analysts at Ned Davis Research, based in Venice, Fla. They note that through May 29, the S&P 500 closed the day higher than the previous day 61.8% of the time. Only 1971, when that happened 62.5% of the time, and 1995, at 66%, showed more positive closes.

Will Geisdorf, global strategist at NDR, points out that one successful strategy in the second half of 1995 was to invest in companies showing upward earnings revisions. Alcoa (A), DirecTV (DTV), and Weyerhaeuser (WY) are among the stocks that fit that bill right now.

For those interested in divining the direction of the stock market, it pays to watch what's happening to corporate bond prices.

Tracking the rise and fall of the Dow Jones Equal-Weight U.S.-Issued Corporate Bond Index (Barron's Market Lab, page M52) and looking at the rate of change in the 26-week moving average of the index has proved a reliable predictor of intermediate-term moves in the stock market for much of the past century.

The 26-week rate of change in the corporate bond index turned negative in April and remains bearish.

In periods when corporate bond prices are rising, the Dow Jones Industrial Average has tended to rise by 11.6% annually, on average. When prices on corporate issues are falling, the DJIA has declined annually by 0.5%, on average. Many other sacred market indicators have broken down in recent times, but the corporate bond index still holds merit.

The indicator has added value in all of the last nine decades with the exception of the 1990s, when it underperformed slightly, according to Doug Ramsay, chief investment officer at the Leuthold Group. The Leuthold Group, founded by the venerable Steve Leuthold, has been cranking out investment research and analysis from the North Country of Minneapolis for three decades.

In the 'Nineties, the DJIA rose 15.1% a year on average when corporate bond prices rose, but also rose 15.7% when corporate bond prices fell. In the Fifties, the DJIA gained 15% on average when corporate bond prices advanced and only 10.6% when corporate prices dropped. In the turbulent decade from January 2000 to December 2009, the DJIA advanced 5.2% on average on rising corporate bond prices and lost 10.8% when they fell. Leuthold incorporates the corporate bond index information as one of three dozen indicators in the Major Trend Index it uses to track the relationships between stocks and bonds and inflation and interest rates to help determine allocations to stocks and bonds.

"It's clear that credit information embedded in corporate bond prices provides very valuable information for stock investors," in the intermediate term, says Ramsay.

If, indeed, it is cyclicals' time to shine, then perhaps it is time to take a ride in General Motors (GM) shares. Since coming public 2.5 years ago, after the bankruptcy and government bailout, the giant auto maker's stock has been spinning its wheels, underperforming the S&P 500 by about 42%. Changing hands at a recent \$33.89, the stock trades at less than eight times 2014 estimated earnings of \$4.38 a share despite expected earnings growth of about 30%. Morgan Stanley is overweight the stock and has a price target of \$45 a share, noting that GM is highly leveraged to the fastest-growing markets in the world, has net operating loss credits that will shield it from tax payments until 2018, a strong balance sheet, and, importantly, a popular new truck.

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
--	----------------	---------------	---------------

DJIndustrials	15115.57	-187.53	-1.23
DJTransportation	6290.18	-105.52	-1.65
DJUtilities	482.16	-17.05	-3.42
DJ65Stocks	5093.15	-89.90	-1.73
DJUSMarket	410.14	-4.38	-1.06
NYSEComp.	9302.27	-139.96	-1.48
NYSEMKTComp.	2364.99	-37.44	-1.56

S&P500	1630.74	-18.86	-1.14
S&PMidCap	1184.32	-3.75	-0.32
S&PSmallCap	551.98	-1.20	-0.22
Nasdaq	3455.91	-3.23	-0.09
ValueLine(arith.)	3719.72	-7.71	-0.21
Russell2000	984.14	-0.13	-0.01
DJUSTSMFloat	17014.54	-171.02	-1.00

	Last Week	Week Earlier
--	-----------	--------------

NYSE		
Advances	896	1,089
Declines	2,277	2,077
Unchanged	48	61
NewHighs	404	851
NewLows	216	81
AvDailyVol(mil)	3,572.3	3,504.8
Dollar		
(Finexspotindex)	83.38	83.70
T-Bond		
(CBTnearbyfutures)	130-080	131-110
Crude Oil		
(NYMlightsweetcrude)	91.97	94.15
Inflation KR-CRB		
(FuturesPriceIndex)	281.85	284.89
Gold		
(CMXnearbyfutures)	1392.60	1386.80

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<http://www.barronsmag.com/subscription/subscription.html>.

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Dow Jones Newswires

UK MORNING BRIEFING: FTSE Faces Further Losses as Nikkei Slides

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2013 年 6 月 3 日 06:35

Dow Jones Global Equities News

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SNAPSHOT:

-FTSE seen lower, sterling, gilts mixed; spot gold higher, Brent lower

-BOE Says U.K. Economy Not Growing Fast Enough

-Vodafone to Increase Investment in the U.K. -FT

-Glencore, Blackstone Looking at Rio Tinto's Canadian Iron-Ore Business - Sources

-Bidders Emerge for Rio Tinto Ore Business

-Watch for: CIPS Manufacturing PMI

SHARES:

London shares look set to continue their downward path Monday following another sharp sell-off in Japan.

"Markets are expected to open lower this morning, led by the Nikkei, which is currently trading over 3% lower," said Joshua Mahony, Research Analyst at Alpari (UK).

"The recent weakness within global equities always looked set to occur from the moment the likes of the **S&P500** reached record highs given the weaknesses inherent within most advanced economies currently. However, the increased liquidity derived from substantial monetary loosening measures globally along with a shift away from fixed income investments owing to low bond yields has forced markets higher until the substantial correction we have recently seen."

Ahead of Monday's opening, IG has called the FTSE down 33 at points 6550.

FOREX:

Sterling was mixed in Asia as markets continued to focus on when the U.S. Federal Reserve will curtail its loose monetary policy. The pound is likely to hold in narrow ranges early in the session amid countervailing influences and technicals.

Although speculation towards prospects for a Fed tapering and the attendant effects on the dollar may continue to dominate at this juncture, OCBC said, "the volatility cocktail may grow potentially more flammable if widespread global equity weakness is added to the mix in the coming sessions." This scenario may well play out if global investors ask uncomfortable questions surrounding the potential withdrawal of global excess liquidity over the medium term, it said.

"We increasingly pencil in the potential exogeneity of implicit and widespread dollar strength, although the summer months may see some capitulation if the Fed remains less than committed pending data developments," the house added. Meanwhile, it expects Asian currencies "to be more attuned with dollar developments if procyclical greenback characteristics continue to materialize."

GILTS:

Gilts may start mixed as investors look to manufacturing data due out to decipher whether central banks should maintain loose policies. The U.K. economy is growing but not as fast as the Bank of England would like, outgoing governor Mervyn King said in an interview broadcast Sunday.

"You can see signs now of a recovery. The economy is growing. Not as fast as we would like it to grow, but no one can foretell the future and all sorts of unexpected events will come along," Mr. King said in an interview with the BBC.

Mr. King will vote on Thursday at his final meeting as a member of the rate-setting Monetary Policy Committee at the BOE.

ENERGY:

Crude-oil futures were lower in Asian trading with heavy losses on Friday and concerns about U.S. oversupply still weighing on investor sentiment, according to ANZ analysts.

Nymex crude was last trading at \$91.78/bbl--down 19 cents from its previous settlement; Brent crude was off 45 cents at \$99.94/bbl. Technically Friday's slide has left Brent looking vulnerable near term after it slipped below support at \$100/bbl, ANZ said. For now surprisingly strong China manufacturing data released over the weekend isn't helping shore up prices in spite of gains in the industrial-metal market in response to the numbers.

This week the focus for crude futures will be Friday's U.S. jobs report as investors remain sensitive to cues on the duration of Fed stimulus measures.

METALS:

Base metals were higher in Asian trading after a surprise upturn in China's key gauge of manufacturing activity at the weekend. Traders said industrial metals have been boosted by the better figures, which appeared to show the economy stabilizing.

Some funds had exited long positions in the market ahead of the data, amid expectations it would show a contraction in the sector. Copper is also taking support from reports that Indonesia has ordered a halt in operations at the Grasberg mine run by PT Freeport Indonesia, the Indonesian unit of Freeport-McMoRan Copper & Gold (FCX), while inspectors probe a fatal tunnel collapse. LME three-month copper traded up 0.7% at US\$7,362.75/ton.

Sluggish growth in top consumer India may weigh on gold demand this year and next, ANZ analysts said in a report.

"ANZ expects India's economy to continue to grow below trend through 2013-2014, which could be a drag on future demand for gold," the house said. In the near term, ANZ notes that a strong U.S. dollar and data signaling a firming U.S. economy are dampening sentiment towards the precious metal, as some investors start to price in a possible end to Fed stimulus measures. Spot gold was \$8.02 higher at \$1,395.

PRICES:

DJIA 15115.57 -208.96 -1.36%
Nasdaq 3455.91 -35.38 -1.01%
S&P 500 1630.74 -23.67 -1.43%
FTSE 100 6583.09 -73.90 -1.11%
FTSE 250 14,337.08 -105.66 -0.73%
FTSE AIM
All-Share 730.26 -0.12 -0.02%
Closing prices

Dow Future 15151.00 +51.00 +0.3%
NASDAQ Future 2988.50 +8.25 +0.3%
S&P Future 1633.40 +4.40 +0.3%
As of 0330 GMT

Nikkei 13475.64 -298.90 -2.17%
S&P/ASX 200 4922.50 -4.10 -0.08%
ShanghaiComp 2309.30 +8.70 +0.38%
As of 0325 GMT

USD/JPY 100.64-66 +0.20%
Range 100.71 100.40
EUR/USD 1.3006-08 +0.10%

Range 1.3010 1.2986
GBP/USD 1.5213-18 +0.06%
Range 1.5222 1.5194
EUR/GBP 0.8548-51 +0.05%
Range 0.8555 0.8543
As of 0250 GMT vs NY close

Asian Gold \$1,395.00 +\$8.02 +0.6%
Comex Gold \$1,394.10 +\$1.10 +0.1%
Brent Crude \$99.94 -\$0.45 -0.4%
As of 0300 GMT vs NY close

CORPORATE CALENDAR:
GW Pharmaceuticals (GWP.LN)Interim 2013 Results

Phoenix IT Group (PNX.LN)Full year 2013 Preliminary results

Scottish Investment Trust (SCIN.LN)Interim 2013 Results

Thomas Cook Group (TCG.LN)General Meeting

DIVIDEND CALENDAR:
BAE Systems (BA.LN)Full year 2012 Dividend payment date - proposed (seen 0.11700)
JPMorgan Claverhouse Investment Trust (JCH.LN)Q1 2013 Dividend payment date (seen 0.04500)
Sage Group plc (SGE.LN)General Meeting re special dividend & share consolidation
Smart (J) & Co (SMJ.LN)Interim 2013 Dividend payment date (seen 0.00920)

ECONOMIC CALENDAR - GMT:
0830 May CIPS Manufacturing PMI
2301 May BRC-KPMG Retail Sales
Monitor
Contact: London NewsPlus/Services, Dow Jones Newswires; +44-20-7842-9319 [03-06-13 0535GMT]

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DOW JONES NEWSWIRES

DJ CHART ProShares Short **S&P500** ST: short term rebound

164 字

2013 年 6 月 3 日 17:59

Dow Jones Newswires

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(TRADING Central) PARIS -- Click here to see our chart:
<http://www.tradingcentral.com/chart/SHUSD130603185808.gif>

Our pivot point stands at 28.8.

Our preference: short term rebound.

Alternative scenario: the downside breakout of 28.8 would call for 28.4 and 28.1.

Comment: the RSI is above 50. The MACD is above its signal line and negative. The MACD must break above its zero level to call for further upside. Moreover, the share stands above its 20 day MA (29.04) but below its 50 day MA (29.94). ProShares Short **S&P500** is currently trading near its 52 week low at 28.3 reached on 22/05/13.

Supports and resistances:

30.4 *

30.2 **

29.9

29.32 last

29

28.8 **

28.4 *

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(END) Dow Jones Newswires

June 03, 2013 12:59 ET (16:59 GMT)

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DOW JONES NEWSWIRES

DJ UK MORNING BRIEFING: FTSE Faces Further Losses as Nikkei Slides

1,181 字

2013 年 6 月 3 日 06:35

Dow Jones Newswires

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SNAPSHOT:

-FTSE seen lower, sterling, gilts mixed; spot gold higher, Brent lower

-BOE Says U.K. Economy Not Growing Fast Enough

-Vodafone to Increase Investment in the U.K. -FT

-Glencore, Blackstone Looking at Rio Tinto's Canadian Iron-Ore Business - Sources

-Bidders Emerge for Rio Tinto Ore Business

-Watch for: CIPS Manufacturing PMI

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GILTS:

Gilts may start mixed as investors look to manufacturing data due out to decipher whether central banks should maintain loose policies. The U.K. economy is growing but not as fast as the Bank of England would like, outgoing governor Mervyn King said in an interview broadcast Sunday.

"You can see signs now of a recovery. The economy is growing. Not as fast as we would like it to grow, but no one can foretell the future and all sorts of unexpected events will come along," Mr. King said in an interview with the BBC.

Mr. King will vote on Thursday at his final meeting as a member of the rate-setting Monetary Policy Committee at the BOE.

ENERGY:

Crude-oil futures were lower in Asian trading with heavy losses on Friday and concerns about U.S. oversupply still weighing on investor sentiment, according to ANZ analysts.

Nymex crude was last trading at \$91.78/bbl--down 19 cents from its previous settlement; Brent crude was off 45 cents at \$99.94/bbl. Technically Friday's slide has left Brent looking vulnerable near term after it slipped below support at \$100/bbl, ANZ said. For now surprisingly strong China manufacturing data released over the weekend isn't helping shore up prices in spite of gains in the industrial-metal market in response to the numbers.

This week the focus for crude futures will be Friday's U.S. jobs report as investors remain sensitive to cues on the duration of Fed stimulus measures.

METALS:

Base metals were higher in Asian trading after a surprise upturn in China's key gauge of manufacturing activity at the weekend. Traders said industrial metals have been boosted by the better figures, which appeared to show the economy stabilizing.

Some funds had exited long positions in the market ahead of the data, amid expectations it would show a contraction in the sector. Copper is also taking support from reports that Indonesia has ordered a halt in operations at the Grasberg mine run by PT Freeport Indonesia, the Indonesian unit of Freeport-McMoRan Copper & Gold (FCX), while inspectors probe a fatal tunnel collapse. LME three-month copper traded up 0.7% at US\$7,362.75/ton.

Sluggish growth in top consumer India may weigh on gold demand this year and next, ANZ analysts said in a report.

"ANZ expects India's economy to continue to grow below trend through 2013-2014, which could be a drag on future demand for gold," the house said. In the near term, ANZ notes that a strong U.S. dollar and data signaling a firming U.S. economy are dampening sentiment towards the precious metal, as some investors start to price in a possible end to Fed stimulus measures. Spot gold was \$8.02 higher at \$1,395.

PRICES:

DJIA 15115.57 -208.96 -1.36%
Nasdaq 3455.91 -35.38 -1.01%
S&P 500 1630.74 -23.67 -1.43%
FTSE 100 6583.09 -73.90 -1.11%
FTSE 250 14,337.08 -105.66 -0.73%
FTSE AIM
All-Share 730.26 -0.12 -0.02%
Closing prices

Dow Future 15151.00 +51.00 +0.3%
NASDAQ Future 2988.50 +8.25 +0.3%
S&P Future 1633.40 +4.40 +0.3%
As of 0330 GMT

Nikkei 13475.64 -298.90 -2.17%
S&P/ASX 200 4922.50 -4.10 -0.08%
ShanghaiComp 2309.30 +8.70 +0.38%
As of 0325 GMT

USD/JPY 100.64-66 +0.20%

Range 100.71 100.40

EUR/USD 1.3006-08 +0.10%

Range 1.3010 1.2986

GBP/USD 1.5213-18 +0.06%

Range 1.5222 1.5194

EUR/GBP 0.8548-51 +0.05%

Range 0.8555 0.8543

As of 0250 GMT vs NY close

Asian Gold \$1,395.00 +\$8.02 +0.6%

Comex Gold \$1,394.10 +\$1.10 +0.1%

Brent Crude \$99.94 -\$0.45 -0.4%

As of 0300 GMT vs NY close

CORPORATE CALENDAR:

GW Pharmaceuticals (GWP.LN)Interim 2013 Results

Phoenix IT Group (PNX.LN)Full year 2013 Preliminary results

Scottish Investment Trust (SCIN.LN)Interim 2013 Results

Thomas Cook Group (TCG.LN)General Meeting

DIVIDEND CALENDAR:

BAE Systems (BA.LN)Full year 2012 Dividend payment date - proposed (seen 0.11700)

JPMorgan Claverhouse Investment Trust (JCH.LN)Q1 2013 Dividend payment date (seen 0.04500)

Sage Group plc (SGE.LN)General Meeting re special dividend & share consolidation

Smart (J) & Co (SMJ.LN)Interim 2013 Dividend payment date (seen 0.00920)

ECONOMIC CALENDAR - GMT:

0830 May CIPS Manufacturing PMI

2301 May BRC-KPMG Retail Sales
Monitor

Contact: London NewsPlus/Services, Dow Jones Newswires; +44-20-7842-9319

(END) Dow Jones Newswires

June 03, 2013 01:35 ET (05:35 GMT)

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DOW JONES NEWSWIRES

Barron's: The Trader: Stocks Notch Sixth Straight Monthly Gain

2,103 字

2013 年 6 月 1 日 05:09

Dow Jones Institutional News

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(FROM BARRON'S 6/3/13)

By Sandra Ward

Investors stayed glued to another week of "As the Fed Turns."

Unease about Federal Reserve Chairman Ben Bernanke's recent suggestion of possibly curtailing the central bank's bond buying in coming months and debate included in the minutes of the latest Fed policy meeting unsettled the markets during the holiday-shortened week. Investors tried to guess when and by how much the Fed might ease up on its easing. U.S. Treasuries posted their biggest losses in more than two years, pushing yields to their highest levels in more than a year. The 30-year mortgage rate rose above 4% and the yield on the 10-year U.S. Treasury broke through 2%, putting the benchmark bond on a par with the dividend yield of the S&P 500 for the first time this year.

When is a Fed tightening not a tightening? When it's a tapering. In other words, the Fed would continue its longstanding program of buying bonds as a way of spurring economic growth, also known as quantitative easing, but at a lesser pace than the current \$85 billion a month as long as economic conditions are good enough to warrant a let up.

"You're really talking about how much pressure the Fed is putting on the gas pedal. They are still accelerating and still easing aggressively," says Jason Trennert, chief investment strategist at Strategas Research Partners, a New York City-based institutional-investment research firm.

The Dow Jones Industrial Average fell by 208.96 points, or 1.36%, to 15,115.57 Friday to end the week off 187.53 points, or 1.23%. Still, the blue-chip index ended the month of May up 1.86%, marking the sixth straight month of gains. The Dow has risen in 17 of the past 20 months, the longest such streak since 1951. The Nasdaq Composite was flat for the week at 3455.91. It rose 3.82% for the month of May, the seventh consecutive month of gains.

The S&P 500 fell 18.86 points on the week to close at 1630.74, down 1.14%. It notched its first positive performance for May since 2009 and has been up seven straight months, and 15 of the past 18.

The week started strong as investors enthusiastically responded to news that house prices spiked 10.9% in March from the year-ago period, the biggest appreciation in seven years. The S&P/Case-Shiller index, which measures price changes of existing single-family detached residences, showed all 20 U.S. cities tracked in the index posted gains for the third month in a row. Tempering the exuberance a bit was the disclosure that the gains may have been exaggerated by limited supply.

Still, April housing data released by the U.S. Commerce Department revealed that sales of newly constructed homes were strong, too, coming in higher than expected at a seasonally adjusted annual rate of 454,000, nearly 30% higher than that of a year ago.

No wonder, then, that consumers have 'tude! The Consumer Confidence Index clocked in at its highest level since February 2008, according to the Conference Board, soaring to 72.6 in May from 69 in April. Its Expectations Survey jumped to 82.4 from 74.3 the previous month.

Further good news was delivered by none other than Moody's Investor Services, which lifted its assessment of the U.S. banking system to stable from negative for the first time since the dark days of 2008. Banks rallied.

Citigroup (C) reached a 52-week high of \$53.56 during the week, approaching levels last achieved in 2009 when it hit \$54.30 a share and exceeding its highs in 2010 and 2011. That suggested to technical analysts its stock price is on the verge of a breakout, according to Ron Meisels, principal at Phases & Cycles, a Montreal-based independent technical-research firm.

All of this good news, of course, points to economic strength and provides fodder for the Fed to pull back from the pump. Yet, later in the week, disappointing figures on jobless claims, U.S. economic growth and consumer spending suggested the Fed will continue to prime the pump.

Importantly, Bernanke made clear he is reluctant to taper too soon for fear of jeopardizing the recovery, and without more progress on job creation.

Speaking of tapirs . . . Okay, we're speaking of pigs, really, but we couldn't resist. China's Shuanghui International Holdings agreed to acquire U.S.-based pork processor Smithfield Foods (SFD) for \$4.7 billion, or \$34 a share, and the assumption of debt. The price represents a 30% premium to Smithfield's Tuesday closing price of \$26. Should the deal proceed, it will rank as the biggest takeover of a U.S. company by a Chinese firm yet. As the world's largest hog farmer and pork producer, Smithfield provides a valuable commodity to a China interested in securing food supplies for its upwardly mobile population. While there were hints of other competing bids emerging, Smithfield shares ended the week at \$32.96, suggesting otherwise.

In another major transaction, Berkshire Hathaway's (BRKA) MidAmerican Holdings announced a bid for NVEnergy (NVE), a power company serving Nevada, for about \$5.6 billion in cash, or \$23.75 a share and debt assumption. That's a 23% premium to its May 29 closing price of \$19.28. But when you consider that as recently as April 30 NVEnergy traded at \$21.63 a share, shareholders perhaps didn't make out as well as MidAmerican. NVEnergy shares have suffered as investors have been rotating out of defensive sectors and into more cyclical areas. MidAmerican seized the opportunity.

Indeed, on an equal-weighted basis cyclical stocks such as industrials, materials, energy, and technology have been outperforming defensive sectors such as health care, consumer staples, utilities, and telecom since late April, an early sign perhaps of stronger economic growth and the start of a new credit cycle, according to Strategas's Trennert. "Most people think that all the stock-market gains are driven by central-bank liquidity. But maybe the stock market is telling us the economy is stronger."

Last week notwithstanding, the stock market's been partying like it's 1995!

The current trajectory of the S&P 500 is nearly a mirror image of 1995, and, as the good folks at Bespoke Investment Group point out, that would be a very good year to emulate. The S&P 500 delivered a 34.1% gain for the year and never dropped more than 2.5% from a prior closing high all year long. The one pullback happened 11 days before the end of the year, a long time to wait before grabbing the bull by the horns. A chart of both years through May 19 shows almost identical patterns as the S&P followed its skyward swing.

A similar pattern emerges in the behaviors of the leaders and laggards in both years. In 1995, the five best-performing sectors as of May 19 were up 13.5% during the remainder of the year while the five worst performing sectors gained 23.9%.

If the 1995 pattern holds true this year, look for the lagging sectors --materials, technology, energy, and utilities --to dominate the second half after underperforming in the first half. In turn, investors would rotate out of the top performing sectors --health care, consumer discretionary, consumer staples, and financials. It's still early but that move appears to be under way.

Echoes of 1995 also show up in the work of the analysts at Ned Davis Research, based in Venice, Fla. They note that through May 29, the S&P 500 closed the day higher than the previous day 61.8% of the time. Only 1971, when that happened 62.5% of the time, and 1995, at 66%, showed more positive closes.

Will Geisdorf, global strategist at NDR, points out that one successful strategy in the second half of 1995 was to invest in companies showing upward earnings revisions. Alcoa (A), DirecTV (DTV), and Weyerhaeuser (WY) are among the stocks that fit that bill right now.

For those interested in divining the direction of the stock market, it pays to watch what's happening to corporate bond prices.

Tracking the rise and fall of the Dow Jones Equal-Weight U.S.-Issued Corporate Bond Index (Barron's Market Lab, page M52) and looking at the rate of change in the 26-week moving average of the index has proved a reliable predictor of intermediate-term moves in the stock market for much of the past century.

The 26-week rate of change in the corporate bond index turned negative in April and remains bearish.

In periods when corporate bond prices are rising, the Dow Jones Industrial Average has tended to rise by 11.6% annually, on average. When prices on corporate issues are falling, the DJIA has declined annually by 0.5%, on average. Many other sacred market indicators have broken down in recent times, but the corporate bond index still holds merit.

The indicator has added value in all of the last nine decades with the exception of the 1990s, when it underperformed slightly, according to Doug Ramsay, chief investment officer at the Leuthold Group. The Leuthold Group, founded by the venerable Steve Leuthold, has been cranking out investment research and analysis from the North Country of Minneapolis for three decades.

In the 'Nineties, the DJIA rose 15.1% a year on average when corporate bond prices rose, but also rose 15.7% when corporate bond prices fell. In the Fifties, the DJIA gained 15% on average when corporate bond prices advanced and only 10.6% when corporate prices dropped. In the turbulent decade from January 2000 to December 2009, the DJIA advanced 5.2% on average on rising corporate bond prices and lost 10.8% when they fell. Leuthold incorporates the corporate bond index information as one of three dozen indicators in the Major Trend Index it uses to track the relationships between stocks and bonds and inflation and interest rates to help determine allocations to stocks and bonds.

"It's clear that credit information embedded in corporate bond prices provides very valuable information for stock investors," in the intermediate term, says Ramsay.

1 Jun 2013 00:09 EDT Barron's: The Trader: Stocks Notch Sixth Straight -2-

If, indeed, it is cyclicals' time to shine, then perhaps it is time to take a ride in General Motors (GM) shares. Since coming public 2.5 years ago, after the bankruptcy and government bailout, the giant auto maker's stock has been spinning its wheels, underperforming the S&P 500 by about 42%. Changing hands at a recent \$33.89, the stock trades at less than eight times 2014 estimated earnings of \$4.38 a share despite expected earnings growth of about 30%. Morgan Stanley is overweight the stock and has a price target of \$45 a share, noting that GM is highly leveraged to the fastest-growing markets in the world, has net operating loss credits that will shield it from tax payments until 2018, a strong balance sheet, and, importantly, a popular new truck.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	15115.57	-187.53	-1.23
DJTransportation	6290.18	-105.52	-1.65
DJUtilities	482.16	-17.05	-3.42
DJ65Stocks	5093.15	-89.90	-1.73
DJUSMarket	410.14	-4.38	-1.06
NYSEComp.	9302.27	-139.96	-1.48
NYSEMKTComp.	2364.99	-37.44	-1.56

S&P500	1630.74	-18.86	-1.14
S&PMidCap	1184.32	-3.75	-0.32
S&PSmallCap	551.98	-1.20	-0.22
Nasdaq	3455.91	-3.23	-0.09
ValueLine(arith.)	3719.72	-7.71	-0.21
Russell2000	984.14	-0.13	-0.01
DJUSTSMFloat	17014.54	-171.02	-1.00

Last Week Week Earlier

NYSE		
Advances	896	1,089
Declines	2,277	2,077
Unchanged	48	61
NewHighs	404	851
NewLows	216	81
AvDailyVol(mil)	3,572.3	3,504.8
Dollar (Finexspotindex)	83.38	83.70
T-Bond (CBTnearbyfutures)	130-080	131-110
Crude Oil (NYMlightsweetcrude)	91.97	94.15
Inflation KR-CRB (FuturesPriceIndex)	281.85	284.89
Gold		

(CMXnearbyfutures) 1392.60 1386.80

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(END) Dow Jones Newswires

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Investors Flinch, Four-Week Win Streak Ends

By Avi Salzman

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2013 年 5 月 27 日

Barron's

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Investors got to face some of their biggest fears last week, and for the first time in more than a month, they flinched.

We learned last week that the Federal Reserve is considering ways to reduce the stimulus program, and that China's manufacturing sector appears to be contracting. The cumulative stress of that news sent stocks around the world lower. U.S. equities performed better than some overseas markets, but they weren't immune.

The Dow fell 51.3 points on the week, or 0.33%, to 15,303.1. The S&P 500 dropped 17.87 points, or 1.07%, to end at 1,649.60. The technology-heavy Nasdaq Composite index lost 38.92 points, or 1.14%, to 3,459.14. All three indexes snapped four-week winning streaks.

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Aside from Wednesday, though, U.S. equity trading didn't have a strong bearish tilt, and few expect the six-month bull run to suddenly reverse. After a late rally on Friday, the Dow made it past 100 days without a single three-day losing streak, the longest such streak ever.

But investors are still a little giddy, like the high school seniors coasting through second semester who haven't yet realized they should be looking for a summer job. Investor surveys and put-call ratios are remarkably bullish, says Christian Andreach, the co-head of global equities at Manning & Napier. "We are a little bit concerned by some of the complacency out there," he says.

Some fear that investors now entering the market are simply playing catch-up.

"When people are being forced to buy for no other reason than they feel they have to for fear of missing the rally, that's not a healthy market," said Garth Friesen, co-chief investment officer at hedge fund III Associates, and a member of the New York Fed's Investor Advisory Committee. "We've been advocating a little more caution. The whole move we've had in the S&P this year has been due to multiple expansion."

Some stocks saw particularly large swings on the week. Procter & Gamble (PG) rose 4% on Friday after the company announced late on Thursday that CEO Robert McDonald had suddenly retired and former CEO A.G. Lafley was taking his place. McDonald had been under fire from investors after the company posted weak third quarter results last month, and activist investor Bill Ackman had been agitating for change.

Saks (SKS) jumped 31% on the week on news speculating the retailer might merge with privately held rival Neiman Marcus.

Touch-screen company Uni-Pixel (UNXL) fell 12% on the week, after a 22% drop the previous week. Uni-Pixel said it now expects products with its UniBoss films to hit shelves in the fourth quarter instead of the third quarter because of delays at a partner; management said its own manufacturing schedule was still on track. The company was featured in a skeptical Barron's story two weeks ago ("Out of Touch," May 13).

Two largely unrelated themes have developed in the equity market in the past few months. Investors have plowed money into defensive stocks as they seek higher dividend yields and steady growth outside of the bond markets. As a result, health care and consumer stocks have soared this year.

But among many investors, risk-taking is in favor. Stocks considered riskier, or "higher beta," have outperformed the overall market, with the Powershares High Beta Portfolio (SPHB) advancing 9% in the past month, even as the S&P has risen 4.5%.

Investors willing to bet on stocks with high short interest, such as Netflix (NFLX) and First Solar (FSLR), have been richly rewarded. Those stocks are among the top performers in the S&P 500 in the second quarter, so far. In fact, the 50 stocks in the S&P 500 with the highest short interest have far outperformed the 50 stocks with the lowest short interest in the current quarter. As of early last week, the short-sellers' favorites were up 12%, while the stocks they've ignored were down 5%, according to Bespoke Investment Group. Bespoke calls it "the dash for trash."

"People are either reaching for yield or groping for growth," says Brian Jacobsen of Wells Fargo Funds Management. "You've got a lot in the middle there that just doesn't seem to move much one way or the other."

One sector that has performed well this year is health care, up about 22%. But some companies have been left behind in the rally.

St. Louis-based Express Scripts (ESRX), a pharmacy-benefits manager, has lagged the market after warning investors last year that analysts' earnings expectations for 2013 were "overly aggressive." That pre-emptive pessimism has kept a lid on the stock for months, and it now trades at 13.8 times earnings, cheaper than its main competitor CVS Caremark (CVS) and below its own five-year average of 15.8 times.

Express Scripts acts as a middleman between employers and pharmacies, processing about 1.5 billion prescriptions every year. The company bought rival Medco Health Solutions last year, and now manages prescriptions for roughly a third of Americans. Its sales are expected to jump to \$101.1 billion in 2013 from \$46.1 billion in 2011, before the Medco deal closed.

"Now they're the dominant player," says Maxim Group analyst Anthony Vendetti. "Express Scripts clearly has the No. 1 foothold in the market, in terms of revenues, in terms of customers. The stock hasn't yet reflected its bargaining power" with both drug companies and clients.

Analysts and bullish investors expect Express Scripts' results to start showing the company's increased power and greater efficiency soon. Express Scripts could benefit as major drugs continue to lose patent protection, because the company earns a better margin on generic drug prescriptions than on branded ones. The Medco acquisition has helped Express Scripts boost its specialty pharmaceutical and mail-order businesses, both of which add to profitability. And CEO George Paz says the company has gotten hip to what he calls "consumerology," a far-out way of saying that the company is mining its prescription data to find better ways of keeping patients healthy and improving its business.

The improvements are starting to show up in Express Scripts' results. After initially tamping down expectations late last year on concerns about the economy, the company is now exceeding its lowered targets.

In the first quarter, Express Scripts posted earnings of \$374 million, or an adjusted 99 cents a share, on \$26.06 billion in revenue. Analysts had been expecting 97 cents a share on \$25.048 billion in revenue. For the full year, Express Scripts raised its guidance by three cents to between \$4.23 and \$4.33 a share, which amounts to growth of 13% to 16%. Analysts are projecting \$4.29.

Managing prescriptions is a low-margin business -- the company is paid a small fee for each prescription it processes. But the merger is helping Express Scripts cut costs, and margins are expected to swing higher.

Gross margins rose to 7.8% in the first quarter from about 7.1% a year ago.

"A 10-to-20-basis-point change in gross margin [a 0.1%-0.2% change] has a major impact on the bottom line," says Vendetti. "If the margins expand, there's a lot of opportunity for the shares to benefit."

Express Scripts has estimated that it will be able to cut \$1 billion in annual costs through the merger, a small but still significant portion of the company's \$90 billion in costs. Following the Medco merger, total debt spiked to nearly \$16 billion at the end of 2012 from \$2.5 billion in 2010. But Express Scripts has been able to boost its free cash flow considerably, allowing it to pay off its obligations more quickly than it had anticipated. The company generated \$4.6 billion in free cash flow in 2012, more than double what it generated in 2011.

That allowed Express Scripts to begin buying back shares earlier than expected. After holding off on buybacks for a year to pay off debt, the company announced a new plan in March to repurchase 75 million shares, or about 9% of its total share count.

The buybacks could help the company post annual growth in earnings per share of 15%, wrote Jefferies analyst Brian Tanquillat this month in upgrading shares to Buy with a \$74 price target.

Jeff Jonas, co-portfolio manager of the Gabelli Healthcare and Wellness Trust, thinks the company is slow-playing a very good hand. "Management has been overly conservative with guidance," said Jonas, whose fund holds shares in the company.

Express Scripts could struggle if health insurers decide to run their own pharmacy- benefits programs instead of outsourcing them to Express Scripts -- UnitedHealth Group (UNH) is beginning to handle many of its own services this year, for instance. But health-care trends are working in Express Scripts' favor. Companies rushing to comply with Obamacare are unlikely to switch providers, experts predict, and CEO Paz said the company is "enjoying one of our highest client-retention years ever." As Express Scripts attracts clients, it should also attract investors looking for an inexpensive stock.

In an item on Orbitz (OWW) last week, we incorrectly said that 70% of its revenue comes from air travel, which has low profit margins. Air travel is 70% of gross bookings, or the total amount that customers pay in transactions; much of that goes directly to the airline, hotel, or car-rental company. Air travel is 33% of Orbitz's revenue, which is the cut the company takes of gross bookings.

It was a serious goof, but it doesn't affect our view that Orbitz's 250% jump in share price over the past six months -- mainly in reaction to increases in hotel revenue -- isn't justified by the long-term prospects. Though the hotel business has markedly higher margins than those of air travel, it accounts for just 31% of revenue, too small to justify such an enormous stock rise.

We asked Orbitz for a hotel outlook for 2013, but the company declined to comment. Marketing costs and other expenses are increasing faster than the first quarter's 7% rise in total revenue, and will probably continue to do so. Despite the first-quarter hotel improvement, Orbitz reported a \$12 million loss before taxes, double the level of a year earlier. Still doesn't sound like a stock that should be trading at 22 times next year's estimated earnings.

-- Vito J. Racanelli

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	15303.10	-51.30	-0.33
DJTTransportation	6395.70	-153.46	-2.34
DJUtilities	499.21	-17.49	-3.38
DJ65Stocks	5183.05	-78.55	-1.49
DJUSMarket	414.52	-4.99	-1.19
NYSEComp.	9442.22	-134.20	-1.40
NYSEMKTComp.	2402.42	-24.27	-1.00

S&P500	1649.60	-17.87	-1.07
S&PMidCap	1188.07	-23.47	-1.94
S&PSmallCap	553.18	-7.42	-1.32
Nasdaq	3459.14	-39.82	-1.14
ValueLine(arith.)	3727.43	-38.05	-1.01
Russell2000	984.28	-12.00	-1.20
DJUSTSMFloat	17185.56	-203.69	-1.17

Last Week Week Earlier

NYSE		
Advances	1,089	1,865
Declines	2,077	1,332
Unchanged	61	34
NewHighs	851	914
NewLows	81	74
AvDailyVol(mil)	3,504.8	3,365.2
Dollar		
(Finexspotindex)	83.80	84.25
T-Bond		

(CBTnearbyfutures) 131-110 131-275
Crude Oil
(NYMlightsweetcrude) 94.15 96.02
Inflation KR-CRB
(FuturesPriceIndex) 284.89 287.60
Gold
(CMXnearbyfutures) 1386.80 1364.90

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DOW JONES NEWSWIRES

Barron's: The Trader: Investors Flinch, Four-Week Win Streak Ends

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(FROM BARRON'S 5/27/13)

By Avi Salzman

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But investors are still a little giddy, like the high school seniors coasting through second semester who haven't yet realized they should be looking for a summer job. Investor surveys and put-call ratios are remarkably bullish, says Christian Andreach, the co-head of global equities at Manning & Napier. "We are a little bit concerned by some of the complacency out there," he says.

Some fear that investors now entering the market are simply playing catch-up.

"When people are being forced to buy for no other reason than they feel they have to for fear of missing the rally, that's not a healthy market," said Garth Friesen, co-chief investment officer at hedge fund III Associates, and a member of the New York Fed's Investor Advisory Committee. "We've been advocating a little more caution. The whole move we've had in the S&P this year has been due to multiple expansion."

Some stocks saw particularly large swings on the week. Procter & Gamble (PG) rose 4% on Friday after the company announced late on Thursday that CEO Robert McDonald had suddenly retired and former CEO A.G. Lafley was taking his place. McDonald had been under fire from investors after the company posted weak third quarter results last month, and activist investor Bill Ackman had been agitating for change.

Saks (SKS) jumped 31% on the week on news speculating the retailer might merge with privately held rival Neiman Marcus.

Touch-screen company Uni-Pixel (UNXL) fell 12% on the week, after a 22% drop the previous week. Uni-Pixel said it now expects products with its UniBoss films to hit shelves in the fourth quarter instead of the third quarter because of delays at a partner; management said its own manufacturing schedule was still on track. The company was featured in a skeptical Barron's story two weeks ago ("Out of Touch," May 13).

Two largely unrelated themes have developed in the equity market in the past few months. Investors have plowed money into defensive stocks as they seek higher dividend yields and steady growth outside of the bond markets. As a result, health care and consumer stocks have soared this year.

But among many investors, risk-taking is in favor. Stocks considered riskier, or "higher beta," have outperformed the overall market, with the Powershares High Beta Portfolio (SPHB) advancing 9% in the past month, even as the S&P has risen 4.5%.

Investors willing to bet on stocks with high short interest, such as Netflix (NFLX) and First Solar (FSLR), have been richly rewarded. Those stocks are among the top performers in the S&P 500 in the second quarter, so far. In fact, the 50 stocks in the S&P 500 with the highest short interest have far outperformed the 50 stocks with the lowest short interest in the current quarter. As of early last week, the short-sellers' favorites were up 12%, while the stocks they've ignored were down 5%, according to Bespoke Investment Group. Bespoke calls it "the dash for trash."

"People are either reaching for yield or groping for growth," says Brian Jacobsen of Wells Fargo Funds Management. "You've got a lot in the middle there that just doesn't seem to move much one way or the other."

One sector that has performed well this year is health care, up about 22%. But some companies have been left behind in the rally.

St. Louis-based Express Scripts (ESRX), a pharmacy-benefits manager, has lagged the market after warning investors last year that analysts' earnings expectations for 2013 were "overly aggressive." That pre-emptive pessimism has kept a lid on the stock for months, and it now trades at 13.8 times earnings, cheaper than its main competitor CVS Caremark (CVS) and below its own five-year average of 15.8 times.

Express Scripts acts as a middleman between employers and pharmacies, processing about 1.5 billion prescriptions every year. The company bought rival Medco Health Solutions last year, and now manages prescriptions for roughly a third of Americans. Its sales are expected to jump to \$101.1 billion in 2013 from \$46.1 billion in 2011, before the Medco deal closed.

"Now they're the dominant player," says Maxim Group analyst Anthony Vendetti. "Express Scripts clearly has the No. 1 foothold in the market, in terms of revenues, in terms of customers. The stock hasn't yet reflected its bargaining power" with both drug companies and clients.

Analysts and bullish investors expect Express Scripts' results to start showing the company's increased power and greater efficiency soon. Express Scripts could benefit as major drugs continue to lose patent protection, because the company earns a better margin on generic drug prescriptions than on branded ones. The Medco acquisition has helped Express Scripts boost its specialty pharmaceutical and mail-order businesses, both of which add to profitability. And CEO George Paz says the company has gotten hip to what he calls "consumerology," a far-out way of saying that the company is mining its prescription data to find better ways of keeping patients healthy and improving its business.

The improvements are starting to show up in Express Scripts' results. After initially tamping down expectations late last year on concerns about the economy, the company is now exceeding its lowered targets.

In the first quarter, Express Scripts posted earnings of \$374 million, or an adjusted 99 cents a share, on \$26.06 billion in revenue. Analysts had been expecting 97 cents a share on \$25.048 billion in revenue. For the full year, Express Scripts raised its guidance by three cents to between \$4.23 and \$4.33 a share, which amounts to growth of 13% to 16%. Analysts are projecting \$4.29.

Managing prescriptions is a low-margin business -- the company is paid a small fee for each prescription it processes. But the merger is helping Express Scripts cut costs, and margins are expected to swing higher.

Gross margins rose to 7.8% in the first quarter from about 7.1% a year ago.

"A 10-to-20-basis-point change in gross margin [a 0.1%-0.2% change] has a major impact on the bottom line," says Vendetti. "If the margins expand, there's a lot of opportunity for the shares to benefit."

Express Scripts has estimated that it will be able to cut \$1 billion in annual costs through the merger, a small but still significant portion of the company's \$90 billion in costs. Following the Medco merger, total debt spiked to nearly \$16 billion at the end of 2012 from \$2.5 billion in 2010. But Express Scripts has been able to boost its free cash flow considerably, allowing it to pay off its obligations more quickly than it had anticipated. The company generated \$4.6 billion in free cash flow in 2012, more than double what it generated in 2011.

That allowed Express Scripts to begin buying back shares earlier than expected. After holding off on buybacks for a year to pay off debt, the company announced a new plan in March to repurchase 75 million shares, or about 9% of its total share count.

The buybacks could help the company post annual growth in earnings per share of 15%, wrote Jefferies analyst Brian Tanquillat this month in upgrading shares to Buy with a \$74 price target.

Jeff Jonas, co-portfolio manager of the Gabelli Healthcare and Wellness Trust, thinks the company is slow-playing a very good hand. "Management has been overly conservative with guidance," said Jonas, whose fund holds shares in the company.

Express Scripts could struggle if health insurers decide to run their own pharmacy- benefits programs instead of outsourcing them to Express Scripts -- UnitedHealth Group (UNH) is beginning to handle many of its own services this year, for instance. But health-care trends are working in Express Scripts' favor. Companies rushing to comply with Obamacare are unlikely to switch providers, experts predict, and CEO Paz said the company is "enjoying one of our highest client-retention years ever." As Express Scripts attracts clients, it should also attract investors looking for an inexpensive stock.

In an item on Orbitz (OWW) last week, we incorrectly said that 70% of its revenue comes from air travel, which has low profit margins. Air travel is 70% of gross bookings, or the total amount that customers pay in transactions; much of that goes directly to the airline, hotel, or car-rental company. Air travel is 33% of Orbitz's revenue, which is the cut the company takes of gross bookings.

25 May 2013 00:07 EDT Barron's: The Trader: Investors Flinch, Four-Week -2-

It was a serious goof, but it doesn't affect our view that Orbitz's 250% jump in share price over the past six months -- mainly in reaction to increases in hotel revenue -- isn't justified by the long-term prospects. Though the hotel business has markedly higher margins than those of air travel, it accounts for just 31% of revenue, too small to justify such an enormous stock rise.

We asked Orbitz for a hotel outlook for 2013, but the company declined to comment. Marketing costs and other expenses are increasing faster than the first quarter's 7% rise in total revenue, and will probably continue to do so. Despite the first-quarter hotel improvement, Orbitz reported a \$12 million loss before taxes, double the level of a year earlier. Still doesn't sound like a stock that should be trading at 22 times next year's estimated earnings.

-- Vito J. Racanelli

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	15303.10	-51.30	-0.33
DJTransportation	6395.70	-153.46	-2.34
DJUtilities	499.21	-17.49	-3.38
DJ65Stocks	5183.05	-78.55	-1.49
DJUSMarket	414.52	-4.99	-1.19
NYSEComp.	9442.22	-134.20	-1.40
NYSEMKTComp.	2402.42	-24.27	-1.00

S&P500	1649.60	-17.87	-1.07
S&PMidCap	1188.07	-23.47	-1.94
S&PSmallCap	553.18	-7.42	-1.32
Nasdaq	3459.14	-39.82	-1.14
ValueLine(arith.)	3727.43	-38.05	-1.01
Russell2000	984.28	-12.00	-1.20
DJUSTSMFloat	17185.56	-203.69	-1.17

Last Week Week Earlier

NYSE		
Advances	1,089	1,865
Declines	2,077	1,332
Unchanged	61	34

NewHighs	851	914
NewLows	81	74
AvDailyVol(mil)	3,504.8	3,365.2
Dollar		
(Finexspotindex)	83.80	84.25
T-Bond		
(CBTnearbyfutures)	131-110	131-275
Crude Oil		
(NYMlightsweetcrude)	94.15	96.02
Inflation KR-CRB		
(FuturesPriceIndex)	284.89	287.60
Gold		
(CMXnearbyfutures)	1386.80	1364.90

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May 25, 2013 00:07 ET (04:07 GMT)

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DOW JONES NEWSWIRES

*DJ ProShares Announces ETF Share Splits >UGE.P

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2013 年 5 月 24 日 21:15

Dow Jones Newswires

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24 May 2013 16:15 EDT PRESS RELEASE: ProShares Announces ETF Share Splits

ProShares Announces ETF Share Splits

ProShares Share Splits of Seven ETFs; Reverse Share Splits of Eight ETFs

BETHESDA, Md.--(BUSINESS WIRE)--May 24, 2013--

ProShares, a premier provider of alternative ETFs, announced today share splits on seven of its ETFs and reverse share splits on eight of its ETFs. The splits and reverse splits will not change the value of a shareholder's investment.

Splits

Seven ETFs will split shares 2-for-1.

Ticker	Fund	Split Ratio
UGE		
ProShares Ultra Consumer Goods		2:1
UPRO	ProShares UltraPro S&P500(R)	2:1
UMDD	ProShares UltraPro MidCap400	2:1
UWC	ProShares Ultra Russell3000	2:1
RXL	ProShares Ultra Health Care	2:1
UCC	ProShares Ultra Consumer Services	2:1
URTY	ProShares UltraPro Russell2000	2:1

All splits will apply to shareholders of record as of the close of the markets on June 5, 2013, payable after the close of the markets on June 7, 2013. The funds will trade at their post-split price on June 10, 2013. The ticker symbol and CUSIP numbers for the funds will not change.

The splits will decrease the price per share of each fund with a proportionate increase in the number of shares outstanding. For example, for the 2-for-1 splits, every pre-split share will result in the receipt of two post-split shares, which will be priced at half the net asset value ("NAV") of a pre-split share.

Illustration of a Split

The following table shows the effect of a hypothetical 2-for-1 split:

Period	# of Shares Owned	Hypothetical NAV	Value of Shares
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Pre-Split	100	\$100.00	\$10,000.00
Post-Split	200	\$50.00	\$10,000.00

Reverse Splits

Eight funds will reverse split shares at the following split ratios:

Ticker	Fund	Split Ratio	Old CUSIP	New CUSIP
KOLD	ProShares UltraShort DJ-UBS Natural Gas	1:4	74347W767	74347W387
VIXY	ProShares VIX Short-Term Futures ETF	1:5	74347W692	74347W361
UVXY	ProShares Ultra VIX Short-Term Futures ETF	1:10	74347W411	74347W379
DUG	ProShares UltraShort Oil & Gas	1:4	74347X591	74348A525
FINZ	ProShares UltraPro Short Financials	1:4	74348A574	74348A517
TTT	ProShares UltraPro Short 20+ Year Treasury	1:4	74347X740	74348A491
SJF	ProShares UltraShort Russell1000 Value	1:4	74347R453	74348A483
EFU	ProShares UltraShort MSCI EAFE	1:4	74347R339	74348A475

All reverse splits will be effective at the market open on June 10, 2013, when the funds will begin trading at their post-split price. The ticker symbol for the funds will not change. All funds undergoing a reverse split will be issued a new CUSIP number.

The reverse splits will increase the price per share of each fund with a proportionate decrease in the number of shares outstanding. For example, for a 1-for-4 reverse split, every four pre-split shares will result in the receipt of one post-split share, which will be priced four times higher than the NAV of a pre-split share.

Fractional Shares from Reverse Splits

For shareholders who hold quantities of shares that are not an exact multiple of the reverse split ratio (for example, not a multiple of 4 for a 1-to-4 reverse split), the reverse split will result in the creation of a fractional share. Post-reverse split fractional shares will be redeemed for cash and sent to your broker of record. This redemption may cause some shareholders to realize gains or losses, which could be a taxable event for those shareholders.

Illustration of a Reverse Split

The following table shows the effect of a hypothetical 1-for 4 reverse split:

Period	# of Shares Owned	Hypothetical NAV	Value of Shares
Pre-Split	1,000	\$10.00	\$10,000.00

Post-Split 250	\$40.00	\$10,000.00
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About ProShares

Offering the nation's largest lineup of alternative ETFs, ProShares helps investors to go beyond the limitations of conventional investing and face today's market challenges. Each ProShares ETF provides access to an alternative investment strategy delivered with the liquidity, transparency and cost effectiveness of an ETF. ProShares' lineup of 141 ETFs includes Global Fixed Income, Hedge Strategies, Geared (leveraged and inverse), and Inflation and Volatility ETFs.

ProShares has the largest lineup of alternative ETFs in the United States according to Financial Research Corporation ("FRC"), based on analysis of all the known alternative ETF providers (as defined by FRC) by their number of funds and assets (as of 3/31/2013).

ProShares' geared (leveraged and inverse) ETFs seek returns that are 3x, 2x, -1x, -2x or -3x the return of an index or other benchmark (target) for a single day, as measured from one NAV calculation to the next, before fees and expenses. Due to the compounding of daily returns, ProShares' returns over periods other than one day will likely differ in amount and possibly direction from the target return for the same period. Investors should monitor their holdings consistent with their strategies, as frequently as daily. For more on correlation, leverage and other risks, please read the prospectus.

Investing involves risk, including the possible loss of principal. These Funds are non-diversified and entail certain risks, including risk associated with the use of derivatives (swap agreements, futures contracts and similar instruments), imperfect benchmark correlation, and market price variance, all of which can increase volatility and decrease performance. Short ProShares should lose money when their benchmarks or indexes rise. Narrowly focused investments and investments in smaller companies typically exhibit higher volatility. Bonds will decrease in value as interest rates rise. International investments may also involve risk from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, and from economic or political instability. There is no guarantee any ProShares ETF will achieve its investment objective.

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24 May 2013 16:17 EDT *DJ Proshares Announces Share Splits Of Seven ETFs; Reverse Shr Splits Of Eight ETFs >UGE.P

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May 24, 2013 16:17 ET (20:17 GMT)

文件 DJDN000020130524e95o0067n

DOW JONES NEWSWIRES

DJ Financial News: Nomura- and Reservoir-Backed Hedge Fund Shuts Down

By Harriet Agnew

516 字

2013 年 5 月 22 日 14:45

Dow Jones Institutional News

DJDN

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Of FINANCIAL NEWS

Occitan Capital Partners, a hedge fund that was set up by former traders from Nomura and asset manager Boussard & Gavaudan, is shutting down after two years of performance losses, according to four people familiar with the situation.

Occitan was set up in 2010 by Herve Gallo, a former senior equity derivatives trader at Nomura, and Thomas de Garidel-Thoron, who previously worked at Boussard & Gavaudan. Shortly afterwards, John Candillier, Nomura's head of distribution for Europe, left to join Occitan as chief executive.

One person familiar with the situation said: "2012 was a tough year for macro and volatility-based strategies. As a consequence, early this year Occitan's founders decided to enter a process to proactively return capital to investors and treat them all fairly. Most of the money has now been returned and the business will shut down in the next few months."

Candillier left the firm in January, according to the U.K. Financial Services Register. Gallo and Candillier were named in Financial News' 2012 list of 40 Under 40 Rising Stars of the hedge fund industry.

In January 2011, Occitan secured a \$150 million investment from Dan Stern's U.S. seed investor Reservoir Capital Group, as well as money from Nomura, to launch the hedge fund, which invested in equities and equity derivatives. It was the largest launch of 2011 and the fund grew to manage over \$1 billion at its peak.

The fund lost 2% in 2011, its first calendar year, and fell an additional 14% in the first nine months of last year, according to investors. More recent performance figures were not available.

Last year, Occitan bet that volatility in stock prices would increase. However, markets steadied after European Central Bank president Mario Draghi pledged in July that he would do "whatever it takes" to save the euro zone.

In an October investor letter, Gallo and de Garidel-Thoron wrote: "We underestimated the impact of policy makers and governments to damp the crisis, not only on equity prices but also on the regime of volatility." They added: "Our timing has been very off, making these positions painful."

The Vix index, which tracks the volatility in the shares of the **S&P500** index, has roughly halved to 13.37 since last year's peak in May.

A spokeswoman for Nomura declined to comment. Reservoir did not immediately respond to an email seeking comment.

Occitan was one of a new breed of managers which relied heavily on using derivatives, not just in managing the risk in their portfolios, but also in expressing investment views. Start-up managers such as DSAM Partners and Apson Capital launched similar derivatives-heavy strategies around the same time as Occitan.

Apson shut down in December after 18 months in business after losing money, as first reported by Financial News.

Web site:

<http://www.efinancialnews.com/story/2013-05-22/occitan-capital-partners-shuts-down-nomura-reservoir>

(END) Dow Jones Newswires

May 22, 2013 09:45 ET (13:45 GMT)

文件 DJDN000020130522e95m003r8

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 [When Bernanke starts talking, here's what markets might do](#)

MarketWatch Blogs, 2013 年 5 月 22 日 10:03, 744 字, (英文)

The Fed event we've all been waiting for kicks off at 10 a.m. Eastern Time on Wednesday. That's when Fed Chairman Ben Bernanke will take a seat in front of the Joint Economic Committee of Congress, his first testimony since late February. ...

文件 WCMWB00020130522e95m0002t

BARRON'S

MARKET WEEK

Stocks --- The Trader: Another Week of Record Highs for S&P, Dow

By Vito J. Racanelli

2,039 字

2013 年 5 月 20 日

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Another week, another record high. The stock market continues to party like it was 1999, and last week equities soared 2% on mostly good economic news and a strong dose of reviving animal spirits.

Not even chatter that the Federal Reserve might tap the brakes on its easy money policy this year was enough to spoil the festivities. Friday's release of stronger-than-expected U.S. leading economic indicators and consumer sentiment data helped bring the week to a strong finish.

On the week, the Dow closed at 15,354.40, up 236 points, or 1.6%, while the S&P 500 rose 34, or 2%, to end at 1667.47. Both indexes closed at all-time highs -- again. The technology-heavy Nasdaq Composite index gained 62 points, or 1.8%, to 3498.97.

The parade of new highs is a nice rush for investors, but when things start to look euphoric, it should awaken a bit of caution, at least for the short term, and the upcoming traditionally weak summer season. "At this point, the market looks like a giant momentum machine," says Steve Sosnick, a senior trader at Timber Hill. Selloffs have been minor, even in reaction to negative Fed news.

The market fell on Thursday after John Williams, head of the Federal Reserve's San Francisco branch, said the central bank could end its bond-buying program later this year if the jobs market continues to improve. The Fed's monthly purchases of some \$85 billion in bonds has kept interest rates low and stock prices high.

Investors should note, adds Sosnick, that some of the best-performing stocks have been those with the highest concentrations of short interest, like Tesla Motors (ticker: TSLA), the maker of upscale electric cars. The stock is up 140% since March, to \$91.50 on Friday.

Such moves, he adds, suggests the fear of being left out is now bigger than the fear of a market drop, and that investors are chasing performance. The bears are throwing in the towel, he says.

Still, a little bit of caution doesn't hurt. "It's increasingly hard to come up with the next worry that could derail the market," Sosnick says. "Ironically, that's my worry."

With the broad market hitting new high after new high, many stocks are being swept up in the general excitement. In some cases, valuations seem stretched beyond what the fundamentals can bear.

For example, shares of Orbitz (OWW) have taken flight. At Friday's close of \$7.44, they've soared 250% since November, most of that in 2013, giving the online travel booker a market cap of nearly \$800 million. The market is up 25% in the same time period.

This enthusiasm looks overdone for the smallest of the big three U.S. online-travel firms. Beyond its main Website, Orbitz owns cheaptickets.com and hotelclub.com, among others. It competes with much bigger and faster-growing Priceline.com (PCLN) and Expedia (EXPE).

The Orbitz bull case is brief. Global gross travel bookings are projected to post double-digit annual percentage growth in the next few years. At Orbitz, where 70% of revenue comes from low-margin air travel, bulls expect that growth in hotel bookings -- which have margins of 15%-plus, five times better than air -- will help turn the Chicago-based firm profitable this year.

In the first quarter, Orbitz's hotel revenue, about 30% of its total, jumped 27% and helped quarterly total sales rise 7%. Orbitz, which has lost money in every year since 2007, posted a first-quarter profit of \$146 million, or \$1.34 a share, compared with a loss of \$6.5 million, or six cents per share, in the year-earlier quarter. The company raised 2013 revenue-growth guidance to 4%-7% from 2.5%-5%.

The good news ends there, however. A more sober look at Orbitz suggests the bear case is more convincing at these levels. Travel is an intensely competitive business with low customer loyalty. It's likely to become even more cutthroat, as a recent Barron's article pointed out ("This Means War," April 15).

Orbitz's first-quarter profit came thanks to a large, one-time tax benefit of \$158.5 million. Without that, it would have posted a loss of \$12.4 million, about twice the year-ago quarter's shortfall. Hotel revenue might be growing, but it's still too small to matter much compared with air-bookings. Also ignored by bulls is that Orbitz's total operating expenses in the first quarter rose 11%, to \$205.7 million, faster than revenue growth.

Expenses like marketing, up 14%, will get even more difficult for little Orbitz. Priceline.com and Expedia are planning big ad campaigns. Investment bank Lazard Capital Markets estimates that together they will spend about \$3 billion in ads this year, versus just \$260 million by Orbitz. Perhaps that's why the 2013 sales-outlook increase wasn't accompanied by a hike to Orbitz guidance of 5%-10% growth in earnings before interest, taxes, depreciation, and amortization.

The first quarter can't paper over poor longer-term business trends at Orbitz. In the first quarter, gross bookings fell 1%, less bad than previous periods, but the third-consecutive quarterly drop. Transactions fell 4%, the fourth drop in a row, and online-travel-agency U.S. unique visitors have also fallen four quarters in a row.

Despite a weaker competitive position, Orbitz garners a much higher market valuation than peers. The stock trades at a price-to-earnings ratio of 22 times consensus analyst estimates of 36 cents per share in 2014, versus 15 and 17 times, respectively, at Expedia and Priceline.com, even though the latter two should grow their sales and Ebitda at least two to three times faster than Orbitz. (We used the 2014 P/E because Orbitz's 2013 P/E of eight is distorted by the tax windfall.)

An Orbitz spokesman said its ad spend as a percentage of revenue is comparable to peers. The company declined to provide guidance on hotel bookings in the rest of 2013. Ebitda guidance wasn't increased, he added, because Orbitz is stepping up its marketing investment.

The bulls say things can only go up from here, but the shares have raced ahead of what seems reasonably possible this year. A small miss on earnings or revenue will likely lead to a big stock drop at Orbitz, ending this flight of fancy.

Like Orbitz, shares of the U.S.' biggest theme-park operator, Six Flags Entertainment (SIX), have been on wild ride higher. A chart of its stock rise might approximate a side view of its fearsome Raging Bull roller coaster at Six Flags in Illinois, one of its 18 parks. Six Flags finished on Friday at \$78.09, up more than 200% since October 2011, and triple the market's rise during the same period.

The industry picture has improved a bit. The era of monster roller-coaster building and heavy ad spending seems over, and some rival parks have closed, so competition has eased.

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Built into the stock price is the hope that Reid-Anderson can work the same magic at the Grand Prairie, Texas-based company, which has a market value of \$3.8 billion. The market also loves its \$900 million in net operating loss (NOL) carry-forwards, which will shield income and dividends from taxes for a while, as they did in the first quarter.

Beyond the NOLs, the bull story in a nutshell is that its strong brand and relatively steady cash-flow growth, combined with better capital allocation and higher ticket prices will improve results significantly. Theme parks are stable in a normal economy and, with an average admission price of \$55, good entertainment value.

The problem is that the current valuation assumes all that and more. Six Flags trades at a rich 31 times consensus estimates of \$2.56 per share this year and 27 times 2014 earnings-per-share estimate of \$2.89, for just 10% growth in that period. This year, Ebitda is expected to grow 16%, to \$409 million, from \$353 million in 2012. Even if those numbers materialize, it doesn't justify such a lofty valuation.

The Ebitda, shorts point out, doesn't include stock-based compensation, which was \$63 million last year, for example. Meanwhile, as an offset, the company is furiously buying back stock, 11% of its shares outstanding in the first quarter of 2013, which flattens EPS and growth artificially. Moreover, Six Flags is buying back stock at these high valuations, not a particularly efficient use of capital.

Six Flags' steady growth is nice but likely too slow to support its high multiple. Reid-Anderson is improving things, but Six Flags and the industry have a long history of modest average growth, punctuated by a year or two of fat or lean times, depending on economic conditions and weather.

For example, Six Flags' average revenue growth since 2005 has been about 2%, and Ebitda 10%. According to the Themed Entertainment Association, attendance growth at the top 20 U.S. parks from 2007 to 2011 averaged 1%, excluding the relatively new Harry Potter park in Florida. These are not sparkling figures.

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Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	15354.40	+235.91	+1.56
DJTransportation	6549.16	+173.64	+2.72
DJUtilities	516.70	+2.99	+0.58
DJ65Stocks	5261.60	+90.09	+1.74
DJUSMarket	419.51	+8.29	+2.02
NYSEComp.	9576.42	+133.66	+1.42
NYSEMKTComp.	2426.69	-13.44	-0.55

S&P500	1667.47	+33.77	+2.07
S&PMidCap	1211.54	+21.61	+1.82
S&PSmallCap	560.60	+12.02	+2.19
Nasdaq	3498.97	+62.38	+1.82
ValueLine(arith.)	3765.48	+73.72	+2.00
Russell2000	996.28	+21.12	+2.17
DJUSTSMFloat	17389.25	+345.38	+2.03

Last Week Week Earlier

NYSE			
Advances	1,865	2,237	
Declines	1,332	941	
Unchanged	34	42	
NewHighs	914	925	
NewLows	74	49	
AvDailyVol(mil)	3,365.2	3,255.4	
Dollar			
(Finexspotindex)	84.25	83.14	
T-Bond			
(CBTnearbyfutures)	131-275	132-025	
Crude Oil			
(NYMlightsweetcrude)	96.02	96.04	
Inflation KR-CRB			
(FuturesPriceIndex)	287.60	288.68	
Gold			
(CMXnearbyfutures)	1364.90	1436.80	

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BARRON'S

Fund of Information

Fidelity Cleared to Launch Active ETFs

By Beverly Goodman

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2013 年 5 月 20 日

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Never before has a firm's second product been so widely anticipated.

Last week, Fidelity won approval for its long-heralded foray into the world of exchange-traded funds, and already has an actively managed corporate bond fund in registration; some expect it to launch in the next few months or even weeks.

But this isn't Fidelity's first salvo -- that was nearly 10 years ago. The firm was early(ish) out of the gate with the Fidelity Nasdaq Composite Tracking Stock ETF (ONEQ), which it rolled out in September 2003; it now has \$205 million in assets, a paltry sum reflecting Fidelity's near retreat from the ETF business for the next few years. That has left many industry observers -- and competitors -- wondering why Fidelity wasn't getting into the ETF business.

"That question always puzzled me," says Jacques Perold, president of Fidelity Management & Research, the firm's mutual-fund unit. "Unlike other firms with no retail distribution, we have no need for an ETF business for the sake of being in the business. It is just a question of could we deliver our capabilities in an ETF format."

Those capabilities are where Fidelity's ETF opportunities are, Perold says. And in an industry where the modus operandi has been to throw a lot of products at the market and see what sticks -- more than a third of all the ETFs on the market don't have even \$25 million in assets -- Fidelity plans to be choosy in its offerings. "The ETF industry is littered with a lot of failed ETFs," Perold says. "We don't want to put out another 'me-too' fund, or the seventh version of what's already out there."

Though Fidelity also received permission to launch index ETFs, its focus will likely be on actively managed fixed-income funds in the near term. This makes sense: Fidelity has a strong partnership with BlackRock, allowing commission-free trading for 65 of its iShares (which are all passive), as well as the integration of iShares into Fidelity asset-allocation strategies. Fidelity also has a strong culture of active management. "They're not going to make a splash with an S&P 500 index fund; that market is already established," says Matt Reiner, chief investment officer of wealth manager Capital Investment Advisors in Atlanta, a firm that employs heavy use of ETFs in its strategies. "Fidelity is such a good fixed-income firm, they can make a splash on the active front in that area."

Perhaps even more important, fixed-income investing isn't as subject to the pitfalls of disclosing an active manager's every move in real time, as ETFs demand. "Those calls are about duration, credit quality, TIPS versus Treasuries; it's more about asset allocation," Perold says. "We're more comfortable transmitting those positions in fixed income."

The ETF industry is a highly concentrated business, and the clear winners are the big, established asset managers -- 47% of the assets are in 25 funds; all but one are either managed by BlackRock's iShares, State Street, or Vanguard. That makes it tough for most newcomers to crack, but Fidelity has a rare advantage. Two, actually: Its nearly impeccable brand, and its vast distribution abilities. "Fidelity bringing anything to the table is meaningful," says Reiner. Like most advisors, Reiner says he's typically very cautious with new ETFs, wanting to see at least a three-year track record and \$50 million in assets, but would relax those criteria for a Fidelity fund that seemed otherwise appealing.

"People underestimate Fidelity's ability to play catch-up," says Jim Lowell, president of FundWorks, a research firm with a focus on Fidelity. "There's no actively managed premier player in ETFs. Fidelity deepened its relationship with BlackRock and has gained a good education in the ETF business, and now everyone is rowing in the same direction. And they're wearing Viking hats."

Others aren't so sure. "If they launch an ETF version of Contrafund (FCNTX) and [manager] Will Danoff starts trumpeting it aggressively, they have a chance," says Matt Hougan, managing director of ETF analytics for IndexUniverse. "If they launch no-name products with unknown managers, they're going to struggle."

One thing to watch: How Fidelity's ETF business works with its mutual-fund business. For instance, "Are they going to be the first major provider of ETFs in 401k plans?" Reiner wonders. "That's direct cannibalization of their fund business." Perold is careful to note that "We want to jealously guard our existing products," and while he wouldn't rule anything out, he indicated that investors would not see ETFs flooding their Fidelity-administered 401(k) plans.

Fidelity is no stranger to competition among different business units, and it will be interesting to see how that tension affects its ETF business. "Big firms that tiptoe in [to the ETF business] or have internal conflicts fail," Hougan says, pointing to the early misfires of Deutsche Bank, Northern Trust, Russell, and even Vanguard, all of which shut down, rebranded, and/or otherwise sharply refocused their initial ETF efforts. "We have seen that time and time again. You have to be all-in in this industry; halfway won't do. Does Fidelity have the guts to do that? I guess we'll see."

Scoreboard: Stock Up

-- Diversified U.S. stock funds gained 1.5% in the week ended Thursday, reports Lipper, on par with the broad market. Small-cap growth funds gained 2.2%. Among the big funds, Dodge & Cox International was up 1.7%.

One Week Year-to-Date

U.S. STOCK FUNDS	1.49%	14.95%
U.S. BOND FUNDS	-0.24	1.67
TOP SECTOR / Health/Biotechnology Funds	2.40	23.14
BOTTOM SECTOR / Precious Metals Equity Funds	-8.15	-37.97

THE WEEK'S TOP 10

Fund Investment Objective	One Week	Year-to-Date
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Direxion Gold M Bear 3X
DSB 25.97% 237.07%

VelShs 3x Inverse Gold
CMS 18.04 59.33

VelShs 3x Invrs Silver
CMS 16.63 94.29

ProShs II UIS Silver
CMS 16.10 60.61

ProShs II UIS Gold
CMS 12.11 36.88

Direxion Russia Bear 3x
DSB 12.07 29.61

Guggenheim Solar ETF
GNR 11.16 45.02

Gbl X FTSE Greece 20
European Region 9.89 20.77

Footprints Disc Val A
Flexible 8.08 15.00

First Tr NASD CE Green Natural Resources	7.48	44.39
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THE WEEK'S BOTTOM 10

Fund		One Week	Year-to-Date
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Direxion Gold M Bull 3X DL	-22.75%	-82.98%
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VelShs 3x Long Gold CMS	-16.06	-47.53
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VelShs 3x Long Silver CMS	-15.27	-63.51
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ProShs II Ult Silver CMS	-14.75	-48.04
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FctrShs Gld Bl S&P500 Br DL	-13.84	-54.32
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Wegener Adaptive Growth Small Cap Core	-12.93	-26.95
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Direxion Russia Bull 3x DL	-11.37	-33.78
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ProShs II Ult Gold CMS	-11.37	-32.41
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Dynamic Gold&Prec I Gold Oriented	-11.31	-45.92
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ProFunds Prec Metals Inv DL	-9.67	-45.17
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THE LARGEST 10

Fund	Net Assets (billions)	3-Year* Investment Objective	1-Week Return	YTD Return
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PIMCO Tot Rtn Inst	\$182.817	Intmd Inv Grade	6.73%	-0.30%	1.19%
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SPDR S&P 500 ETF	132.152	S&P 500 Funds	14.85	1.53	16.62
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Vanguard T StMk Idx Inv	92.414	Multi Cap Core	14.86	1.54	16.80
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Vanguard Instl Indx Inst	76.880	S&P 500 Funds	14.95	1.53	16.68
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Vanguard T StMk Idx Adm	69.517	Multi Cap Core	14.99	1.54	16.86
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Vanguard 500 Index Adm	67.851	S&P 500 Funds	14.94	1.53	16.67
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Fidelity Contrafund	64.295	Large Cap Growth	14.75	1.51	15.24
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American Funds CIB A	63.588	MTAG	11.94	0.65	10.37
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American Funds Inc A
63.320 MTAM 13.13 0.81 11.09

American Funds Gro A
60.604 Large Cap Growth 13.23 1.47 14.88

*Annualized. Through Thursday.

Source: Lipper

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DOW JONES NEWSWIRES

DJ CHART ProShares Short **S&P500** ST: the RSI is oversold

192 字

2013 年 5 月 20 日 15:09

Dow Jones Newswires

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(TRADING Central) PARIS -- Click here to see our chart:
<http://www.tradingcentral.com/chart/SHUSD130520160816.gif>

29.2 is our pivot point.

Our preference: the downside prevails as long as 29.2 is resistance.

Alternative scenario: the upside breakout of 29.2 would call for 29.8 and 30.2.

Comment: the RSI is trading below 30. This could mean that either the stock is in a lasting downtrend or just oversold and that therefore a rebound could shape (look for bullish divergence in this case). The MACD is negative and below its signal line. The configuration is negative. Moreover, the share stands below its 20 and 50 day MA (respectively at 29.58 and 30.3). ProShares Short **S&P500** is currently trading near its 52 week low at 28.64 reached on 20/05/13.

Supports and resistances:

29.8 *

29.2 **

28.9

28.69 last

27.9

27.6 **

27.2 *

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May 20, 2013 10:09 ET (14:09 GMT)

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DOW JONES NEWSWIRES

Barron's: The Trader: Another Week Of Record Highs For S&P, Dow

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2013 年 5 月 18 日 05:10

Dow Jones Institutional News

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(FROM BARRON'S 5/20/13)

By Vito J. Racanelli

Another week, another record high. The stock market continues to party like it was 1999, and last week equities soared 2% on mostly good economic news and a strong dose of reviving animal spirits.

Not even chatter that the Federal Reserve might tap the brakes on its easy money policy this year was enough to spoil the festivities. Friday's release of stronger-than-expected U.S. leading economic indicators and consumer sentiment data helped bring the week to a strong finish.

On the week, the Dow closed at 15,354.40, up 236 points, or 1.6%, while the S&P 500 rose 34, or 2%, to end at 1667.47. Both indexes closed at all-time highs -- again. The technology-heavy Nasdaq Composite index gained 62 points, or 1.8%, to 3498.97.

The parade of new highs is a nice rush for investors, but when things start to look euphoric, it should awaken a bit of caution, at least for the short term, and the upcoming traditionally weak summer season. "At this point, the market looks like a giant momentum machine," says Steve Sosnick, a senior trader at Timber Hill. Selloffs have been minor, even in reaction to negative Fed news.

The market fell on Thursday after John Williams, head of the Federal Reserve's San Francisco branch, said the central bank could end its bond-buying program later this year if the jobs market continues to improve. The Fed's monthly purchases of some \$85 billion in bonds has kept interest rates low and stock prices high.

Investors should note, adds Sosnick, that some of the best-performing stocks have been those with the highest concentrations of short interest, like Tesla Motors (ticker: TSLA), the maker of upscale electric cars. The stock is up 140% since March, to \$91.50 on Friday.

Such moves, he adds, suggests the fear of being left out is now bigger than the fear of a market drop, and that investors are chasing performance. The bears are throwing in the towel, he says.

Still, a little bit of caution doesn't hurt. "It's increasingly hard to come up with the next worry that could derail the market," Sosnick says. "Ironically, that's my worry."

With the broad market hitting new high after new high, many stocks are being swept up in the general excitement. In some cases, valuations seem stretched beyond what the fundamentals can bear.

For example, shares of Orbitz (OWW) have taken flight. At Friday's close of \$7.44, they've soared 250% since November, most of that in 2013, giving the online travel booker a market cap of nearly \$800 million. The market is up 25% in the same time period.

This enthusiasm looks overdone for the smallest of the big three U.S. online-travel firms. Beyond its main Website, Orbitz owns cheaptickets.com and hotelclub.com, among others. It competes with much bigger and faster-growing Priceline.com (PCLN) and Expedia (EXPE).

The Orbitz bull case is brief. Global gross travel bookings are projected to post double-digit annual percentage growth in the next few years. At Orbitz, where 70% of revenue comes from low-margin air travel, bulls expect that growth in hotel bookings -- which have margins of 15%-plus, five times better than air -- will help turn the Chicago-based firm profitable this year.

In the first quarter, Orbitz's hotel revenue, about 30% of its total, jumped 27% and helped quarterly total sales rise 7%. Orbitz, which has lost money in every year since 2007, posted a first-quarter profit of \$146 million, or \$1.34 a share, compared with a loss of \$6.5 million, or six cents per share, in the year-earlier quarter. The company raised 2013 revenue-growth guidance to 4%-7% from 2.5%-5%.

The good news ends there, however. A more sober look at Orbitz suggests the bear case is more convincing at these levels. Travel is an intensely competitive business with low customer loyalty. It's likely to become even more cutthroat, as a recent Barron's article pointed out ("This Means War," April 15).

Orbitz's first-quarter profit came thanks to a large, one-time tax benefit of \$158.5 million. Without that, it would have posted a loss of \$12.4 million, about twice the year-ago quarter's shortfall. Hotel revenue might be growing, but it's still too small to matter much compared with air-bookings. Also ignored by bulls is that Orbitz's total operating expenses in the first quarter rose 11%, to \$205.7 million, faster than revenue growth.

Expenses like marketing, up 14%, will get even more difficult for little Orbitz. Priceline.com and Expedia are planning big ad campaigns. Investment bank Lazard Capital Markets estimates that together they will spend about \$3 billion in ads this year, versus just \$260 million by Orbitz. Perhaps that's why the 2013 sales-outlook increase wasn't accompanied by a hike to Orbitz guidance of 5%-10% growth in earnings before interest, taxes, depreciation, and amortization.

The first quarter can't paper over poor longer-term business trends at Orbitz. In the first quarter, gross bookings fell 1%, less bad than previous periods, but the third-consecutive quarterly drop. Transactions fell 4%, the fourth drop in a row, and online-travel-agency U.S. unique visitors have also fallen four quarters in a row.

Despite a weaker competitive position, Orbitz garners a much higher market valuation than peers. The stock trades at a price-to-earnings ratio of 22 times consensus analyst estimates of 36 cents per share in 2014, versus 15 and 17 times, respectively, at Expedia and Priceline.com, even though the latter two should grow their sales and Ebitda at least two to three times faster than Orbitz. (We used the 2014 P/E because Orbitz's 2013 P/E of eight is distorted by the tax windfall.)

An Orbitz spokesman said its ad spend as a percentage of revenue is comparable to peers. The company declined to provide guidance on hotel bookings in the rest of 2013. Ebitda guidance wasn't increased, he added, because Orbitz is stepping up its marketing investment.

The bulls say things can only go up from here, but the shares have raced ahead of what seems reasonably possible this year. A small miss on earnings or revenue will likely lead to a big stock drop at Orbitz, ending this flight of fancy.

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18 May 2013 00:11 EDT Barron's: The Trader: Another Week Of Record -2-

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S&P500	1667.47	+33.77	+2.07
S&PMidCap	1211.54	+21.61	+1.82
S&PSmallCap	560.60	+12.02	+2.19
Nasdaq	3498.97	+62.38	+1.82
ValueLine(arith.)	3765.48	+73.72	+2.00
Russell2000	996.28	+21.12	+2.17
DJUSTSMFloat	17389.25	+345.38	+2.03

Last Week Week Earlier

NYSE			
Advances	1,865	2,237	
Declines	1,332	941	
Unchanged	34	42	
NewHighs	914	925	
NewLows	74	49	
AvDailyVol(mil)	3,365.2	3,255.4	
Dollar (Finexspotindex)	84.25	83.14	
T-Bond (CBTnearbyfutures)	131-275	132-025	
Crude Oil (NYMlightsweetcrude)	96.02	96.04	
Inflation KR-CRB (FuturesPriceIndex)	287.60	288.68	
Gold (CMXnearbyfutures)	1364.90	1436.80	

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DJ UPDATE: Table On DJIA, Nasdaq, S&P 500 Weekly, Year-To-Date Changes

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2013 年 5 月 17 日 22:20

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(Reflects latest settlement price for the **S&P500**)

Index	Daily Point Change	Weekly % Change	Year-To-Date % Change
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DJIA	Up 121.18	Up 1.56%	Up 17.17%
Nasdaq	Up 33.72	Up 1.82%	Up 15.88%
S&P 500	Up 17.00	Up 2.07%	Up 16.92%

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UPDATE: Table On DJIA, Nasdaq, S&P 500 Weekly, Year-To-Date Changes

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(Reflects latest settlement price for the **S&P500**)

Index	Daily Point Change	Weekly % Change	Year-To-Date % Change
DJIA	Up 121.18	Up 1.56%	Up 17.17%
Nasdaq	Up 33.72	Up 1.82%	Up 15.88%
S&P 500	Up 17.00	Up 2.07%	Up 16.92%

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DOW JONES NEWSWIRES

Barron's Blog: CSCO: Bulls Cheer Stability in a Gloomy Neighborhood

1,499 字

2013 年 5 月 16 日 23:00

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(This story has been posted on Barron's Online's Tech Trader Daily blog at http://blogs.barrons.com/techtraderdaily_.)

By Tiernan Ray

Shares of Cisco Systems (CSCO) are up 42.77, or 13%, at \$23.98, and earlier went as high as \$24.24, following better-than-expected fiscal Q3 revenue and profit per share last night, and a more-or-less in-line outlook for revenue.

Analysts are impressed with the company's ability to hang onto gross margin, and the ability to beat, if only slightly, in a market that has seen multiple warnings of late from competitors struggling to deliver.

Many today were also heartened by the company raising its quarterly dividend payout by 21% in the quarter, and by comments by CEO John Chambers on last night's conference call to the effect that he is listening to what large investors in the stock have to say.

Bullish!

Mark Sue, RBC Capital: Reiterates an Outperform rating, and raises his price target a dollar to \$25. Sue trims his 2013 revenue estimate to \$48.58 billion, while maintaining a \$2.02 EPS estimate for the year. "Cisco's results show another positive turn in its business with improving execution, better margins and higher FCF generation [...] Cisco is diligently managing its gross margins with a focus on profitability vs. top-line growth and we're seeing better discipline on pricing. Gross margins of 63.0% were above the 61% to 62% outlook and F2Q13 levels of 62.3% [...] UCS and Nexus (2k, 5k, 7k) combined grew +35% YoY at a \$5.5B run-rate, while Wireless increased +27% YoY with Service Provider Wi-Fi up +100% YoY, growing faster than Aruba [Networks's (ARUN) +10% YoY and Ruckus Wireless' (RKUS) +27% YoY."

Jess Lubert, Wells Fargo: Reiterates an Outperform rating, and raises his "valuation range" from \$23 to \$24 to \$24 to \$26. Lubert sticks with this year's revenue projection of \$48.6 billion, while raising his EPS estimate a penny to \$2.01. "There were a number of positive developments in the quarter, as order

trends improved across customer segments and geographies, and Cisco appeared to gain share in a number of key markets. Margins were also better than expected due to a combination of mix and expense discipline. While Cisco's FQ4 sales outlook was slightly below consensus (EPS was in line), strengthening trends in the US, signs of stabilization in Europe and improved momentum in several emerging markets lead us to view the outlook as conservative and present a reason for optimism approaching the second half of CY2013."

Simona Jankowski, Goldman Sachs: Reiterates a Buy rating and raises her price target to \$28 from \$25. Jankowski leaves her estimates mostly in tact, projecting \$48.77 billion in revenue this year and \$2.01 per share versus a prior \$48.67 billion and \$2.01. "We believe this quarter will go a long way in catalyzing the re-rating process for Cisco stock. Multiple expansion is a key part of our thesis, as Cisco trades at a 30%+ discount to the **S&P500** despite similar growth and better balance sheet and dividend yield characteristics. We believe this discount has developed as a function of Cisco being lumped in with other large-cap tech companies that are viewed as being technologically disrupted by trends in cloud computing and mobility. In Cisco's case specifically, the secular concerns over its future have been magnified by the recent hype around software-defined networking (SDN) [...] Cisco is out-growing its large-cap IT peers by about 9%, yet it is receiving the same "broken tech" multiple. With the significant divergence in performance evident this quarter, we expect the market will begin rewarding Cisco for its outsized growth."

Stuart Jeffrey, Nomura Equity Research : Reiterates a Buy rating and raised his price target to \$26.50 from \$25. He cut his estimate for this fiscal year to \$48.81 billion and \$2.02 per share from a prior \$48.99 billion and \$2.04, and trims next year to \$52.2 billion and \$2.23 from \$52.72 billion and \$2.28 to reflect macroeconomic outlook and less in the way of buybacks. "While many rivals missed and guided down in their recent earnings reports, Cisco hit expectations and guided in-line with consensus. We believe that this is

largely due to sustained share gains and strong sales execution; both factors that we believe are sustainable for some time yet [...] Cash distributions could be increasingly weighted towards dividends rather than share buy backs."

Michael Genovese, MKM Partners: Reiterates a Buy rating and raises his price target to \$28 from \$25. Genovese raised this year's estimates to \$48.59 billion and \$2.01 per share from a prior \$48.36 billion and \$1.98 per share. "Importantly, the year-over-year product order growth rate accelerated to 4% in the April quarter, from 0% in January, marking the first positive change in this key metric in six quarters. The product order rate meaningfully improved in most geographies, with APJC the only exception and it was only a slight down tick there. Switching and Routing sales remain flattish but Cisco is putting up strong growth in Datacenter, Wireless LAN and Service Provider Wi-Fi and

Video. We expect the stock's multiple to expand as orders likely continue to improve, and the company keeps returning cash (\$1.8bn returned via dividend and buy backs in 3QFY13)."

Bearish!

Scott Thompson, FBR Capital Markets: Reiterates a Market Perform rating, and a \$19 price target. Thompson trims his 2013 estimate to \$8.64 billion from \$48.74 billion in revenue, while raising his EPS estimate to \$2.01 from \$1.98. "Cisco Systems investors may have finally received the performance they needed to see shares move higher [...] Over the next four to eight weeks, we see several catalysts that could move shares higher: New product announcements (Inseime and others), announcements of carrier SDN wins, and the scheduled analyst day at CiscoLive! (6/23 to 6/27) could all be positive for shares. However, we continue to believe that Cisco is likely to struggle through significant longer-term headwinds over the next 18 to 36 months as networking continues to become increasingly disaggregated from the compute process. Our calculations show that, if Cisco is able to execute against its lofty \$12B software revenue target (without a significant acquisition) over the next 2.5 to 4.5 years, it could offset as much as a 30%--40% decline in Cisco's net new core routing, switching, and specific-purpose hardware businesses. Our checks indicate that the decline, particularly in the service provider and large enterprise verticals, could be more severe than Cisco's software revenue target will be able to offset."

Ryan Hutchinson, Lazard Capital Markets: reiterates a Neutral rating. Hutchinson trimmed his 2013 revenue estimates to \$48.57 billion in revenue from \$48.65 billion, while raising his EPS view a penny to \$2. "With what has been a tough start to the year for the broader networking group, we think it is evident that continued execution and improved operational efficiencies

have allowed Cisco to navigate through a challenging macro environment. That said, we remain NEUTRAL as we look for sustainable long-term demand/pricing trends."

Rod Hall, J.P. Morgan: Reiterates an Underweight rating, and an \$18 price target. Hall raised his 2013 estimates to \$48.52 billion and \$1.99 per share from a prior \$48.48 billion and \$1.97. "The FQ3 earnings report from Cisco challenges our negative enterprise spending thesis point for the stock. At the same time execution at the company continues to be exceptional. Given the weak Q1 enterprise reporting season the question now is whether the numbers are mainly due to solid execution from Cisco or improving macro trends. The company's cautious revenue guidance for FQ4 muddies the water further. We stick with our negative stance on the stock based on weak macro and SDN but believe this earnings report forces us back to the drawing board on the enterprise environment."

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(END) Dow Jones Newswires

May 16, 2013 18:00 ET (22:00 GMT)

文件 DJDN000020130516e95g006ci

Dow Jones Newswires

Barron's Blog: CSCO: Bulls Cheers Stability in a Gloomy Neighborhood

874 字

2013 年 5 月 16 日 20:43

Dow Jones Global Equities News

DJI

英文

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(This story has been posted on Barron's Online's Tech Trader Daily blog at <http://blogs.barrons.com/techtraderdaily..>)

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 [CSCO: Bulls Cheer Stability in a Gloomy Neighborhood](#)

Barron's Blogs, 2013 年 5 月 16 日 20:43, 1540 字, By Tiernan Ray, (英文)

Shares of Cisco Systems (CSCO) today closed up \$2.68, or almost 13%, at \$23.89, and went as high as \$24.24, following better-than-expected fiscal Q3 revenue and profit per share last night, and a more-or-less in-line outlook for revenue.

文件 WCBBE00020130516e95g00209

DOW JONES NEWSWIRES

DJ GAMCO Asset Mgmt Inc. 1Q 13F: Hldgs As Of Mar 31

7,422 字

2013 年 5 月 15 日 13:59

Dow Jones Institutional News

DJDN

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DJ CFA SOURCE: SEC 13F-HR

FILER: GAMCO Asset Management Inc.

QUARTER ENDED: 03/31/2013

SEC RECEIVED: 05/08/2013

The following sets forth up to 200 of the largest holdings of GAMCO Asset Management Inc. as of March 31, according to a Form 13F filed with the Securities and Exchange Commission.

As of March 31, GAMCO Asset Management Inc. held 845 positions valued at \$14,574,440,571.

Up to 200 of the largest holdings of GAMCO Asset Management Inc. are listed below in order of dollar value as of March 31.

Company Name	Value	Holdings	Change
DIRECTV COM	\$279,341,765	4,936,239	110,402
AMERICAN EXPRESS CO COM	\$247,885,480	3,674,555	2,734
NATIONAL FUEL GAS CO (NJ) COM	\$233,820,372	3,811,253	16,280
VIACOM INC COM	\$217,509,201	3,449,242	79,605
GENUINE PARTS CO COM	\$211,544,034	2,712,103	(69,218)
CRANE CO COM	\$204,474,525	3,660,482	(80,900)
HONEYWELL INTERNATIONAL INC C	\$200,147,835	2,656,242	(43,074)
GATX CORP COM	\$186,390,041	3,586,493	(15,008)
FLOWSERVE CORP COM	\$183,269,128	1,092,774	(48,915)
MADISON SQUARE GARDEN CO CL A	\$174,875,501	3,036,033	(7,029)
WELLS FARGO & CO COM	\$174,495,220	4,717,362	492,850
PRECISION CASTPARTS CORP COM	\$173,112,441	912,944	(20,318)
BANK OF NEW YORK MELLON CORP	\$170,537,360	6,092,796	113,027
AMC NETWORKS INC CL A	\$165,432,895	2,616,781	(110,774)
LEGG MASON INC COM	\$164,445,610	5,114,949	1,497,500
BEAM INC COM	\$160,246,800	2,521,983	96,926
NAVISTAR INTERNATIONAL COM	\$159,928,771	4,626,230	163,070
CABLEVISION SYSTEMS CORP CL A	\$156,344,028	10,450,804	735,277
AMETEK INC COM	\$154,798,625	3,570,079	(119,341)
TIME WARNER INC COM	\$150,627,784	2,614,158	(34,964)
DISH NETWORK CORP CL A	\$145,585,573	3,841,308	705
GENERAL MILLS INC COM	\$140,145,726	2,842,136	(55,900)
H J HEINZ CO COM	\$134,682,300	1,863,599	1,738,398
US CELLULAR CORP COM	\$134,164,944	3,726,804	(5,100)
ENERGIZER HOLDINGS INC COM	\$128,919,176	1,292,682	6,621
NEWS CORP LTD CL A	\$127,844,589	4,190,252	(88,061)
DEERE & CO COM	\$127,680,472	1,485,002	(1,208)
COCA COLA CO COM	\$125,907,554	3,113,441	72,400
DR PEPPER SNAPPLE GROUP INC C	\$120,485,860	2,566,259	16,291
CBS CORP CL A	\$111,391,173	2,404,299	(6,505)
WEATHERFORD INTERNATIONAL LTD	\$106,345,004	8,759,885	2,992,585
DIEBOLD INC COM	\$106,317,201	3,506,504	(43,254)

MONDELEZ INTERNATIONAL INC CL	\$105,406,129	3,442,957	386,587
RPC INC COM	\$101,104,182	6,664,745	(40,550)
TREDEGAR CORP COM	\$99,522,420	3,380,517	(30,199)
KAMAN CORP CL A	\$98,415,168	2,774,603	(22,097)
NORTHERN TRUST CORP COM	\$97,549,582	1,787,965	2,425
STATE STREET CORP COM	\$97,239,272	1,645,613	82,525
LIBERTY MEDIA CORP CL A	\$95,179,757	852,636	852,636 *
WATTS WATER TECHNOLOGIES INC	\$94,013,610	1,959,025	9,574
FORTUNE BRANDS HOME & SECURITY	\$93,347,426	2,493,920	19,000
OREILLY AUTOMOTIVE INC COM	\$91,025,144	888,579	(3,242)
XYLEM INC COM	\$90,753,730	3,292,951	242,290
CURTISS WRIGHT CORP COM	\$90,338,258	2,603,408	(119,926)
CVS CAREMARK CORP COM	\$89,835,073	1,633,662	49,600
NEWMONT MINING CORP COM	\$89,021,277	2,125,120	371,905
DIAGEO PLC ADR	\$87,987,957	699,205	21,650
SCRIPPS NETWORKS INTERACTIVE	\$87,461,094	1,359,358	11,497
HILLSHIRE BRANDS CO COM	\$85,320,860	2,427,336	408,479
CIRCOR INTERNATIONAL INC COM	\$85,110,288	2,002,595	(14,899)
ROLLINS INC COM	\$85,071,200	3,465,222	(31,656)
ASCENT CAPITAL GROUP INC CL A	\$84,209,059	1,131,234	(17,489)
CNH GLOBAL NV COM	\$83,242,363	2,014,578	(139,180)
DONALDSON CO INC COM	\$79,781,289	2,204,512	5,900
REPUBLIC SERVICES INC COM	\$77,921,085	2,361,245	278,578
GRIFFON CORP COM	\$76,304,235	6,401,362	104,446
IDEX CORP COM	\$74,196,854	1,388,934	(21,062)
INTERNATIONAL FLAVORS & FRAGRA	\$73,334,472	956,495	(19,879)
BRINKS CO COM	\$72,583,493	2,568,418	285,205
PNM RESOURCES INC COM	\$71,284,868	3,060,750	(23,400)
GENCOP INC COM	\$70,577,487	5,306,578	607,853
BROWN FORMAN CORP CL A COM	\$70,081,773	952,198	1,400
SOUTHWEST GAS CORP COM	\$69,962,542	1,474,137	(24,023)
DANA HOLDING CORP COM	\$68,288,811	3,829,995	(11,575)
JPMORGAN CHASE & CO INC COM	\$68,094,706	1,434,781	1,083
ECOLAB INC COM	\$67,287,457	839,205	(25,238)
BOEING CO COM	\$65,874,680	767,323	(264,609)
PNC FINANCIAL SERVICES GROUP	\$64,392,815	968,313	364,893
CHURCHILL DOWNS INC COM	\$63,788,580	910,745	64,107
EL PASO ELECTRIC CO COM	\$63,387,649	1,883,734	5,900
BECTON DICKINSON & CO COM	\$62,987,390	658,795	(21,510)
INTERMEC COM	\$62,977,212	6,406,634	567,728
KELLOGG CO COM	\$61,321,253	951,750	32,400
TYCO INTERNATIONAL LTD COM	\$61,060,992	1,908,156	73,337
GRUPO TELEVISA SAB ADR PC A/B	\$60,588,016	2,276,889	30,060
PATTERSON COMPANIES INC COM	\$59,101,569	1,553,669	134,201
JANUS CAPITAL GROUP INC COM	\$58,964,320	6,272,800	(312,000)
LAS VEGAS SANDS CORP COM	\$57,845,360	1,026,537	(248,900)
SENSIENT TECHNOLOGIES CORP CO	\$57,685,074	1,475,699	(6,818)
PEP BOYS MANNY MOE & JACK COM	\$57,207,874	4,852,237	254,850
GRACO INC COM	\$56,413,865	972,150	300,200
LIBERTY GLOBAL INC CL A	\$56,056,376	763,919	41,661
HOME DEPOT INC COM	\$53,475,205	766,340	(1,075)
SNYDERS LANCE INC COM	\$53,371,020	2,112,867	163,897
PEPSICO INC COM	\$52,610,682	665,032	18,767
AUTONATION INC COM	\$51,258,331	1,171,619	(53,516)
COHEN & STEERS INC COM	\$50,203,813	1,391,844	159,447
BORGWARNER INC COM	\$49,178,573	635,875	(47,900)
DISCOVERY COMMUNICATIONS INC	\$47,900,928	608,343	(22,050)
LIBERTY INTERACTIVE CORP INT	\$47,426,612	2,219,308	186,036
GREIF INC CL A NON-VTG	\$46,450,631	866,293	(3,792)
WESTAR ENERGY INC COM	\$46,057,390	1,388,107	(20,030)
ROCKWELL AUTOMATION INC COM	\$45,311,299	524,740	(9,000)
CINCINNATI BELL INC COM	\$44,894,304	13,771,259	42,546
CHEESECAKE FACTORY INC COM	\$44,116,867	1,142,628	72,428
KRAFT FOODS GROUP INC COM	\$43,566,708	845,463	63,716
WASTE MANAGEMENT INC COM	\$42,864,411	1,093,201	58,167
ZEP INC COM	\$42,842,728	2,854,279	40,552

NCR CORP COM	\$42,659,848	1,547,890	(52,374)
EATON CORP PLC COM	\$42,351,374	691,451	(60,050)
COMCAST CORP CL A SPECIAL NVT	\$42,056,116	1,061,755	147,280
TENNECO INC COM	\$41,771,592	1,062,620	23,680
GRAFTECH INTERNATIONAL LTD CO	\$41,213,414	5,366,330	213,194
ARCHER DANIELS MIDLAND CO COM	\$40,756,026	1,208,302	39,922
TOOTSIE ROLL INDUSTRIES INC C	\$40,330,195	1,348,385	(13,986)
CLARCOR INC COM	\$40,174,203	766,976	(320,225)
BIGLARI HOLDINGS INC COM	\$39,692,488	106,360	(187)
DISCOVERY COMMUNICATIONS INC	\$39,598,927	569,441	(20,051)
GABELLI DIVIDEND & INCOME TRUS	\$39,478,266	2,082,187	0
BRISTOL MYERS SQUIBB CO COM	\$39,212,674	951,995	51,901
POST HOLDINGS INC COM	\$38,613,646	899,456	43,029
ADT CORP COM	\$38,342,532	783,460	93,639
CONSOL ENERGY INC COM	\$38,171,584	1,134,371	(13,998)
CAMPBELL SOUP CO COM	\$38,147,216	840,988	7,250
JOHNSON & JOHNSON COM	\$37,802,852	463,668	21,860
COVIDIEN PLC COM	\$37,544,963	553,434	33,576
NORTHEAST UTILITIES COM	\$37,080,289	853,205	(65,217)
FREEPORT MCMORAN COPPER CL B	\$36,544,783	1,104,072	186,000
GENERAL ELECTRIC CO COM	\$36,471,754	1,577,498	(79,599)
CH ENERGY GROUP INC COM	\$36,387,181	556,464	(49,554)
MATERION CORP COM	\$36,032,550	1,264,300	(6,500)
OCEANEERING INTERNATIONAL INC	\$35,389,889	532,900	(8,100)
WESTWOOD HOLDINGS GROUP INC C	\$35,314,297	794,830	(27,700)
SALLY BEAUTY HOLDINGS INC COM	\$35,278,623	1,200,770	(400)

15 May 2013 08:59 EDT DJ GAMCO Asset Mgmt Inc. 1Q 13F: Hldgs As Of Mar 31 -2-

ITT CORP COM	\$35,266,278	1,240,460	(15,888)
ROGERS COMMUNICATIONS INC CL	\$34,510,075	675,873	(2,400)
AARONS INC COM	\$34,279,368	1,195,236	86,395
PARK OHIO HOLDINGS CORP COM	\$33,885,430	1,022,802	(4,500)
HALLIBURTON CO COM	\$33,588,226	831,186	6,300
CTS CORP COM	\$33,331,047	3,192,629	(56,141)
PFIZER INC COM	\$33,297,918	1,153,774	(82,987)
MACYS INC COM	\$33,026,571	789,354	(15,170)
FLOWERS FOODS INC COM	\$32,522,486	987,325	(22,183)
JOURNAL COMMUNICATIONS INC CL	\$31,682,246	4,714,620	3,900
DELL INC COM	\$31,402,905	2,191,410	2,191,410 *
MORGAN STANLEY COM	\$31,248,526	1,421,680	(55,475)
CBS CORP CL B	\$31,092,645	665,938	8,230
SPRINT NEXTEL CORP COM	\$31,068,307	5,002,948	(889,755)
CASEYS GENERAL STORES INC COM	\$30,831,780	528,847	(8,800)
LIBERTY GLOBAL INC CL C	\$30,010,664	437,282	(15,143)
BLACK HILLS CORP COM	\$29,325,575	665,885	(3,400)
TEXTRON INC COM	\$29,210,819	979,900	(8,400)
NEXTERA ENERGY INC COM	\$28,732,356	369,881	899
BOYD GAMING CORP COM	\$28,271,822	3,418,600	(78,518)
INGLES MARKETS INC CL A	\$28,267,401	1,315,987	20,800
CHURCH & DWIGHT INC COM	\$27,659,055	427,960	(6,500)
ROWAN COS LTD ORD A	\$26,357,344	745,400	(19,000)
WADDELL & REED FINANCIAL INC	\$26,278,945	600,250	(31,300)
TEXAS INSTRUMENTS INCORPORATED	\$26,007,833	733,028	(16,900)
ZIMMER HOLDINGS INC COM	\$25,450,837	338,352	(7,250)
FORD MOTOR CO COM	\$25,149,914	1,912,541	210,000
JOHNSON CONTROLS INC COM	\$24,946,904	711,346	72,200
VIACOM INC CL B	\$24,880,649	404,695	52,546
BOULDER BRANDS INC COM	\$24,384,107	2,712,359	(50,700)
M&T BANK CORP COM	\$24,214,334	234,726	(12,300)
AVON PRODUCTS INC COM	\$23,899,617	1,152,900	316,600
FOMENTO ECON MEX (FEMSA) ADR	\$23,741,363	209,175	(5,200)
FEDERAL MOGUL CORP CL A	\$23,348,992	3,872,138	219,650
TENNANT CO COM	\$22,961,596	472,850	(1,800)
MCMORAN EXPLORATION CO COM	\$22,652,925	1,385,500	308,400

CAVCO INDUSTRIES INC COM	\$22,636,708	475,861	26,300
GREAT PLAINS ENERGY INC COM	\$22,592,255	974,224	(45,484)
TEXAS INDUSTRIES INC COM	\$22,586,753	357,895	50
W R BERKLEY CORP COM	\$22,525,540	507,675	44,075
UNITEDHEALTH GROUP INC COM	\$22,340,219	390,495	15,095
CHEVRON CORP COM	\$22,323,902	187,880	9,134
EXELIS INC COM	\$22,207,814	2,039,285	(173,660)
TYLER TECHNOLOGIES INC COM	\$22,100,770	360,770	(4,054)
BAXTER INTERNATIONAL INC COM	\$21,984,496	302,650	(59,300)
BOSTON SCIENTIFIC CORP COM	\$21,618,119	2,768,005	349,700
VERIZON COMMUNICATIONS INC CO	\$21,578,669	439,037	(12,770)
HENRY SCHEIN INC COM	\$21,369,888	230,901	(1,000)
AMPCO PITTSBURGH CORP COM	\$21,222,731	1,122,302	(12,545)
ECHOSTAR CORP COM	\$20,751,642	532,503	31,210
STARZ INC CL A	\$20,577,549	929,009	4,199
LOUISIANA PACIFIC CORP COM	\$20,552,400	951,500	(1,000)
PROCTER & GAMBLE CO COM	\$19,965,398	259,089	(11,550)
ALCOA INC COM	\$19,799,287	2,323,860	(197,200)
YAHOO INC COM	\$19,225,546	817,100	24,360
CLEAR CHANNEL OUTDOOR HLDGS C	\$19,016,144	2,538,871	53,300
LIN TV CORP CL A	\$19,008,864	1,729,651	(74,761)
ONEOK INC COM	\$18,826,599	394,936	(1,700)
BOSTON BEER INC CL A	\$18,582,096	116,400	(200)
MEAD JOHNSON NUTRITION CO COM	\$18,425,510	237,902	(50,035)
TWIN DISC INC COM	\$18,154,484	723,863	25,995
INGREDION INC COM	\$17,899,200	247,500	(30,900)
NORTHWESTERN CORP COM	\$17,554,344	440,400	(1,400)
GORMAN RUPP CO COM	\$17,297,201	575,614	15,051
CORNING INC COM	\$17,180,384	1,288,851	(20,100)
AMERICAN INTERNATIONAL GROUP	\$17,149,706	441,775	185,600
INTERPUBLIC GROUP OF COMPANIES	\$17,125,329	1,314,300	0
LIVE NATION ENTERTAINMENT INC	\$16,990,616	1,373,534	120,935
NEWMARKET CORP COM	\$16,871,328	64,800	(4,200)
LENNAR CORP CL B	\$16,698,583	517,625	9,325
PENSKE AUTOMOTIVE GROUP INC C	\$16,683,336	500,100	(1,000)
NEWS CORP LTD CL B	\$16,409,353	533,464	234,920
TRACTOR SUPPLY CO COM	\$16,036,020	154,000	(6,000)
PARK ELECTROCHEMICAL CORP COM	\$15,905,918	627,700	25,000
ZEBRA TECHNOLOGIES CORP CL A	\$15,798,683	335,215	12,465
OIL DRI CORP AMERICA COM	\$15,730,254	577,681	(4,071)

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15 May 2013 08:59 EDT DJ GAMCO Asset Mgmt Inc. 1Q 13F: Largest Sales

DJ CFA SOURCE: SEC 13F-HR
 FILER: GAMCO Asset Management Inc.
 QUARTER ENDED: 03/31/2013
 SEC RECEIVED: 05/08/2013

Up to 200 of the largest sales of GAMCO Asset Management Inc. are listed below, ordered by the number of shares sold during the three months ended March 31.

Company Name	Value	Holdings	Change
SPRINT NEXTEL CORP COM	\$31,068,307	5,002,948	(889,755)
CONSTELLATION BRANDS INC CL A	\$2,729,772	57,300	(356,565)
CLARCOR INC COM	\$40,174,203	766,976	(320,225)
JANUS CAPITAL GROUP INC COM	\$58,964,320	6,272,800	(312,000)
EMERSON ELECTRIC CO COM	\$6,199,112	110,956	(273,610)
BOEING CO COM	\$65,874,680	767,323	(264,609)

LAS VEGAS SANDS CORP COM	\$57,845,360	1,026,537	(248,900)
STANDARD MOTOR PRODUCTS INC C	\$10,455,707	377,190	(214,500)
ALCOA INC COM	\$19,799,287	2,323,860	(197,200)
EXELIS INC COM	\$22,207,814	2,039,285	(173,660)
HUNTSMAN CORP COM	\$15,580,279	838,100	(173,400)
TRINITY INDUSTRIES INC COM	\$8,366,377	184,566	(163,800)
CNH GLOBAL NV COM	\$83,242,363	2,014,578	(139,180)
CURTISS WRIGHT CORP COM	\$90,338,258	2,603,408	(119,926)
AMETEK INC COM	\$154,798,625	3,570,079	(119,341)
KINDER MORGAN INC COM CL P	\$10,444,219	270,016	(111,382)
AMC NETWORKS INC CL A	\$165,432,895	2,616,781	(110,774)
MGM RESORTS INTERNATIONAL COM	\$1,268,975	96,500	(96,000)
ELECTRONIC ARTS INC COM	\$6,476,430	365,900	(91,400)
NEWS CORP LTD CL A	\$127,844,589	4,190,252	(88,061)
PFIZER INC COM	\$33,297,918	1,153,774	(82,987)
CRANE CO COM	\$204,474,525	3,660,482	(80,900)
PAIN THERAPEUTICS INC COM	\$1,200,500	350,000	(80,000)
GENERAL ELECTRIC CO COM	\$36,471,754	1,577,498	(79,599)
BOYD GAMING CORP COM	\$28,271,822	3,418,600	(78,518)
LIN TV CORP CL A	\$19,008,864	1,729,651	(74,761)
ALLIANCEBERNSTEIN HOLDING LP	\$13,400,610	611,900	(73,700)
GENUINE PARTS CO COM	\$211,544,034	2,712,103	(69,218)
NORTHEAST UTILITIES COM	\$37,080,289	853,205	(65,217)
EATON CORP PLC COM	\$42,351,374	691,451	(60,050)
BAXTER INTERNATIONAL INC COM	\$21,984,496	302,650	(59,300)
COVENTRY HEALTH CARE INC COM	\$6,287,911	133,700	(58,000)
CTS CORP COM	\$33,331,047	3,192,629	(56,141)
GENERAL MILLS INC COM	\$140,145,726	2,842,136	(55,900)
MORGAN STANLEY COM	\$31,248,526	1,421,680	(55,475)
AUTONATION INC COM	\$51,258,331	1,171,619	(53,516)
TAKE TWO INTERACTIVE SOFTWARE	\$11,023,344	682,560	(52,500)
NCR CORP COM	\$42,659,848	1,547,890	(52,374)
BOULDER BRANDS INC COM	\$24,384,107	2,712,359	(50,700)
MEAD JOHNSON NUTRITION CO COM	\$18,425,510	237,902	(50,035)
CH ENERGY GROUP INC COM	\$36,387,181	556,464	(49,554)
FLOWSERVE CORP COM	\$183,269,128	1,092,774	(48,915)
BORGWARNER INC COM	\$49,178,573	635,875	(47,900)
PINNACLE ENTERTAINMENT INC CO	\$10,130,198	692,900	(46,000)
CORINTHIAN COLLEGES INC COM	\$1,156,698	549,500	(46,000)
HARMAN INTL INDS COM	\$9,506,190	213,000	(45,500)
GREAT PLAINS ENERGY INC COM	\$22,592,255	974,224	(45,484)
DIEBOLD INC COM	\$106,317,201	3,506,504	(43,254)
HONEYWELL INTERNATIONAL INC C	\$200,147,835	2,656,242	(43,074)
KIRBY CORP COM	\$1,528,320	19,900	(41,900)
RPC INC COM	\$101,104,182	6,664,745	(40,550)
PENTAIR LTD COM	\$3,834,556	72,693	(40,267)
EMC CORP/MA COM	\$2,421,013	101,340	(38,315)
TIME WARNER INC COM	\$150,627,784	2,614,158	(34,964)
ROLLINS INC COM	\$85,071,200	3,465,222	(31,656)
WADDELL & REED FINANCIAL INC	\$26,278,945	600,250	(31,300)
INGREDION INC COM	\$17,899,200	247,500	(30,900)
TREDEGAR CORP COM	\$99,522,420	3,380,517	(30,199)
PENNEY J C INC COM	\$3,099,061	205,100	(29,600)
ARBITRON INC COM	\$9,688,029	206,700	(28,490)
SLM CORP COM	\$12,090,900	589,800	(28,000)
WESTWOOD HOLDINGS GROUP INC C	\$35,314,297	794,830	(27,700)
ECOLAB INC COM	\$67,287,457	839,205	(25,238)
CHARTER COMMUNICATIONS INC CL	\$1,672,089	16,050	(24,550)
OMNOVA SOLUTIONS INC COM	\$11,467,609	1,495,125	(24,425)
SOUTHWEST GAS CORP COM	\$69,962,542	1,474,137	(24,023)
PNM RESOURCES INC COM	\$71,284,868	3,060,750	(23,400)
BEST BUY INC COM	\$1,581,510	71,400	(23,400)
ELI LILLY & CO COM	\$8,092,575	142,500	(22,200)
FLOWERS FOODS INC COM	\$32,522,486	987,325	(22,183)
KAMAN CORP CL A	\$98,415,168	2,774,603	(22,097)
DISCOVERY COMMUNICATIONS INC	\$47,900,928	608,343	(22,050)

HB FULLER CO COM	\$12,796,746	327,450	(22,000)
UNITED RENTALS INC COM	\$3,188,260	58,000	(22,000)
BECTON DICKINSON & CO COM	\$62,987,390	658,795	(21,510)
SAFEWAY INC COM	\$4,789,113	181,750	(21,120)
INDEX CORP COM	\$74,196,854	1,388,934	(21,062)
T-MOBILE US INC COM	\$4,368,720	400,800	(20,900)
BIOLASE TECHNOLOGY INC COM	\$399,986	100,499	(20,708)
ENERGY TRANSFER EQUITY LP COM	\$2,280,720	39,000	(20,700)
PRECISION CASTPARTS CORP COM	\$173,112,441	912,944	(20,318)
DENNYS CORP COM	\$3,696,000	640,000	(20,157)
CORNING INC COM	\$17,180,384	1,288,851	(20,100)
DISCOVERY COMMUNICATIONS INC	\$39,598,927	569,441	(20,051)
WESTAR ENERGY INC COM	\$46,057,390	1,388,107	(20,030)
FIRST NIAGARA FINANCIAL GROUP	\$7,526,481	849,490	(20,000)
CHARLES SCHWAB CORP COM	\$4,334,050	245,000	(20,000)
INTERNATIONAL FLAVORS & FRAGRANCE	\$73,334,472	956,495	(19,879)
ROWAN COS LTD ORD A	\$26,357,344	745,400	(19,000)
TIVO INC COM	\$6,539,442	527,800	(18,200)
PENN NATIONAL GAMING INC COM	\$4,463,260	82,000	(18,000)
HSN INC COM	\$10,888,284	198,474	(17,595)
ASCENT CAPITAL GROUP INC CL A	\$84,209,059	1,131,234	(17,489)
LYDALL INC (DEL) COM	\$2,141,540	139,514	(17,400)
INTERNATIONAL GAME TECHNOLOGY	\$13,518,896	819,327	(17,000)
CASELLA WASTE SYSTEMS INC CL	\$830,654	190,081	(17,000)
SPECTRA ENERGY CORP COM	\$4,099,559	133,319	(16,980)
TEXAS INSTRUMENTS INCORPORATED	\$26,007,833	733,028	(16,900)
ARTHROCARE CORP COM	\$11,700,216	336,600	(16,200)
VALUECLICK INC COM	\$3,990,600	135,000	(16,000)
ITT CORP COM	\$35,266,278	1,240,460	(15,888)
SINCLAIR BROADCAST GROUP INC	\$5,984,880	294,967	(15,400)
ENERGY TRANSFER PARTNERS LP U	\$670,325	13,224	(15,379)
INTEL CORP COM	\$3,945,039	180,675	(15,200)
MACYS INC COM	\$33,026,571	789,354	(15,170)
LIBERTY GLOBAL INC CL C	\$30,010,664	437,282	(15,143)
GATX CORP COM	\$186,390,041	3,586,493	(15,008)
CIRCOR INTERNATIONAL INC COM	\$85,110,288	2,002,595	(14,899)
CONSOL ENERGY INC COM	\$38,171,584	1,134,371	(13,998)
TOOTSIE ROLL INDUSTRIES INC C	\$40,330,195	1,348,385	(13,986)
ARTIO GLOBAL INVESTORS INC CL	\$316,880	116,500	(13,500)
VERIZON COMMUNICATIONS INC CO	\$21,578,669	439,037	(12,770)
AT&T INC COM	\$7,365,664	200,754	(12,600)
MCGRATH RENTCORP COM	\$2,627,950	84,500	(12,600)
AMPCO PITTSBURGH CORP COM	\$21,222,731	1,122,302	(12,545)
M&T BANK CORP COM	\$24,214,334	234,726	(12,300)
E W SCRIPPS CO CL A	\$6,396,351	531,700	(12,000)
DANA HOLDING CORP COM	\$68,288,811	3,829,995	(11,575)
PROCTER & GAMBLE CO COM	\$19,965,398	259,089	(11,550)
ARGO GROUP INTERNATIONAL HLDGS	\$2,441,420	59,000	(11,000)
AMERICAN RAILCAR INDUSTRIES IN	\$420,660	9,000	(11,000)
CARMIKE CINEMAS INC COM	\$1,286,520	71,000	(11,000)
ROFIN SINAR TECHNOLOGIES INC	\$5,705,154	210,600	(11,000)
GOLDMAN SACHS GROUP INC COM	\$5,219,411	35,470	(10,410)
COLDWATER CREEK INC COM	\$311,260	98,500	(10,000)
CAMBIDIUM LEARNING GROUP INC CO	\$220,420	214,000	(10,000)

15 May 2013 08:59 EDT DJ GAMCO Asset Mgmt Inc. 1Q 13F: Largest Sales -2-

TE CONNECTIVITY LTD COM REG	\$3,391,382	80,882	(9,999)
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CONOCOPHILLIPS COM	\$7,834,155	130,352	(9,743)
ROCKWELL AUTOMATION INC COM	\$45,311,299	524,740	(9,000)
CASEY'S GENERAL STORES INC COM	\$30,831,780	528,847	(8,800)
LAMAR ADVERTISING CO CL A	\$204,036	4,200	(8,800)
TEXTRON INC COM	\$29,210,819	979,900	(8,400)
OCEANEERING INTERNATIONAL INC	\$35,389,889	532,900	(8,100)
AMERICA MOVIL SAB DE CV ADR L	\$1,658,355	79,120	(8,000)

ZIMMER HOLDINGS INC	COM	\$25,450,837	338,352	(7,250)
MADISON SQUARE GARDEN CO	CL A	\$174,875,501	3,036,033	(7,029)
SENSIENT TECHNOLOGIES CORP	CO	\$57,685,074	1,475,699	(6,818)
FIRSTENERGY CORP	COM	\$9,081,735	215,207	(6,711)
CBS CORP	CL A	\$111,391,173	2,404,299	(6,505)
MATERION CORP	COM	\$36,032,550	1,264,300	(6,500)
CHURCH & DWIGHT INC	COM	\$27,659,055	427,960	(6,500)
WALT DISNEY CO	COM	\$7,389,226	130,092	(6,300)
ACTIVISION BLIZZARD INC	COM	\$320,540	22,000	(6,000)
TRACTOR SUPPLY CO	COM	\$16,036,020	154,000	(6,000)
BADGER METER INC	COM	\$5,884,524	109,950	(5,900)
LAWSON PRODUCTS INC	COM	\$2,633,484	149,800	(5,500)
SALEM COMMUNICATIONS CORP	CL	\$9,160,046	1,155,113	(5,400)
FOMENTO ECON MEX (FEMSA)	ADR	\$23,741,363	209,175	(5,200)
DU PONT E I DE NEMOURS & CO	C	\$3,333,048	67,800	(5,160)
US CELLULAR CORP	COM	\$134,164,944	3,726,804	(5,100)
UNITED GUARDIAN INC	COM	\$3,362,020	173,300	(5,000)
VIMPELCOM LTD	ADR	\$4,690,605	394,500	(5,000)
CISCO SYSTEMS INC	COM	\$2,847,989	136,300	(5,000)
CUTERA INC	COM	\$7,475,000	575,000	(5,000)
SYSCO CORP	COM	\$3,218,055	91,500	(5,000)
ABB LTD	ADR	\$2,043,848	89,800	(4,900)
EDGEWATER TECHNOLOGY INC	COM	\$4,021,941	1,010,538	(4,500)
PARK OHIO HOLDINGS CORP	COM	\$33,885,430	1,022,802	(4,500)
TD AMERITRADE HOLDING CORP	CO	\$269,091	13,050	(4,200)
NEWMARKET CORP	COM	\$16,871,328	64,800	(4,200)
OIL DRI CORP AMERICA	COM	\$15,730,254	577,681	(4,071)
TYLER TECHNOLOGIES INC	COM	\$22,100,770	360,770	(4,054)
DUCOMMUN INC (DEL)	COM	\$1,424,880	72,000	(4,000)
DOMINION RESOURCES INC/VA	COM	\$3,839,880	66,000	(4,000)
BELDEN INC	COM	\$2,980,205	57,700	(4,000)
CYNOSURE INC	CL A	\$523,400	20,000	(4,000)
GREIF INC	CL A NON-VTG	\$46,450,631	866,293	(3,792)
STARBUCKS CORP	COM	\$2,457,393	43,150	(3,700)
UNITED TECHNOLOGIES CORP	COM	\$2,139,547	22,900	(3,670)
MERCURY SYSTEMS INC	COM	\$225,522	30,600	(3,600)
BLACK HILLS CORP	COM	\$29,325,575	665,885	(3,400)
TECO ENERGY INC	COM	\$1,737,985	97,530	(3,376)
RUSH ENTERPRISES INC	CL B	\$12,577,377	614,700	(3,321)
OREILLY AUTOMOTIVE INC	COM	\$91,025,144	888,579	(3,242)
DUKE ENERGY CORP	COM	\$1,564,460	21,552	(3,231)
LIFEWAY FOODS INC	COM	\$4,334,020	311,800	(3,200)
HAWKINS INC	COM	\$359,550	9,000	(3,200)
AGL RESOURCES INC	COM	\$2,812,286	67,039	(3,157)
STANDEX INTERNATIONAL CORP	CO	\$7,990,334	144,700	(3,000)
WEYERHAEUSER CO	COM	\$313,800	10,000	(3,000)
ADVANCE AUTO PARTS INC	COM	\$1,074,450	13,000	(3,000)
WUXI PHARMATECH (CAYMAN) INC		\$2,209,348	128,600	(3,000)
WYNN RESORTS LTD	COM	\$11,646,138	93,050	(3,000)
TRANSOCEAN LTD	COM	\$5,767,456	110,998	(2,850)
BELO CORP	CL A	\$3,786,044	385,152	(2,700)
VULCAN MATERIALS CO	COM	\$3,288,120	63,600	(2,700)
NOVO NORDISK AS	ADR	\$280,041	1,734	(2,636)
VASCULAR SOLUTIONS INC	COM	\$5,155,868	317,871	(2,600)
MONSANTO CO	COM	\$14,836,790	140,460	(2,530)
EXELON CORP	COM	\$319,112	9,255	(2,500)
HEWLETT PACKARD CO	COM	\$798,640	33,500	(2,500)
KIMBERLY CLARK CORP	COM	\$2,023,287	20,650	(2,450)
ROGERS COMMUNICATIONS INC	CL	\$34,510,075	675,873	(2,400)
ALLERGAN INC	COM	\$15,374,800	137,730	(2,260)
MENTOR GRAPHICS CORP	COM	\$2,725,550	151,000	(2,000)
BIO RAD LABS INC	CL A COM	\$12,348,000	98,000	(2,000)
KRISPY KREME DOUGHNUTS INC	CO	\$3,537,800	245,000	(2,000)
COOPER COMPANIES INC	COM	\$4,530,960	42,000	(2,000)
CORE MOLDING TECHNOLOGIES INC		\$3,728,909	422,300	(2,000)
REGIS CORP (MN)	COM	\$215,370	11,840	(2,000)

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15 May 2013 08:59 EDT DJ GAMCO Asset Mgmt Inc. 1Q 13F: Largest Purchases

DJ CFA SOURCE: SEC 13F-HR
FILER: GAMCO Asset Management Inc.
QUARTER ENDED: 03/31/2013
SEC RECEIVED: 05/08/2013

Up to 200 of the largest purchases of GAMCO Asset Management Inc. are listed below, ordered by the number of shares bought during the three months ended March 31.

Company Name	Value	Holdings	Change
WEATHERFORD INTERNATIONAL LTD	\$106,345,004	8,759,885	2,992,585
DELL INC COM	\$31,402,905	2,191,410	2,191,410
H J HEINZ CO COM	\$134,682,300	1,863,599	1,738,398
LEGG MASON INC COM	\$164,445,610	5,114,949	1,497,500
LIBERTY MEDIA CORP CL A	\$95,179,757	852,636	852,636
CABLEVISION SYSTEMS CORP CL A	\$156,344,028	10,450,804	735,277
GENCORP INC COM	\$70,577,487	5,306,578	607,853
INTERMEC COM	\$62,977,212	6,406,634	567,728
WELLS FARGO & CO COM	\$174,495,220	4,717,362	492,850
HILLSHIRE BRANDS CO COM	\$85,320,860	2,427,336	408,479
MONDELEZ INTERNATIONAL INC CL	\$105,406,129	3,442,957	386,587
NEWMONT MINING CORP COM	\$89,021,277	2,125,120	371,905
MARCUS CORP COM	\$13,115,761	1,050,101	366,787
PNC FINANCIAL SERVICES GROUP	\$64,392,815	968,313	364,893
BOSTON SCIENTIFIC CORP COM	\$21,618,119	2,768,005	349,700
AVON PRODUCTS INC COM	\$23,899,617	1,152,900	316,600
MCMORAN EXPLORATION CO COM	\$22,652,925	1,385,500	308,400
GRACO INC COM	\$56,413,865	972,150	300,200
BRINKS CO COM	\$72,583,493	2,568,418	285,205
REPUBLIC SERVICES INC COM	\$77,921,085	2,361,245	278,578
GREENBRIER COMPANIES INC COM	\$8,856,900	390,000	275,000
PEP BOYS MANNY MOE & JACK COM	\$57,207,874	4,852,237	254,850
EARTHLINK INC COM	\$5,661,836	1,046,550	243,300
XYLEM INC COM	\$90,753,730	3,292,951	242,290
ACCO BRANDS CORP COM	\$4,174,292	624,894	235,933
NEWS CORP LTD CL B	\$16,409,353	533,464	234,920
FEDERAL MOGUL CORP CL A	\$23,348,992	3,872,138	219,650
CONAGRA FOODS INC COM	\$8,697,569	242,881	213,481
GRAFTECH INTERNATIONAL LTD CO	\$41,213,414	5,366,330	213,194
MUELLER WATER PRODUCTS INC CL	\$2,658,419	448,300	210,200
FORD MOTOR CO COM	\$25,149,914	1,912,541	210,000
FEDERAL SIGNAL CORP COM	\$3,571,620	438,774	207,945
GENTIVA HEALTH SERVICES INC C	\$8,860,498	818,900	207,900
CYPRESS SEMICONDUCTOR CORP CO	\$8,459,900	766,990	193,000
LIBERTY INTERACTIVE CORP INT	\$47,426,612	2,219,308	186,036
FREEPORT MCMORAN COPPER CL B	\$36,544,783	1,104,072	186,000
AMERICAN INTERNATIONAL GROUP	\$17,149,706	441,775	185,600
VODAFONE GROUP PLC ADR	\$14,821,335	521,878	172,810
SNYDERS LANCE INC COM	\$53,371,020	2,112,867	163,897
WAUSAU PAPER CORP COM	\$1,758,218	163,100	163,100
NAVISTAR INTERNATIONAL COM	\$159,928,771	4,626,230	163,070
TEJON RANCH CO COM	\$8,014,036	269,108	162,008
COHEN & STEERS INC COM	\$50,203,813	1,391,844	159,447
REALD INC COM	\$7,288,515	560,655	155,495
AURICO GOLD INC COM	\$998,493	158,743	148,743
COMCAST CORP CL A SPECIAL NVT	\$42,056,116	1,061,755	147,280

PATTERSON COMPANIES INC COM	\$59,101,569	1,553,669	134,201
DIAMOND FOODS INC COM	\$4,687,080	278,000	124,000
LIVE NATION ENTERTAINMENT INC	\$16,990,616	1,373,534	120,935
LA Z BOY INC COM	\$4,057,050	215,000	120,000
IXIA COM	\$4,118,243	190,307	119,307
BLUCORA INC COM	\$2,291,814	148,050	119,050
BANK OF NEW YORK MELLON CORP	\$170,537,360	6,092,796	113,027
DIRECTV COM	\$279,341,765	4,936,239	110,402
VIRGIN MEDIA INC COM	\$5,373,478	109,730	109,730
COINSTAR INC COM	\$9,709,988	166,210	106,520
GRIFFON CORP COM	\$76,304,235	6,401,362	104,446
ST JOE CO COM	\$7,707,736	362,717	99,000
BEAM INC COM	\$160,246,800	2,521,983	96,926
PROGRESSIVE WASTE SOLUTIONS LT	\$5,321,340	251,600	96,075
ADT CORP COM	\$38,342,532	783,460	93,639
AARONS INC COM	\$34,279,368	1,195,236	86,395
SEALED AIR CORP COM	\$5,949,022	246,745	84,525
STATE STREET CORP COM	\$97,239,272	1,645,613	82,525
SKYLINE CORP COM	\$3,267,978	547,400	82,300
VIACOM INC COM	\$217,509,201	3,449,242	79,605
TYCO INTERNATIONAL LTD COM	\$61,060,992	1,908,156	73,337
CHEESECAKE FACTORY INC COM	\$44,116,867	1,142,628	72,428
COCA COLA CO COM	\$125,907,554	3,113,441	72,400
JOHNSON CONTROLS INC COM	\$24,946,904	711,346	72,200
MODUSLINK GLOBAL SOLUTIONS INC	\$768,900	233,000	71,000
KENNAMETAL INC COM	\$5,399,232	138,300	70,800
UNILEVER PLC ADR	\$8,284,954	196,140	69,016
BIG 5 SPORTING GOODS CORP COM	\$5,166,910	331,000	69,000
H&R BLOCK INC COM	\$10,155,784	345,200	66,150
GUIDANCE SOFTWARE INC COM	\$1,283,555	118,300	65,300
CHURCHILL DOWNS INC COM	\$63,788,580	910,745	64,107
KRAFT FOODS GROUP INC COM	\$43,566,708	845,463	63,716
COMMUNICATIONS SYSTEMS INC CO	\$2,150,580	219,000	62,000
HOSPIRA INC COM	\$3,517,078	107,130	59,500
LORAL SPACE & COMMUNICATIONS	\$9,879,761	159,660	58,780
WASTE MANAGEMENT INC COM	\$42,864,411	1,093,201	58,167
NII HOLDINGS INC COM	\$9,222,068	2,132,270	57,220
ENDO HEALTH SOLUTIONS INC COM	\$1,739,478	56,550	56,550
ASSISTED LIVING CONCEPTS INC	\$642,060	54,000	54,000
CLEAR CHANNEL OUTDOOR HLDGS C	\$19,016,144	2,538,871	53,300
DEVON ENERGY CORP COM	\$13,128,934	232,700	52,600
VIACOM INC CL B	\$24,880,649	404,695	52,546
BRISTOL MYERS SQUIBB CO COM	\$39,212,674	951,995	51,901
MICROSOFT CORP COM	\$11,740,150	410,423	51,630
FARMER BROTHERS CO COM	\$751,626	51,131	51,131
AMERISTAR CASINOS INC COM	\$1,311,500	50,000	50,000
CROWN MEDIA HOLDINGS INC CL A	\$559,650	273,000	50,000
CVS CAREMARK CORP COM	\$89,835,073	1,633,662	49,600
PEABODY ENERGY CORP COM	\$2,104,425	99,500	48,800
EXACTECH INC COM	\$13,283,146	642,008	48,473
FAMOUS DAIVES AMERICA INC COM	\$496,302	45,700	45,700
W R BERKLEY CORP COM	\$22,525,540	507,675	44,075
POST HOLDINGS INC COM	\$38,613,646	899,456	43,029
CINCINNATI BELL INC COM	\$44,894,304	13,771,259	42,546
LIBERTY GLOBAL INC CL A	\$56,056,376	763,919	41,661
ZEP INC COM	\$42,842,728	2,854,279	40,552
ARCHER DANIELS MIDLAND CO COM	\$40,756,026	1,208,302	39,922
ORACLE CORP COM	\$1,531,634	47,375	35,075
COVIDIEN PLC COM	\$37,544,963	553,434	33,576
ANADARKO PETROLEUM CORP COM	\$12,400,410	141,800	32,400
KELLOGG CO COM	\$61,321,253	951,750	32,400
ECHOSTAR CORP COM	\$20,751,642	532,503	31,210
GLOBAL SOURCES LTD ORD	\$2,630,888	348,001	31,100
GRUPO TELEVISA SAB ADR PC A/B	\$60,588,016	2,276,889	30,060
BOSTON PRIVATE FINANCIAL HLDGS	\$1,936,480	196,000	30,000
MAKO SURGICAL CORP COM	\$2,730,635	244,900	29,500

BLYTH INC COM	\$1,095,190	63,087	29,087
PRIMUS TELECOMMUNICATIONS GRP	\$320,450	29,000	29,000
FIRSTMERIT CORP COM	\$440,576	26,637	26,637
BASSETT FURNITURE INDUSTRIES	\$670,320	42,000	26,399
CAVCO INDUSTRIES INC COM	\$22,636,708	475,861	26,300
WMS INDUSTRIES INC COM	\$663,023	26,300	26,300
PLAINS EXPLORATION & PRODUCTIO	\$8,615,805	181,500	26,300
TWIN DISC INC COM	\$18,154,484	723,863	25,995
MERCK & CO INC COM	\$9,757,769	220,764	25,838
PARK ELECTROCHEMICAL CORP COM	\$15,905,918	627,700	25,000
SIBANYE GOLD LTD ADR	\$139,679	24,722	24,722
ABBOTT LABS COM	\$2,974,474	84,215	24,475
YAHOO INC COM	\$19,225,546	817,100	24,360
DEAN FOODS CO COM	\$2,371,404	130,800	24,000
CITIGROUP INC COM	\$14,669,984	331,600	23,700
TENNECO INC COM	\$41,771,592	1,062,620	23,680
FIRSTCITY FINANCIAL CORP COM	\$217,140	22,000	22,000

15 May 2013 08:59 EDT DJ GAMCO Asset Mgmt Inc. 1Q 13F: Largest Purchases -2-

JOHNSON & JOHNSON COM	\$37,802,852	463,668	21,860
SHENANDOAH TELECOMMUNICATIONS	\$1,259,399	82,692	21,692
DIAGEO PLC ADR	\$87,987,957	699,205	21,650
MORGANS HOTEL GROUP CO COM	\$1,544,528	260,900	21,000
INGLES MARKETS INC CL A	\$28,267,401	1,315,987	20,800
LIBERTY INTERACTIVE VENTURES	\$15,381,966	203,519	20,111
STERIS CORP COM	\$4,993,200	120,000	20,000
FORTUNE BRANDS HOME & SECURITY	\$93,347,426	2,493,920	19,000
PEPSICO INC COM	\$52,610,682	665,032	18,767
MOLYCORP INC COM	\$599,560	115,300	18,000
EXPRESS SCRIPTS HOLDING CO CO	\$2,483,652	43,104	17,884
KAR AUCTION SERVICES INC COM	\$10,800,176	539,200	17,700
TELULAR CORP COM	\$413,567	41,110	17,610
NETSPEND HOLDINGS INC COM	\$279,664	17,600	17,600
BED BATH & BEYOND INC COM	\$7,796,431	121,025	17,525
T ROWE PRICE GROUP INC COM	\$11,949,252	159,600	16,300
DR PEPPER SNAPPLE GROUP INC C	\$120,485,860	2,566,259	16,291
NATIONAL FUEL GAS CO (NJ) COM	\$233,820,372	3,811,253	16,280
CALAMOS ASSET MANAGEMENT INC	\$1,483,020	126,000	16,000
BEL FUSE INC CL A COM	\$3,162,960	229,200	15,800
ABBVIE INC COM	\$643,508	15,780	15,780
GENTEX CORP COM	\$2,505,252	125,200	15,200
LEXICON PHARMACEUTICALS INC C	\$312,176	143,200	15,200
UNITEDHEALTH GROUP INC COM	\$22,340,219	390,495	15,095
GORMAN RUPP CO COM	\$17,297,201	575,614	15,051
HOT TOPIC INC COM	\$208,200	15,000	15,000
FALCONSTOR SOFTWARE INC COM	\$1,299,800	485,000	15,000
GILEAD SCIENCES INC COM	\$1,331,168	27,200	14,830
BARNES & NOBLE INC COM	\$4,249,446	258,325	13,700
NUVATIVE INC COM	\$973,867	45,700	13,700
GABELLI MULTIMEDIA TRUST INC	\$4,776,678	533,707	13,591
MOVE INC COM	\$448,125	37,500	13,500
SWS GROUP INC COM	\$2,994,145	494,900	13,000
DARLING INTERNATIONAL INC COM	\$233,121	12,980	12,980
COMCAST CORP CL A	\$9,458,052	225,299	12,879
ZEBRA TECHNOLOGIES CORP CL A	\$15,798,683	335,215	12,465
CREXUS INVESTMENT CORP COM	\$160,146	12,300	12,300
ALTERRA CAPITAL HOLDINGS LTD	\$381,029	12,100	12,100
LOWES COS INC COM	\$6,081,648	160,381	11,743
SCRIPPS NETWORKS INTERACTIVE	\$87,461,094	1,359,358	11,497
ST JUDE MEDICAL INC COM	\$3,279,927	81,106	11,433
STERLING BANCORP COM	\$6,449,355	634,779	11,400
WALGREEN CO COM	\$9,529,277	199,859	11,059
UNIVERSAL TECHNICAL INSTITUTE	\$5,904,525	467,500	11,000
QUIDEL CORP COM	\$14,097,786	593,591	11,000
ASTEC INDUSTRIES INC COM	\$8,863,033	253,737	10,700
CERES INC COM	\$35,844	10,300	10,300

SEACHANGE INTERNATIONAL INC C	\$121,516	10,220	10,220
GREAT LAKES DREDGE & DOCK CORP	\$176,326	26,200	10,200
TIME WARNER CABLE INC COM	\$11,951,017	124,412	10,052
GLOBAL POWER EQUIPMENT GROUP	\$528,600	30,000	10,000
MERIDIAN BIOSCIENCE INC COM	\$2,053,350	90,000	10,000
ORIENT EXPRESS HOTELS LTD ORD	\$6,319,274	640,900	10,000
WATTS WATER TECHNOLOGIES INC	\$94,013,610	1,959,025	9,574
LENNAR CORP CL B	\$16,698,583	517,625	9,325
CHEVRON CORP COM	\$22,323,902	187,880	9,134
CBS CORP CL B	\$31,092,645	665,938	8,230
BP PLC ADR	\$6,372,616	150,475	8,200
TELUS CORP COM	\$277,338	8,026	8,026
AES CORP COM	\$10,967,325	872,500	8,000
FACEBOOK INC CL A	\$441,255	17,250	7,855
HAYNES INTERNATIONAL INC COM	\$4,855,893	87,810	7,800
HESS CORP COM	\$11,214,484	156,605	7,700
PROSHARES SHORT S&P500	\$951,390	31,000	7,400
CAMPBELL SOUP CO COM	\$38,147,216	840,988	7,250
INVENTURE FOODS INC COM	\$335,318	43,100	7,200
COPANO ENERGY LLC COM UNIT	\$287,692	7,100	7,100
SORL AUTO PARTS INC COM	\$382,367	100,096	7,000
BANK OF AMERICA CORP COM	\$2,064,400	169,491	7,000
ENERGIZER HOLDINGS INC COM	\$128,919,176	1,292,682	6,621
CANTERBURY PARK HOLDING CORP	\$4,264,911	426,065	6,500

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15 May 2013 08:59 EDT DJ GAMCO Asset Mgmt Inc. 1Q 13F: Largest Eliminations

DJ CFA SOURCE: SEC 13F-HR
 FILER: GAMCO Asset Management Inc.
 QUARTER ENDED: 03/31/2013
 SEC RECEIVED: 05/08/2013

Up to 200 of the largest eliminated positions of GAMCO Asset Management Inc. are listed below, ordered by the number of shares sold during the three months ended March 31.

Company Name	Ticker	Change
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CLEARWIRE CORP NEW CL A	CLWR	(103,200)
FREQUENCY ELECTRONICS INC COM	FEIM	(33,300)
CHICAGO BRIDGE & IRON CO NV C	CBI	(28,059)
MONSTER WORLDWIDE INC COM	MWW	(25,000)
STIFEL FINANCIAL CORP COM	SF	(17,144)
MARTHA STEWART LIVING OMNIMEDI	MSO	(10,503)
MARATHON OIL CORP COM	MRO	(9,200)
PVH CORP COM	PVH	(8,327)
CENTURYLINK (CENTURYTEL) INC	CTL	(6,248)
CUBIC CORP COM	CUB	(4,500)
SHIRE PLC ADR	SHPG	(4,370)
MARATHON PETROLEUM CORP COM	MPC	(4,050)
THERMO FISHER SC (ELECTRON) IN	TMO	(4,000)
COACH INC COM	COH	(3,963)
VERINT SYSTEMS INC COM	VRNT	(3,790)
GYRODYNE CO AMERICA INC COM	GYRO	(3,500)
ANALOGIC CORP COM	ALOG	(3,360)

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May 15, 2013 08:59 ET (12:59 GMT)

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Dow Tops 15,000, Finishes at a Record Close

By Vito J. Racanelli

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2013 年 5 月 13 日

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It has become a familiar refrain this year but one that's by no means unwelcome: Stocks hit record highs last week. The Dow Jones Industrial Average closed above 15,000 for the first time, and equities rose about 1% on a lack of bad news, on decent earnings and economic news, and perhaps from just plain habit.

Nothing seems to unnerve this market; old bogeymen, like European debt woes and North Korean saber-rattling, remain locked in the basement for now, says Jonathan Corpina, a senior managing partner at Meridian Equity Partners. The worry, if there were one, is that such concerns could return and swat the market during the soon-to-arrive languid summer months, a time when markets traditionally look for things to worry about, Corpina adds.

For now, investors are busily rotating out of defensive stocks, he says, and moving money into technology and financial shares. Our guess is that only a sudden swoon will change that.

On the week, the Dow closed at 15,118.49, up 145 points, or 1%, and an all-time high. The S&P 500 increased 1.2%, or 19 points, to 1633.70, also a new high-water mark. The Nasdaq Composite index jumped 1.7%, or 58 points, to 3436.58.

With the Dow up 15% already this year, it's getting tougher to find relatively cheap stocks inside this 30-member and exclusive megacap club. The average 2013 ratio of price/earnings per share for the index is now about 14, with a high of 21.5 times for Home Depot (ticker: HD) and a low of six for Hewlett-Packard (HPQ), according to Thomson Reuters. The average earnings-per-share growth expected this year is just 3%.

For investors looking at the Dow now, it's worth noting that in the past three weeks the broad market has seen a rotation into stocks in sectors like tech, up 9%; materials, up 7%; and energy, up 6%. Concurrently, defensive sectors that have been popular all year -- consumer staples, health care, and telecoms -- have begun to trail the market. That could represent a shift to a search for growth from a search for yield.

Henry Smith, chief investment officer at Haverford Trust, says in recent weeks his team has discussed "areas on the defensive side where we are going to take profits, like Procter & Gamble [PG], for example." These are stocks that have done well and where "it's hard to see more P/E-multiple expansion." P&G has slightly outperformed the Dow this year, with one of the highest P/Es in the Dow at 19 and among the lowest projected EPS growth rates, 4%.

"We're mostly upbeat on tech, stocks like Microsoft (MFST), Intel (INTC), and IBM (IBM), says Matthew McCormick, a portfolio manager at Bahl & Gaynor Investment Counsel. All three sport P/Es lower than the Dow average, with room for dividend growth, he says. Dividend-payout ratios in telecom and utility stocks are stretched, he avers.

With valuations not as cheap as they were, there's a lower margin of safety now, adds Mark Boyar, chairman of Boyar Intrinsic Value Research. He also likes Microsoft, and adds that Bank of America (BAC) is another favorite in the Dow. It's a stock not without controversy, but its price/tangible book value is a low 0.9 times, and it has the potential, he says, to earn \$2 a share, which could take the stock to \$20 over the next couple of years from Friday's close of \$13.

Like Bank of America and tech, Chevron (CVX) has underperformed the Dow this year, says Neil Hennessy, chairman of Hennessy Advisors. But it has been lifting its dividend by 9%, pays a yield of 3.25%, and trades at just 10 times this year's EPS forecasts, below the Dow average.

The market's early-2013 love affair with defensive sectors like food has helped propel the shares of Pinnacle Foods (PF), which went public on March 28 at \$20 a share, the top end of a projected \$18 to \$20 range. It has zoomed up since then to a Friday close of \$24.22.

Beside the defensive aspect, investors also like that the Parsippany, N.J., company has about \$1.1 billion in gross net-operating-loss carry-forwards. Over the next two years, that tax shield will help free cash flow, and possibly go to dividend increases and to the company's intention of buying up smaller rivals.

Pinnacle's brands are either No. 1 or No. 2 in 10 of the 12 major product categories in which it competes. Their products can be found in more than 85% of U.S. households.

Despite this, investors appear overly bullish about Pinnacle's future, bidding up its shares to what looks like an unsustainably high valuation for a small, slow-growing food maker. Those loss carry-forwards are nice, but they are not a long-term sustainable edge. They might even be considered a crutch. And while Pinnacle's brands are recognizable -- Bird's Eye, Duncan Hines, and Vlasic, for example -- they are not top-shelf names.

Acquisitions could help earnings, but that, too, can't be counted on steadily, particularly as Pinnacle has a highly levered balance sheet, with debt of \$2 billion and a debt-to-total-capital ratio near 60%.

The Pinnacle story has blemishes that should be taken more seriously by investors, particularly if there is a rotation out of slow-growth defensive food stocks. That's possible if the market continues to make new highs, as investors will gain confidence and look for growth stocks, something Pinnacle is not.

One of Pinnacle's warts is organic revenue growth of just 1% to 2%, according to a May 7 Goldman Sachs report on the company, which it rates Neutral. The broker wrote that it recognizes Pinnacle's potential, but it also noted that the food maker has "a relatively disadvantaged portfolio," is vulnerable to input-cost volatility, generates below-average returns, and has been a "market-share donor since 2009."

Moreover, Pinnacle gets some 25% of sales from one customer, Wal-Mart Stores (WMT), which isn't known for cutting its suppliers much slack. About 60% comes from the top 10 customers, another risk.

Pinnacle's results from 2008 to 2012 swung to a net profit of \$52.6 million from a net loss of \$28.6 million. But the story is more complicated. Inside that five-year earnings swing, results were volatile. For the past three years, sales have been stuck at about \$2.5 billion.

Pinnacle's valuation is high when compared with large competitors. Its stock sells at a price/earnings ratio of about 16 times consensus estimates of \$1.50 a share this year. That's not much lower than its large-cap rivals' average P/E of 17. On an absolute level, Pinnacle's P/E seems high compared with both the 10% growth in earnings per share expected in 2014 and its probable long-term growth of 5% to 7%. Pinnacle didn't respond to a request for comment.

Should the market's appetite for defensives wane, Pinnacle's valuation might be at a zenith.

Unlike Pinnacle, Annie's (BNNY) is growing fast, selling things like its organic Mac & Cheese, and Bunny Graham crackers, among other products. These young brands are positioned as healthier choices and attract loyal customers, even though they can be as much as 50% pricier than rivals and are not much different in calories, fat, and nutritional content.

Annual growth at the Berkeley, Calif., company is an expected 20% for sales and EPS, so it deserves a higher-than-market valuation. As with Pinnacle, though, the issue is how high, relative to its realistic prospects and once the market's penchant for food stocks cools.

Jonathan Feeney, an analyst at Janney Montgomery Scott, says that Annie's is a niche business that has done a nice job addressing dry dinner kits and crackers in a small target market, five million to six million or so households with children ages 3 to 11 and more than \$90,000 in annual income.

What seems priced in the stock now, however, is a big move to annual revenue of \$400 million to \$500 million over the next five years from an estimated \$169 million in the fiscal year that ended in March. That, says a skeptical Feeney, would give Annie's a share of its currently targeted market well above that of, say, Kraft Foods (KRFT) among its own target markets, which comprise about 127 million households.

To do this, Annie's needs to expand outside its main two categories of dinner kits and crackers, and that's why it has moved into organic pizza, as well as other areas

Leaving out the increased costs involved, horizontal food-category moves are risky, Feeney adds, when there are already entrenched rivals there, like Kellogg's (K), Kashi, General Mills' (GIS) Cascadian Farms, and Kraft's Back to Nature, among numerous others. All of them are pursuing these niches with the same or greater resources. Natural or organic pizza is already crowded -- and it's a tiny part of frozen pizza over all, he says.

Food-consumption patterns are deeply ingrained. "Is your brand so much better than the others that it will convince retailers and consumer to buy it consistently?" asks Feeney, who has a Sell rating on the stock and a target price of \$25.

In the nine months ended Dec. 31, Annie's reported sales grew to \$117 million and profit of \$7.3 million, or 43 cents a share, compared with year-earlier sales of \$98 million and profit of \$7.7 million, or 50 cents a share. The most recent profit results were hurt to the tune of \$1.4 million from the recall of Annie's Homegrown Frozen Pizza, due to the possible presence of metal fragments caused by a faulty screen at a third-party flour mill.

At Friday's close of \$37.15, the stock is down from all-time highs of \$48, just prior to our last story on the company ("Down the Rabbit Hole," Oct. 22, 2012). Even so, Annie's trades at 47 times EPS estimates of 79 cents in the recently ended fiscal 2013 and 37 times the \$1 expected in fiscal 2014.

Valuation alone isn't enough to take down Annie's. Nevertheless, it doesn't lack for challenges. Outsourced production saves on capital but is particularly risky for a food company, as borne out by the recent recall.

Moreover, outside suppliers could raise their prices as well as miss deadlines, among a lot of other potential problems when you don't control the manufacture of your own product. Like Pinnacle's, Annie's clients are concentrated: More than 50% of sales go through three customers, and that concentration has been rising.

One important caveat that bulls trot out is the potential for Annie's to be gobbled up by a bigger, slower-growing rival. Recent actual sales multiples don't bear that out: Boulder Brands (BDBD) has recently made acquisitions in the healthy or organic space at less than two times sales; Annie's trades at 3.7 times sales. Annie's didn't respond to a request for comment.

Like its products, Annie's stock is pricey, leaving little room for disappointment.

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Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	15118.49	+144.53	+0.97
DJTransportation	6375.52	+156.62	+2.52
DJUtilities	513.71	-15.59	-2.95
DJ65Stocks	5171.51	+36.37	+0.71
DJUSMarket	411.22	+5.32	+1.31
NYSEComp.	9442.76	+102.29	+1.10
NYSEMKTComp.	2440.13	+9.10	+0.37

S&P500	1633.70	+19.28	+1.19
S&PMidCap	1189.93	+24.86	+2.13
S&PSmallCap	548.58	+13.34	+2.49
Nasdaq	3436.58	+57.95	+1.72
ValueLine(arith.)	3691.76	+78.02	+2.16
Russell2000	975.16	+20.74	+2.17
DJUSTSMFloat	17043.87	+227.14	+1.35

Last Week Week Earlier

NYSE		
Advances	2,237	2,398
Declines	941	785
Unchanged	42	40
NewHighs	925	789
NewLows	49	54
AvDailyVol(mil)	3,255.4	3,398.3
Dollar (Finexspotindex)	83.14	82.13
T-Bond		

(CBTnearbyfutures) 132-025 132-275
Crude Oil
(NYMlightsweetcrude) 96.04 95.61
Inflation KR-CRB
(FuturesPriceIndex) 288.68 290.17
Gold
(CMXnearbyfutures) 1436.80 1464.30

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DOW JONES NEWSWIRES

Barron's: The Trader: Dow Tops 15,000, Finishes At A Record Close

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Dow Jones Institutional News

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(FROM BARRON'S 5/13/13)

By Vito J. Racanelli

It has become a familiar refrain this year but one that's by no means unwelcome: Stocks hit record highs last week. The Dow Jones Industrial Average closed above 15,000 for the first time, and equities rose about 1% on a lack of bad news, on decent earnings and economic news, and perhaps from just plain habit.

Nothing seems to unnerve this market; old bogeymen, like European debt woes and North Korean saber-rattling, remain locked in the basement for now, says Jonathan Corpina, a senior managing partner at Meridian Equity Partners. The worry, if there were one, is that such concerns could return and swat the market during the soon-to-arrive languid summer months, a time when markets traditionally look for things to worry about, Corpina adds.

For now, investors are busily rotating out of defensive stocks, he says, and moving money into technology and financial shares. Our guess is that only a sudden swoon will change that.

On the week, the Dow closed at 15,118.49, up 145 points, or 1%, and an all-time high. The S&P 500 increased 1.2%, or 19 points, to 1633.70, also a new high-water mark. The Nasdaq Composite index jumped 1.7%, or 58 points, to 3436.58.

With the Dow up 15% already this year, it's getting tougher to find relatively cheap stocks inside this 30-member and exclusive megacap club. The average 2013 ratio of price/earnings per share for the index is now about 14, with a high of 21.5 times for Home Depot (ticker: HD) and a low of six for Hewlett-Packard (HPQ), according to Thomson Reuters. The average earnings-per-share growth expected this year is just 3%.

For investors looking at the Dow now, it's worth noting that in the past three weeks the broad market has seen a rotation into stocks in sectors like tech, up 9%; materials, up 7%; and energy, up 6%. Concurrently, defensive sectors that have been popular all year -- consumer staples, health care, and telecoms -- have begun to trail the market. That could represent a shift to a search for growth from a search for yield.

Henry Smith, chief investment officer at Haverford Trust, says in recent weeks his team has discussed "areas on the defensive side where we are going to take profits, like Procter & Gamble [PG], for example." These are stocks that have done well and where "it's hard to see more P/E-multiple expansion." P&G has slightly outperformed the Dow this year, with one of the highest P/Es in the Dow at 19 and among the lowest projected EPS growth rates, 4%.

"We're mostly upbeat on tech, stocks like Microsoft (MFST), Intel (INTC), and IBM (IBM), says Matthew McCormick, a portfolio manager at Bahl & Gaynor Investment Counsel. All three sport P/Es lower than the Dow average, with room for dividend growth, he says. Dividend-payout ratios in telecom and utility stocks are stretched, he avers.

With valuations not as cheap as they were, there's a lower margin of safety now, adds Mark Boyar, chairman of Boyar Intrinsic Value Research. He also likes Microsoft, and adds that Bank of America (BAC) is another favorite in the Dow. It's a stock not without controversy, but its price/tangible book value is a low 0.9 times, and it has the potential, he says, to earn \$2 a share, which could take the stock to \$20 over the next couple of years from Friday's close of \$13.

Like Bank of America and tech, Chevron (CVX) has underperformed the Dow this year, says Neil Hennessy, chairman of Hennessy Advisors. But it has been lifting its dividend by 9%, pays a yield of 3.25%, and trades at just 10 times this year's EPS forecasts, below the Dow average.

The market's early-2013 love affair with defensive sectors like food has helped propel the shares of Pinnacle Foods (PF), which went public on March 28 at \$20 a share, the top end of a projected \$18 to \$20 range. It has zoomed up since then to a Friday close of \$24.22.

Beside the defensive aspect, investors also like that the Parsippany, N.J., company has about \$1.1 billion in gross net-operating-loss carry-forwards. Over the next two years, that tax shield will help free cash flow, and possibly go to dividend increases and to the company's intention of buying up smaller rivals.

Pinnacle's brands are either No. 1 or No. 2 in 10 of the 12 major product categories in which it competes. Their products can be found in more than 85% of U.S. households.

Despite this, investors appear overly bullish about Pinnacle's future, bidding up its shares to what looks like an unsustainably high valuation for a small, slow-growing food maker. Those loss carry-forwards are nice, but they are not a long-term sustainable edge. They might even be considered a crutch. And while Pinnacle's brands are recognizable -- Bird's Eye, Duncan Hines, and Vlasic, for example -- they are not top-shelf names.

Acquisitions could help earnings, but that, too, can't be counted on steadily, particularly as Pinnacle has a highly levered balance sheet, with debt of \$2 billion and a debt-to-total-capital ratio near 60%.

The Pinnacle story has blemishes that should be taken more seriously by investors, particularly if there is a rotation out of slow-growth defensive food stocks. That's possible if the market continues to make new highs, as investors will gain confidence and look for growth stocks, something Pinnacle is not.

One of Pinnacle's warts is organic revenue growth of just 1% to 2%, according to a May 7 Goldman Sachs report on the company, which it rates Neutral. The broker wrote that it recognizes Pinnacle's potential, but it also noted that the food maker has "a relatively disadvantaged portfolio," is vulnerable to input-cost volatility, generates below-average returns, and has been a "market-share donor since 2009."

Moreover, Pinnacle gets some 25% of sales from one customer, Wal-Mart Stores (WMT), which isn't known for cutting its suppliers much slack. About 60% comes from the top 10 customers, another risk.

Pinnacle's results from 2008 to 2012 swung to a net profit of \$52.6 million from a net loss of \$28.6 million. But the story is more complicated. Inside that five-year earnings swing, results were volatile. For the past three years, sales have been stuck at about \$2.5 billion.

Pinnacle's valuation is high when compared with large competitors. Its stock sells at a price/earnings ratio of about 16 times consensus estimates of \$1.50 a share this year. That's not much lower than its large-cap rivals' average P/E of 17. On an absolute level, Pinnacle's P/E seems high compared with both the 10% growth in earnings per share expected in 2014 and its probable long-term growth of 5% to 7%. Pinnacle didn't respond to a request for comment.

Should the market's appetite for defensives wane, Pinnacle's valuation might be at a zenith.

Unlike Pinnacle, Annie's (BNNY) is growing fast, selling things like its organic Mac & Cheese, and Bunny Graham crackers, among other products. These young brands are positioned as healthier choices and attract loyal customers, even though they can be as much as 50% pricier than rivals and are not much different in calories, fat, and nutritional content.

Annual growth at the Berkeley, Calif., company is an expected 20% for sales and EPS, so it deserves a higher-than-market valuation. As with Pinnacle, though, the issue is how high, relative to its realistic prospects and once the market's penchant for food stocks cools.

Jonathan Feeney, an analyst at Janney Montgomery Scott, says that Annie's is a niche business that has done a nice job addressing dry dinner kits and crackers in a small target market, five million to six million or so households with children ages 3 to 11 and more than \$90,000 in annual income.

What seems priced in the stock now, however, is a big move to annual revenue of \$400 million to \$500 million over the next five years from an estimated \$169 million in the fiscal year that ended in March. That, says a skeptical Feeney, would give Annie's a share of its currently targeted market well above that of, say, Kraft Foods (KRFT) among its own target markets, which comprise about 127 million households.

To do this, Annie's needs to expand outside its main two categories of dinner kits and crackers, and that's why it has moved into organic pizza, as well as other areas

Leaving out the increased costs involved, horizontal food-category moves are risky, Feeney adds, when there are already entrenched rivals there, like Kellogg's (K), Kashi, General Mills' (GIS) Cascadian Farms, and Kraft's Back to Nature, among numerous others. All of them are pursuing these niches with the same or

greater resources. Natural or organic pizza is already crowded -- and it's a tiny part of frozen pizza over all, he says.

Food-consumption patterns are deeply ingrained. "Is your brand so much better than the others that it will convince retailers and consumer to buy it consistently?" asks Feeney, who has a Sell rating on the stock and a target price of \$25.

In the nine months ended Dec. 31, Annie's reported sales grew to \$117 million and profit of \$7.3 million, or 43 cents a share, compared with year-earlier sales of \$98 million and profit of \$7.7 million, or 50 cents a share. The most recent profit results were hurt to the tune of \$1.4 million from the recall of Annie's Homegrown Frozen Pizza, due to the possible presence of metal fragments caused by a faulty screen at a third-party flour mill.

At Friday's close of \$37.15, the stock is down from all-time highs of \$48, just prior to our last story on the company ("Down the Rabbit Hole," Oct. 22, 2012). Even so, Annie's trades at 47 times EPS estimates of 79 cents in the recently ended fiscal 2013 and 37 times the \$1 expected in fiscal 2014.

Valuation alone isn't enough to take down Annie's. Nevertheless, it doesn't lack for challenges. Outsourced production saves on capital but is particularly risky for a food company, as borne out by the recent recall.

11 May 2013 00:09 EDT Barron's: The Trader: Dow Tops 15,000, Finishes -2-

Moreover, outside suppliers could raise their prices as well as miss deadlines, among a lot of other potential problems when you don't control the manufacture of your own product. Like Pinnacle's, Annie's clients are concentrated: More than 50% of sales go through three customers, and that concentration has been rising.

One important caveat that bulls trot out is the potential for Annie's to be gobbled up by a bigger, slower-growing rival. Recent actual sales multiples don't bear that out: Boulder Brands (BDBD) has recently made acquisitions in the healthy or organic space at less than two times sales; Annie's trades at 3.7 times sales. Annie's didn't respond to a request for comment.

Like its products, Annie's stock is pricey, leaving little room for disappointment.

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Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	15118.49	+144.53	+0.97
DJTransportation	6375.52	+156.62	+2.52
DJUtilities	513.71	-15.59	-2.95
DJ65Stocks	5171.51	+36.37	+0.71
DJUSMarket	411.22	+5.32	+1.31
NYSEComp.	9442.76	+102.29	+1.10
NYSEMKTComp.	2440.13	+9.10	+0.37

S&P500	1633.70	+19.28	+1.19
S&PMidCap	1189.93	+24.86	+2.13
S&PSmallCap	548.58	+13.34	+2.49
Nasdaq	3436.58	+57.95	+1.72
ValueLine(arith.)	3691.76	+78.02	+2.16
Russell2000	975.16	+20.74	+2.17
DJUSTSMFloat	17043.87	+227.14	+1.35

Last Week Week Earlier

NYSE		
Advances	2,237	2,398
Declines	941	785
Unchanged	42	40
NewHighs	925	789
NewLows	49	54

AvDailyVol(mil)	3,255.4	3,398.3
Dollar		
(Finexspotindex)	83.14	82.13
T-Bond		
(CBTnearbyfutures)	132-025	132-275
Crude Oil		
(NYMlightsweetcrude)	96.04	95.61
Inflation KR-CRB		
(FuturesPriceIndex)	288.68	290.17
Gold		
(CMXnearbyfutures)	1436.80	1464.30

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 [Gold may get a break if Paulson, other big funds are flushed out](#)

MarketWatch Blogs, 2013 年 5 月 7 日 16:09, 609 字, (英文)

John Paulson's Gold Fund lost 27% in April, according to a report on Bloomberg Tuesday, citing someone familiar with the matter. That's a chunk of change, and explains why the SPDR Gold fund keeps heading south, says Tyler Durden over ...

文件 WCMWB00020130507e957000ru

BARRON'S

MARKET WEEK

Stocks --- The Trader: Dow, S&P Set Record Highs

By Vito J. Racanelli

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"We can get a market melt-up from here," he opines, as a rotation back into cyclicals gathers steam. The 2013 rally has been piloted by defensive sectors, but in the last week or so, tech, industrial, and materials stocks have led because long-term risk perceptions are easing, he says.

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However, the first quarter also demonstrated that the seeds of recovery have been sown. Caterpillar's inventory was reduced by \$500 million compared with a \$2 billion rise in the year-earlier period. Dealers' inventories also swung to a \$700 million drop versus an \$875 million increase.

Caterpillar has been cutting costs at its mining-equipment business, points out Dan Morgan, a money manager at Synovus Trust. He's been adding shares around these levels in anticipation of an improvement in the commodity cycle. While you wait, he adds, there appears to be ample room for future dividend hikes, thanks to Caterpillar's prodigious free cash flow of over \$4 billion expected this year and nearly \$5 billion in 2014.

Another bull is Jonathan Treitel, an analyst at Turner Investments, which also owns Caterpillar shares. The weak mining sector detracted from the gains seen in its construction-segment sales compared with fourth-quarter levels, he says. Caterpillar is also making progress on manufacturing efficiencies, he adds.

Valuation remains a support. The stock trades at an enterprise value (net debt plus market capitalization) of 8.5 times, below its historical median of 11.2 times. Expectations have been reset lower and Caterpillar is also resuming its share buybacks, after doing none since the end of 2008.

A possible reprise of global growth worries could take the stock down to \$80 again, but the 2.4% dividend yield should ease the pain. Meanwhile the stock should hit triple digits again.

Despite all the hand-wringing over global growth, Caterpillar made money during the Great Recession of 2008-2009. It benefits from high barriers to entry, a solid balance sheet, and a global lead in its business. When companies like that go on sale -- and Caterpillar seems cheap -- their shares are usually worth a look. At these levels the stock seems to discount a lot of bad news.

On Friday, a Maryland judge heard arguments from both sides in the continuing battle between the board of CommonWealth Reit (CWH) and activist shareholders trying to oust it through an April 14 launched consent solicitation.

The judge is expected to rule this week on issues that could determine whether the solicitation, led by hedge fund Corvex Management and Related Fund Management, will go ahead immediately. (See "Whose CommonWealth Is It Anyway?", April 20.)

A Corvex lawyer at the hearing Friday told the judge that votes representing 40% of CommonWealth shares outstanding have been submitted so far, and that 99% of them were in favor of removing the board. To pass, two-thirds consent is needed.

The activists are unhappy with the REIT's governance and a management structure they say conflicts with shareholder interests. Any decision will likely be appealed. CommonWealth has denied the solicitation's validity. The company declined to comment. Friday the shares closed at \$22.29, \$21.04 down 73 cents.

Publicly traded companies generally face two choices when their cash exceeds reinvestment needs: Pay shareholders via dividends, which are double-taxed, or buy their own shares in the market, increasing the company's value to remaining shareholders.

Buybacks are generally considered a good thing, and companies typically play up an announcement of a large repurchase program. Often buybacks are heralded by the media -- Barron's not excluded, see Caterpillar above -- as potential positives for the stock price.

Sometimes they are, but sometimes they are not. A recent study suggests that the typical U.S. corporate buyback, at technology companies at least, hasn't returned much bang for the buck. Some firms appear to be very good at getting a positive return for their buybacks, but others have wasted capital on them, according to corporate advisory service MG Holdings/SIP in Summit, N.J.

The biggest problem with buybacks is that managements are not generally adept at timing them. They usually buy back stock when times are good and they're flush with cash -- and the stock price high, not coincidentally. But they shy away from buys when times are tough, cash dear, and the share price low. Paradoxically, the latter is when buybacks often give the best return.

Michael Gumpert, who runs MG Holdings/SIP, conducted a study of \$457.6 billion worth of buybacks executed from 2000 to 2012, in a sample of 232 mainly technology firms. Some 75% of them bought back stock and they paid 39% of their current equity market value for buybacks over that time.

Just over half, 51%, of the programs are now profitable, the study shows. Almost half are not, even as the market neared all-time highs at the end of 2012. For the group as a whole, after 13 years the repurchased shares today are worth 13% more than their cost.

That's not much of a return. Gumpert adds that a good chunk of that 13% profit derives from a few large companies. Indeed, the typical company in the survey managed just a 7% profit on its buybacks for the 13-year period, he says.

The returns could even be lower. Gumpert says that his study potentially overstates profitability because the raw numbers above don't take into account certain adjustments, a big one being forgone interest income on the cash used to buy back stock, among others. Once these are included, then buybacks since 2000 have for the most part provided little benefit to the stock price of the sample group overall. For some stocks, the buyback impact was negative, he says.

Nearly 49% of those companies repurchasing stock, he says, had buybacks that hurt stock prices, where the percentage penalty to equity value due to the cost of the buyback was larger than the percentage benefit due to the reduction in share count.

Among those with larger market caps, Verisign (VRSN) had the most profitable buyback program. The Internet-registry service spent \$4.6 billion, the equivalent of 63% of its market value, to buy back 165.3 million shares at \$27.55 each, for a gain of about \$2.9 billion, or a 63% profit, on its buybacks. Friday, Verisign closed at \$47.35.

At the bottom of the list, Dell (DELL) spent almost \$36 billion, or 150% of its current market cap, to repurchase nearly 1.3 billion shares at \$27.79 apiece. As a result, it's suffered a loss of \$18.5 billion, or 52%, on its buybacks. Dell closed Friday at \$13.31.

Gumpert explains that future price moves will change the results. Investors should weigh buyback news against the stock's valuation. In many cases, had management just put the money in the bank, they -- and shareholders -- might have gotten a better return.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14973.96	+261.41	+1.78
DJTTransportation	6218.90	+103.01	+1.68
DJUtilities	529.30	-2.73	-0.51
DJ65Stocks	5135.14	+66.77	+1.32
DJUSMarket	405.90	+8.07	+2.03
NYSEComp.	9340.47	+170.57	+1.86
NYSEMKTComp.	2431.03	+32.90	+1.37

S&P500	1614.42	+32.18	+2.03
S&PMidCap	1165.07	+23.87	+2.09
S&PSmallCap	535.24	+12.24	+2.34
Nasdaq	3378.63	+99.37	+3.03
ValueLine(arith.)	3613.74	+80.72	+2.28
Russell2000	954.42	+19.17	+2.05
DJUSTSMFloat	16816.72	+334.54	+2.03

Last Week Week Earlier

NYSE		
Advances	2,398	2,375
Declines	785	783
Unchanged	40	61
NewHighs	789	570
NewLows	54	75
AvDailyVol(mil)	3,398.3	3,392.3

Dollar
(Finexspotindex) 82.13 82.50
T-Bond
(CBTnearbyfutures) 132-275 133-140
Crude Oil
(NYMlightsweetcrude) 95.61 93.00
Inflation KR-CRB
(FuturesPriceIndex) 290.17 285.40
Gold
(CMXnearbyfutures) 1464.30 1453.60

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DOW JONES NEWSWIRES

Barron's: The Trader: Dow, S&P Set Record Highs

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A possible reprise of global growth worries could take the stock down to \$80 again, but the 2.4% dividend yield should ease the pain. Meanwhile the stock should hit triple digits again.

Despite all the hand-wringing over global growth, Caterpillar made money during the Great Recession of 2008-2009. It benefits from high barriers to entry, a solid balance sheet, and a global lead in its business. When companies like that go on sale -- and Caterpillar seems cheap -- their shares are usually worth a look. At these levels the stock seems to discount a lot of bad news.

On Friday, a Maryland judge heard arguments from both sides in the continuing battle between the board of CommonWealth Reit (CWH) and activist shareholders trying to oust it through an April 14 launched consent solicitation.

The judge is expected to rule this week on issues that could determine whether the solicitation, led by hedge fund Corvex Management and Related Fund Management, will go ahead immediately. (See "Whose CommonWealth Is It Anyway?", April 20.)

A Corvex lawyer at the hearing Friday told the judge that votes representing 40% of CommonWealth shares outstanding have been submitted so far, and that 99% of them were in favor of removing the board. To pass, two-thirds consent is needed.

The activists are unhappy with the REIT's governance and a management structure they say conflicts with shareholder interests. Any decision will likely be appealed. CommonWealth has denied the solicitation's validity. The company declined to comment. Friday the shares closed at \$22.29, \$21.04 down 73 cents.

Publicly traded companies generally face two choices when their cash exceeds reinvestment needs: Pay shareholders via dividends, which are double-taxed, or buy their own shares in the market, increasing the company's value to remaining shareholders.

Buybacks are generally considered a good thing, and companies typically play up an announcement of a large repurchase program. Often buybacks are heralded by the media -- Barron's not excluded, see Caterpillar above -- as potential positives for the stock price.

Sometimes they are, but sometimes they are not. A recent study suggests that the typical U.S. corporate buyback, at technology companies at least, hasn't returned much bang for the buck. Some firms appear to be very good at getting a positive return for their buybacks, but others have wasted capital on them, according to corporate advisory service MG Holdings/SIP in Summit, N.J.

The biggest problem with buybacks is that managements are not generally adept at timing them. They usually buy back stock when times are good and they're flush with cash -- and the stock price high, not coincidentally. But they shy away from buys when times are tough, cash dear, and the share price low. Paradoxically, the latter is when buybacks often give the best return.

Michael Gumpert, who runs MG Holdings/SIP, conducted a study of \$457.6 billion worth of buybacks executed from 2000 to 2012, in a sample of 232 mainly technology firms. Some 75% of them bought back stock and they paid 39% of their current equity market value for buybacks over that time.

Just over half, 51%, of the programs are now profitable, the study shows. Almost half are not, even as the market neared all-time highs at the end of 2012. For the group as a whole, after 13 years the repurchased shares today are worth 13% more than their cost.

That's not much of a return. Gumpert adds that a good chunk of that 13% profit derives from a few large companies. Indeed, the typical company in the survey managed just a 7% profit on its buybacks for the 13-year period, he says.

The returns could even be lower. Gumpert says that his study potentially overstates profitability because the raw numbers above don't take into account certain adjustments, a big one being forgone interest income on the cash used to buy back stock, among others. Once these are included, then buybacks since 2000 have for the most part provided little benefit to the stock price of the sample group overall. For some stocks, the buyback impact was negative, he says.

Nearly 49% of those companies repurchasing stock, he says, had buybacks that hurt stock prices, where the percentage penalty to equity value due to the cost of the buyback was larger than the percentage benefit due to the reduction in share count.

4 May 2013 00:08 EDT Barron's: The Trader: Dow, S&P Set Record Highs -2-

Among those with larger market caps, Verisign (VRSN) had the most profitable buyback program. The Internet-registry service spent \$4.6 billion, the equivalent of 63% of its market value, to buy back 165.3 million shares at \$27.55 each, for a gain of about \$2.9 billion, or a 63% profit, on its buybacks. Friday, Verisign closed at \$47.35.

At the bottom of the list, Dell (DELL) spent almost \$36 billion, or 150% of its current market cap, to repurchase nearly 1.3 billion shares at \$27.79 apiece. As a result, it's suffered a loss of \$18.5 billion, or 52%, on its buybacks. Dell closed Friday at \$13.31.

Gumpert explains that future price moves will change the results. Investors should weigh buyback news against the stock's valuation. In many cases, had management just put the money in the bank, they -- and shareholders -- might have gotten a better return.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14973.96	+261.41	+1.78
DJTransportation	6218.90	+103.01	+1.68
DJUtilities	529.30	-2.73	-0.51
DJ65Stocks	5135.14	+66.77	+1.32
DJUSMarket	405.90	+8.07	+2.03
NYSEComp.	9340.47	+170.57	+1.86
NYSEMKTComp.	2431.03	+32.90	+1.37

S&P500	1614.42	+32.18	+2.03
S&PMidCap	1165.07	+23.87	+2.09
S&PSmallCap	535.24	+12.24	+2.34
Nasdaq	3378.63	+99.37	+3.03
ValueLine(arith.)	3613.74	+80.72	+2.28
Russell2000	954.42	+19.17	+2.05
DJUSTSMFloat	16816.72	+334.54	+2.03

Last Week Week Earlier

NYSE

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Advances	2,398	2,375
Declines	785	783
Unchanged	40	61
NewHighs	789	570
NewLows	54	75
AvDailyVol(mil)	3,398.3	3,392.3
Dollar		
(Finexspotindex)	82.13	82.50
T-Bond		
(CBTnearbyfutures)	132-275	133-140
Crude Oil		
(NYMlightsweetcrude)	95.61	93.00
Inflation KR-CRB		
(FuturesPriceIndex)	290.17	285.40
Gold		
(CMXnearbyfutures)	1464.30	1453.60

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(END) Dow Jones Newswires

May 04, 2013 00:08 ET (04:08 GMT)

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DOW JONES NEWSWIRES

Barron's Blog: A Post-Earnings Look at Airlines

414 字

2013 年 5 月 1 日 17:37

Dow Jones Institutional News

DJDN

英文

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(This story has been posted on Barron's Online's Stocks To Watch blog at <http://blogs.barrons.com/stockstowatchtoday/>.)

By Sam Mamudi

Airline companies were among the first to report first-quarter earnings, and with the industry's major players having come out, JPMorgan analyst Jamie Baker today takes a look at how they fared, and gauges their prospects.

First, a summary of earnings season and how investors reacted:

Salubrious fuel prices are offsetting uninspiring demand trends and allowing earnings, cash flow, and deleveraging plans to remain broadly on track. Our primary takeaway this earnings season was one of surprise. We had expected a potentially grim season (from an equity perspective), given how poorly the market responded weeks earlier to softer-than-anticipated March demand and our expectation that conference call commentary would paint an even bleaker April picture (which turned out to be the case). But much to our surprise, the market chose to rightfully focus on the profit output rather than solely on the RASM input. Accordingly, equities are comfortably sitting anywhere from 3% (Alaska Air Group (ALK) and Southwest Airlines (LUV)) to 14% (AMR (AAMRQ)) higher than on the eve of earnings (vs. **S&P500** +2%), despite far from-inspiring demand trends.

Baker updated some price targets and estimates, due in part to placing greater emphasis on 2014 performance. As a result, his price target for Southwest is \$13, up from \$11.50; AMR is raised to \$9.50 from \$8, and Delta Air Lines (DAL) and US Airways (LCC) are both increased to \$20.50 from \$19 and \$19.50, respectively.

As for his picks, Baker has Overweight ratings on AMR, Delta, US Airways and JetBlue Airways (JBLU). As Baker explains:

AAMRQ remains our favorite idea in the space, based on 100% upside potential to our target. But it is neither for the meek nor the uninitiated. LCC valuation looks downright compelling to us, (cheaper than Delta) particularly if New AMR Group achieves \$5 in untaxed 2014 earnings as suggested in its POR. Meanwhile, Delta is poised to unveil its capital deployment strategy this spring, and potential dividends will likely drive the continued long-term "Southwestification" of its shareholder base, in our view. Three different ideas, three differentiated risk profiles.

-For continuously updated news from The Wall Street Journal, see WSJ.com at <http://wsj.com>.

(END) Dow Jones Newswires

May 01, 2013 12:37 ET (16:37 GMT)

文件 DJDN000020130501e951004d6

 [A Post-Earnings Look at Airlines](#)

Barron's Blogs, 2013 年 5 月 1 日 17:37, 366 字, By Sam Mamudi, (英文)

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文件 WCBBE00020130501e9510012x

BARRON'S

MARKET WEEK

Stocks --- The Trader: Stocks Climb 1.5%, Despite Weak GDP Data

By Vito J. Racanelli

1,966 words

2013年4月29日

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With May nearly upon us, John Leo Manley, the chief equity strategist for Wells Fargo Funds, is already thinking of the summer and likens the market to a beach ball under water. "When you push it down, it just bobs up."

What's behind that bob? Monetary easing by central banks around the world in general, and the Federal Reserve's quantitative bond buying in particular, he says.

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In a scenario in which the Fed keeps the pedal to the metal, Manley favors large-cap stocks over small-caps. More specifically, he adds that although he still likes the health-care sector, "it's beginning to look a little long in the tooth now" after a 19% rally this year. "I'd start to focus on large tech stocks more. They look cheap." (More on this below.)

This week, investors have a plethora of news to look forward to, including a Fed meeting topped off by April nonfarm payroll numbers. Given the surprise of the unsatisfying March payroll figures one month ago, notes Douglas Cote, chief market strategist at ING Investment Management, the market will look to see if that disappointing data was a one-time event.

Speaking of summer, the market is approaching its traditionally weak season. According to Robin Carpenter, who heads up research firm Carpenter Analytix, from 1972 through 2012, the S&P had an average price gain of 6.8% in the seven months from October through April. In the other five months, the S&P had a cumulative loss of 1.62%.

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Johnson's gone, but Penney remains hated, with almost 40% of its shares sold short. The company has an enterprise value (net debt plus market capitalization) of \$5.7 billion, with about \$3 billion in debt and \$930 million in cash. Property and plant on the balance sheet equal \$5.3 billion, after \$3.1 billion in depreciation. Penney's revenue fell 25% in 2012, to \$13 billion, and Johnson was recently replaced by his predecessor, Myron Ullman.

Trying to predict the retailer's fortunes is a wild guess at best, so equity valuations for such a risky stock aren't useful. Shorts say liquidity issues could drop Penney to \$10. But any evidence of stabilization -- however, unlikely -- could jump-start the shares.

The bonds might prove less risky, says James Roumell, president of his eponymously named investment-management firm in Chevy Chase, Md. He's been buying Penney bonds due 2020 with a coupon rate of 5.65%. They trade at about 83-84 cents on the dollar, he adds, providing an annualized yield to maturity of 8%-9%. The bonds are selling at "stressed levels, not distressed," he observes.

The rationale is that, in the worst case, Penney's assets can cover its debts, and that even if the retailer just muddles along, the bonds can rally close to par.

Yet investors disagree on the value of the company's real estate. Penney owns nine of its 27 distribution centers; 426 of its 1,102 stores, including 121 on land leases; its Plano, Texas, headquarters, and 240 acres around it. Investors we spoke with put the owned real estate at anywhere from \$1.6 billion to \$3 billion. One estimate, which included the value of long-term contracts on leased properties, had it near \$8 billion.

Penney's woes make its stock a speculation, instead of an investment. The bonds seem a better bet.

If the relative stock performance between Johnson & Johnson (JNJ) and Cisco Systems (CSCO) were a battle of market heavyweights, J&J would be winning handily on points. At Friday's close of \$85.12, the giant health-care and medical-product company is up about 21% this year, compared with the market's 11%. Cisco, at \$20.67, has risen just 5%.

Investors remain nervous about this bull market's longevity, and those wanting big blue chips have opted for stable defensive names like J&J, rather than cyclical technology giants like Cisco.

Even though the networking-equipment maker's earnings-per-share gains and free-cash-flow growth over the past 10 years have, on average, bettered J&J's, there's a bias to the defensives. The idea is that if things go belly-up, folks will stop purchasing routers before they stop buying aspirin.

While there's a logic to that, the wide valuation disparity seems much more a result of market style than differences in fundamental outlook. That should make a long-term investor think twice about adding J&J at this price and ignoring Cisco.

Both companies are dominant players in their industries and possess industry-leading financial strength, says Martin Leclerc, a money manager at Barrack Yard Advisors. Triple-A credit Johnson & Johnson has about \$6 billion of net cash. Cisco is rated just A-plus, despite having net cash of some \$30 billion, he notes. Their market values are \$238 billion and \$110 billion, respectively.

Though J&J's business is somewhat non-cyclical and thus perceived as less risky, the cyclical risk associated with Cisco, Leclerc says, is mitigated by its solid incumbent position in global information technology infrastructure, a strong balance sheet, and low valuation.

"It's when things are cheap that they seem riskiest," says the portfolio manager. Using this logic, Cisco is less risky than J&J. Indeed, if Cisco's net cash of \$5.60 per share is subtracted from its stock price, the shares trade at about nine times earnings per share, less than half of J&J's multiple, though the technology outfit has a better track record.

When various one-time charges to earnings are added back to J&J's net profit line, the health-care giant shows little EPS growth over the past eight years.

J&J hiked its dividend 8% Thursday, but its payout ratio -- the payout as a percent of earnings -- is about 64%. At Cisco, which only recently began paying a dividend, the ratio is just 27%, so it would appear to have more room to boost its payout. Indeed, this month, it announced a 21% hike.

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J&J is winning the match so far, but when earnings fundamentals come back in style, as they usually do, they appear to favor Cisco.

e-mail: vito.racanelli@barrons.com

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In our story, Chip Dillon, formerly of Credit Suisse and now at Vertical Research Partners, made the case for the shares (ticker: IP) to hit \$42 by May 2012, based on stronger demand, improved pricing, international growth, and margin expansion. While IP's \$4.5 billion takeover of rival Temple-Inland delayed the gains a bit, the stock reached a high of \$49.10 in early April from \$30.48 at the time of our story. Dillon's current price target is \$55, and IP, with a market value of \$22 billion, remains his top large-cap pick.

Demand for containerboard, the material used to make brown corrugated boxes, is strong and supplies tight. Those conditions have prompted an industrywide price hike of \$50 a ton that could add more than \$1 a share to IP's bottom line, according to analyst Philip Ng at Jefferies. Based on that, the company's ability to return cash to investors and an 11% free-cash-flow yield, Ng rates the stock Buy and sees it hitting \$60 in the next 12 months, a 29% gain from Friday's \$46.41.

Last week, IP said that it is exploring the spin-off and merger of its non-core packaging and paper-supply distribution business, xpedx. Under the plan, xpedx would be divested into a new company, and IP would get a yet-undetermined cash dividend, financed by debt from that entity. The new company would then be spun off to IP shareholders and merged with Bain Capital's Unisource Worldwide in a tax-free transaction.

IP reduced debt by \$2 billion in 2012, raised its dividend 14%, and sees "more runway on the dividend" ahead. While increasing the payout is a priority, the company has also said that it will consider share buybacks.

This is a paper trail worth following.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14712.55	+165.04	+1.13
DJTTransportation	6115.89	+81.75	+1.35
DJUtilities	532.03	+4.00	+0.76
DJ65Stocks	5068.37	+56.58	+1.13
DJUSMarket	397.84	+7.04	+1.80
NYSEComp.	9169.90	+175.77	+1.95
NYSEMKTComp.	2398.13	+68.68	+2.95

S&P500	1582.24	+26.99	+1.74
S&PMidCap	1141.20	+19.90	+1.77
S&PSmallCap	523.00	+12.14	+2.38
Nasdaq	3279.26	+73.21	+2.28
ValueLine(arith.)	3533.02	+88.97	+2.58
Russell2000	935.25	+22.75	+2.49
DJUSTSMFloat	16482.18	+296.90	+1.83

Last Week Week Earlier

NYSE			
Advances	2,375	920	
Declines	783	2,258	
Unchanged	61	50	
NewHighs	570	293	
NewLows	75	146	
AvDailyVol(mil)	3,392.3	3,963.3	
Dollar			
(Finexspotindex)	82.47	82.71	
T-Bond			
(CBTnearbyfutures)	133-140	133-000	
Crude Oil			
(NYMlightsweetcrude)	93.00	88.01	
Inflation KR-CRB			

(FuturesPriceIndex) 285.40 283.19
Gold
(CMXnearbyfutures) 1453.60 1395.30

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DOW JONES NEWSWIRES

Barron's: The Trader: Stocks Climb 1.5%, Despite Weak GDP Data

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2013 年 4 月 27 日 05:07

Dow Jones Institutional News

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(FROM BARRON'S 4/29/13)

By Vito J. Racanelli

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DJIndustrials	14712.55	+165.04	+1.13
DJTransportation	6115.89	+81.75	+1.35
DJUtilities	532.03	+4.00	+0.76
DJ65Stocks	5068.37	+56.58	+1.13
DJUSMarket	397.84	+7.04	+1.80
NYSEComp.	9169.90	+175.77	+1.95
NYSEMKTComp.	2398.13	+68.68	+2.95

S&P500	1582.24	+26.99	+1.74
S&PMidCap	1141.20	+19.90	+1.77
S&PSmallCap	523.00	+12.14	+2.38
Nasdaq	3279.26	+73.21	+2.28
ValueLine(arith.)	3533.02	+88.97	+2.58
Russell2000	935.25	+22.75	+2.49
DJUSTSMFloat	16482.18	+296.90	+1.83

Last Week Week Earlier

NYSE			
Advances	2,375	920	
Declines	783	2,258	
Unchanged	61	50	
NewHighs	570	293	
NewLows	75	146	
AvDailyVol(mil)	3,392.3	3,963.3	
Dollar (Finexspotindex)	82.47	82.71	
T-Bond (CBTnearbyfutures)	133-140	133-000	
Crude Oil			

(NYMlightsweetcrude) 93.00 88.01
Inflation KR-CRB
(FuturesPriceIndex) 285.40 283.19
Gold
(CMXnearbyfutures) 1453.60 1395.30

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(END) Dow Jones Newswires

April 27, 2013 00:07 ET (04:07 GMT)

文件 DJDN000020130427e94r0004y

DOW JONES NEWSWIRES

Barron's Blog: Amazon Falls 6%: Bull, Bear Debate Slowing Growth, Profit Potential

1,867 字

2013 年 4 月 26 日 22:27

Dow Jones Institutional News

DJDN

英文

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(This story has been posted on Barron's Online's Tech Trader Daily blog at
http://blogs.barrons.com/techtraderdaily_)

By Tiernan Ray

Shares of Amazon.com (AMZN) today closed down \$19.89, a little over 7%, at \$254.81, following a Q1 earnings report last night that featured lower-than-expected revenue, higher-than-expected operating income, and a forecast for revenue this quarter below expectations.

The weakness in the share price likely reflected not only last night's results, but also, perhaps, word that a bill to authorize Internet sales tax collection by the states passed one of several votes in the Senate last night by 63 to 30, as reported by The Hill's Ramsey Cox.

The sell side's price targets are mostly staying put today, and estimates are being trimmed slightly here and there. Bears continue to stick to concerns that growth is slowing. Bulls continue to point to the relatively high level of growth that remains for gross margin, and the continued upside in operating profit.

It's something of a stalemate, in other words:

Bullish!

Colin Sebastian, R.W. Baird: Reiterates a Buy rating and a \$325 price target. Sebastian cut this year's estimates to \$75.6 billion, and cut his GAAP EPS estimate to \$1.13 from \$1.18, but raised his estimate for "consolidated segment operating income," or CSOI, to \$2.07 billion from \$2.05 billion. "CSOI of \$441 million (2.7% margin), easily beat consensus of \$343 million (2.1% margin) as gross margin hit an all time high. While incremental margin turned lower in Q1, we note that NA segment margins are impacted by depreciation of AWS investments vs. moderating year over year declines in International margins. Amazon continues to invest in significant growth opportunities in retail and technology (AWS), which in our view, justifies management taking a longer-term view of the margin profile [...] While unit and customer growth decelerated, we note that comps are easier in 2H, and Amazon continues to build significant market share. Maintain Outperform rating [...] We believe that a wide guidance range reflects some macro uncertainties, as well as the ongoing variability between first- and third-party unit mix."

Victor Anthony, Topeka Capital Markets: Reiterates a Buy rating on Amazon shares, and a \$350 price target. Anthony cut his 2013 estimates to \$73.6 billion in revenue and \$2.38 per share in net profit, from a prior \$76 billion and \$2.91 per share. "Gross margins expanded 261bps to 26.6%, the highest first quarter gross margin we see dating back to 2001, and the sixth consecutive quarter of gross margin expansion. Gross margins continue to benefit from AWS revenues, third party sales, shipping efficiency from having fulfillment centers closer to the customer as well as a reduction in split shipments, and scale in categories where terms are improving. We model gross margin expansion throughout the forecast period in our model [...] NA

Media sales accelerated 100bps to 14% YoY Ex-FX on strong growth in digital unit sales, which we believe accelerated in 1Q, lending support to Amazon's Kindle device strategy."

Youssef Squali, Cantor Fitzgerald: Reiterates a Buy rating, and raises his price target to \$315 from \$300. Squali slightly trimmed estimates for this year to \$74.093 billion in revenue, \$5.09 billion in Ebitda, and 98 cents in EPS, down from a prior \$74.096 billion, \$5.31 billion, and \$1 per share. "Much of the upside in operating profit was driven by the 260bps Y/Y increase in gross margin (26.6% vs. 24.0% in 1Q:12), more than offsetting the increase in operating expenses (fulfillment, S&M and technology) [...] We believe the improvement in gross margin was primarily driven by a) faster growth in 3P units vs. total paid units, b) growing share of digital sales (U.S. especially), and c) lower shipping costs. As sales of digital goods continue to outpace the rest of the business and as Amazon opens more distribution centers and reduces shipping time/cost, we believe the positive trend in underlying margins will continue."

Ben Schachter, Macquarie Equities Research: Reiterates an Outperform rating and a \$305 price target. Schachter raised his 2013 estimates to \$73.53 billion in revenue, \$5.53 billion in Ebitda, up from \$73.3 billion, \$5.35 billion, while maintaining his estimate for \$3.04 per share in adjusted EPS. "AMZN posted another solid quarter. A quarter, however, that is unlikely to change many opinions about the stock. We remain bullish given the margin potential, growing market opportunities in emerging businesses (AWS, advertising, devices, growing digital ecosystem), solid customer growth, and overall

strong execution. Bears will likely continue to focus on declining unit growth, relatively weak 2Q guidance, and near-term valuation. One of the major drivers on a y/y basis continues to be the increasing penetration of 3P sellers as a percent of total unit sales, reaching 40% in the first quarter, which was up from 39% in both 4Q and 1Q'12 (and only slightly below the seasonal peak of 41% in 3Q'12). The agency business flows through AMZN's financials at near 100% gross margin (excl. FBA costs), though this will be offset by close to 0% GM hardware sales as well as video content costs. We believe that these trends in aggregate will continue to push GM higher going forward, as third-party rises as a percentage of total unit sales ."

Daniel Kurnos, The Benchmark Company: Reiterates a Buy rating, and a \$330 price target. Kurnos is keeping his estimate for \$77 billion in revenue this year, adjusted Ebitda of \$5.3 billion, and \$3.30 per share in adjusted EPS. "Although unit growth slowed 200bps q/q to 30%, excluding digital, 3P sales increased by 300bps q/q as a percentage of physical units, which, combined with the ongoing digital shift, led to OIBDA of \$1.1 billion, up 37% y/y, exceeding our \$979 million estimate. Operating income of \$181 million came in well ahead of consensus despite a significant ramp in D&A [...] Consolidated Media sales growth ex-FX was flat sequentially on soft International Media growth. We think International Media may remain muted until a better digital ecosystem is established and Amazon builds out its subscription and a la carte platforms in additional geographies."

Bearish!

Anthony DiClemente, Barclays Capital: Reiterates an Equal Weight rating and a \$260 price target. DiClemente cut his 2013 estimate to \$75.56 billion in revenue from a prior \$77.2 billion, while raising his pro-forma operating income forecast to \$2.54 billion from \$2.41 billion. His GAAP EPS remains at \$2.12. "Amazon continued its trend from last quarter of decelerating revenue growth coupled with improving margins, as revenue grew 22% Y/Y compared to our estimate of 24%, and the company's 2.7% CSOI margin topped our estimate by 60bps. Shipping efficiencies and increased revenue contribution from AWS and 3P sales helped drive the margin expansion, while slowing international growth, particularly in the media segment, weighed on Amazon's top-line. Shares traded down in the after-market as we believe investors may be focused on the company's 4th consecutive quarter of deceleration in paid-unit growth compounded by weaker than expected 2Q guidance."

Doug Anmuth, J.P. Morgan: Reiterates a Neutral rating, and cuts his price target to \$285 from \$300. Anmuth cut this year's estimate to \$73.92 billion in revenue, \$2.05 billion in CSOI, and \$1.13 per share in GAAP profit, down from \$75.54 billion, \$2.12 billion, and \$1.63. "Amazon's 1Q13 results were mixed and overall support our view that gross profit and other key metrics across the Amazon platform could continue to slow in upcoming quarters [...] There are clearly a lot of moving pieces in Amazon's business and we recognize they may not all move together in any one quarter. But even at 35% gross profit growth and 30% unit growth--strong absolute levels--they do represent a more material slowdown compared to results in recent quarters [...] Slower gross profit growth was due to the deceleration in 3P sales -- which grew approximately 39% Y/Y in 1Q according to our estimates, down from 43% in 4Q -- as well as continued investments in international and increased competition in the US."

Eric Sheridan, UBS: Reiterates a Neutral rating and a \$275 price target. Sheridan trimmed this year's estimates to \$74.75 billion in revenue from \$74.87 billion, while raising his CSOI estimate to \$1.73 billion from \$1.56 billion. He models a net loss of 30 cents per share this year, on a GAAP basis, in contrast to most analysts' profit projection. Similar to last quarter's results, we continue to see a trend of slight downward revision to revenue estimates and an upward move on margins as causing a mixed story for Amazon's stock in the medium term. Offsetting our improved gross margin outlook is a slight

increase in our expectation of fulfillment costs for the year. The combination of excess capacity (exiting the Q4 peak), a still growing fulfillment center count, and new deliver initiatives are the drivers of this change. Additionally, we would note that Amazon's effective tax rate should revert to more normalized levels throughout the remainder of 2013, after benefiting from a

one-time benefit in Q1 (Federal R&D tax credit).

26 Apr 2013 17:27 EDT Barron's Blog: Amazon Falls 6%: Bull, Bear Debate -2-

Colin Gillis, BGC Partners: Reiterates a Hold rating, and a \$245 price target. "Haiku: This is not leverage; this is slowing revenue growth, and dreams of profit [...] While 21.9% top line growth is respectable, it is no longer among the elite revenue growers in the S&P500. To place the slowdown in perspective, Amazon's March quarter revenue growth YoY in 2011 was the 14th best among S&P500 companies. In March 2012 quarter the company produced the 19th best revenue growth among the S&P500. This quarter revenue growth slipped to the 42nd best among the S&P500 according to data from Bloomberg [...] Shares of Amazon are underperforming the broader market with a total return of 1.9% year-to-date versus 11.5% for the S&P500 index (assumes dividends reinvested). We maintain that forward consensus estimates, including \$10 of earnings per share in 2015, may prove elusive as the company continues to find new areas of investment.

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April 26, 2013 17:27 ET (21:27 GMT)

文件 DJDN000020130426e94q007ib

DOW JONES NEWSWIRES

DJ CHART ProShares UltraShort **S&P500** ST: the downside prevails as long as 44.5 is resistance

167 字

2013 年 4 月 26 日 08:24

Dow Jones Newswires

DJDN

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(TRADING Central) PARIS -- Click here to see our chart:
<http://www.tradingcentral.com/chart/SDSUSD130426092259.gif>

44.5 is our pivot point.

Our preference: the downside prevails as long as 44.5 is resistance.

Alternative scenario: above 44.5, look for 46.3 and 47.5.

Comment: the RSI is below its neutrality area at 50. The MACD is negative and below its signal line. The configuration is negative. Moreover, the share stands below its 20 and 50 day MA (respectively at 43.88 and 45.18). ProShares UltraShort **S&P500** is currently trading near its 52 week low at 42.25 reached on 11/04/13.

Supports and resistances:

46.3 *

44.5 **

43.7

42.721 last

40.1

39 **

37.9 *

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April 26, 2013 03:24 ET (07:24 GMT)

文件 DJDN000020130426e94q001mf

DOW JONES NEWSWIRES

DJ Exchange Traded Funds Top 10 Volume Leaders

167 字

2013 年 4 月 23 日 22:34

Dow Jones Newswires

DJDN

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STOCK (Symbol)		NET LAST	% CHG	VOL CHG	100s
SPDR S&P 500	SPY	157.78	1.61	1.03	154,226,597
Select Sector SPDR-Finl	XLF	18.43	0.32	1.80	74,086,078
iShrs MSCI Emerg Mkts	EEM	42.04	0.20	0.48	62,902,363
iShrs MSCI Japan	EWJ	11.44	0.11	0.93	46,434,866
PwrShrs QQQ Tr Series 1	QQQ	69.45	0.66	0.96	46,203,499
iShrs Russell 2000	IWM	92.31	1.44	1.58	44,947,961
ProSharesUltVIXST	UVXY	6.29	-0.74	-10.51	35,199,380
iShrs Tr MSCI EAFE	EFA	60.19	0.84	1.42	19,512,115
ProShrs UltraShort					
S&P500	SDS	43.13	-0.91	-2.07	18,471,404
Vanguard FTSE Emerg Mkt	VWO	42.54	0.21	0.50	16,076,908

(END) Dow Jones Newswires

April 23, 2013 17:34 ET (21:34 GMT)

文件 DJDN000020130423e94n0065t

DOWJONES | Newswires

Exchange Traded Funds Top 10 Volume Leaders

157 字

2013 年 4 月 23 日 22:34

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iShrs MSCI Emerg Mkts	EEM	42.04	0.20	0.48	62,902,363
iShrs MSCI Japan	EWJ	11.44	0.11	0.93	46,434,866
PwrShrs QQQ Tr Series 1	QQQ	69.45	0.66	0.96	46,203,499
iShrs Russell 2000	IWM	92.31	1.44	1.58	44,947,961
ProSharesUltVIXST	UVXY	6.29	-0.74	-10.51	35,199,380
iShrs Tr MSCI EAFE	EFA	60.19	0.84	1.42	19,512,115
ProShrs UltraShort					
S&P500	SDS	43.13	-0.91	-2.07	18,471,404
Vanguard FTSE Emerg Mkt	VWO	42.54	0.21	0.50	16,076,908

[04-23-13 1734ET]

文件 DJ00000020130423e94n000x5

BARRON'S

MARKET WEEK

Stocks --- The Trader: Stocks Sag 2.1% on Weak Profits, China Fears

By Avi Salzman

1,988 字

2013 年 4 月 22 日

Barron's

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Large U.S. stocks fell more dramatically last week than in any other week this year, as weakness in China, middling U.S. economic data, a drop in commodity prices and a terrorist attack in Boston spooked investors.

A week after the Dow flirted with 15,000, the index retreated. It ended the week down 317.55 points, or 2.1%, at 14,547.51. That marks the index's worst week since June 1, 2012. The S&P 500 fell 33.6 points, or 2.1%, to 1,555.25. The Nasdaq fell 88.89 points, or 2.7%, to 3,206.06.

There were few safe U.S. assets for investors to reach for -- gold futures fell \$105, or 7%, to \$1,395 per ounce. Silver tumbled 13%. And 10-year Treasuries were basically flat, yielding about 1.71% at the end of the week.

The trouble started on Monday, after China reported that first-quarter growth in gross domestic product (GDP) decelerated to 7.7% from 7.9%; investors had expected the country to grow its GDP at a rate faster than 8%. That data, along with spotty U.S. economic reports, sapped confidence in a market that has been running on easy money and optimism.

"Put those factors together and you start to worry we're getting a replay of that movie we've seen the last couple years, 'The Summer Swoon,'" said Mark Luschini, chief investment strategist at Janney.

Luschini doesn't see a bear market coming, but he does see the bull taking a break. Earnings season simply hasn't confirmed the market's recent rise. Last week, some major companies released earnings reports that landed with a thud. IBM fell 8.3% on Friday after reporting earnings below analysts' expectations for the first time since 2005. Bank of America stock dropped 4.7% on Wednesday as revenue fell at nearly all of its units.

"The market lift wasn't on the back of good earnings, it was on multiple expansion," Luschini said. "And now if we aren't getting follow-through on earnings, what's left to support the expanded P/E multiples?"

Luschini added: "I do think we're in the midst of a growth scare."

The slowdown may have actually begun last month. Since March 15, the S&P 500 has closed lower on more than half of all trading days, notes Michael O'Rourke, the chief market strategist at Jones Trading. "Concerns are rising that the sequester and the payroll-tax increase are starting to exert some influence."

It's not clear, however, that the market's slump this week is indicative of a sustained shift in sentiment. After Monday -- the day China released its results and terrorists killed three people at the Boston Marathon -- indexes traded flat for the rest of the week. The S&P 500 has held above 1538, a key technical support level, after briefly dipping below.

Earnings season continues next week, and the reports may be more accurate bellwethers for global growth. Caterpillar (CAT) is set to release earnings on Monday. Apple (AAPL), arguably less of a bellwether, will release its report on Tuesday. Durable goods orders are set to be released on Wednesday and first-quarter GDP numbers come out on Friday.

Luschini doesn't think investors need to go into a defensive crouch, although they may want to maintain a significant cash position. They should stay away from defensive stocks, like consumer staples, health care, and utilities, which have been bid up considerably. "They have very little valuation support," he says. Instead, it's worth taking a risk on cyclical industries such as materials and industrial and some technology stocks, which have lagged and could make a run in the second half of the year as economic data improve.

"They should be the beneficiaries of better global growth in the second half and [more] business spending," Luschini says, "if we see some sturdiness in the economy, which I do think is going to happen."

Commodities led the market lower last week, and companies dependent on commodity prices were punished in the selloff. Energy stocks in the S&P 500 fell 4.1% on the week, but not all suffered equally. Integrated oil companies, for instance, fell 2% to 3%, while several oil-service companies plunged more than 7%. Shares of service and equipment companies tend to fall harder when oil prices drop because investors worry that energy producers will call off projects and put the service companies out of work. Integrated companies, meanwhile, have a diverse array of businesses that can cushion the blow of lower commodity prices.

When stocks fall in tandem, regardless of fundamentals, opportunities often arise. "The crude weakness has led to widespread -- and, in our view, indiscriminate -- selling of oil-service stocks," wrote Sterne Agee analyst Stephen Gengaro in a note last week. "Interestingly, with over 75% of the U.S. rig count currently oil-targeted, we can at least understand the weakness in U.S. land-focused service companies as activity could be impacted if oil-price weakness persists. On the other hand, the rapid sell-off in deepwater names where activity levels are significantly more durable seems overblown."

Brian Lazorishak, co-manager of the Chase Mid-Cap Growth fund, says deepwater service and equipment companies tend to operate on longer-term contracts, and those contracts are unlikely to be canceled when the price of oil falls. "A couple of dollars' fluctuation in crude doesn't really change that," he says.

Lazorishak's fund has a stake in Oceaneering International (ticker: OII), a Texas company with a \$6 billion market value that makes equipment for underwater drilling. In particular, Oceaneering dominates the market for remotely operated vehicles, underwater robotic vehicles that are operated by people on the surface. The vehicles perform inspections of drilling and pipeline machinery that are often too deep for a human diver to reasonably inspect.

Since the Deepwater Horizon explosion in April 2010, demand for ROVs to complete safety inspections has jumped, as have Oceaneering's earnings. The company's earnings have grown at a cumulative rate of 16% in the past three years, but analysts expect them to grow more than 20% this year and next.

Oceaneering's shares fell about 7% last week along with other energy names. The stock now trades at about 18 times forward earnings; that's a premium to other oil-and-gas equipment companies, but it's justified by the company's faster growth rate. Oceaneering has regularly traded at more than 20 times future earnings estimates in the past year.

There are few indications that demand is slipping for deep-sea equipment. Oceaneering's subsea-equipment backlog grew by 78% in 2012. And rigs are proliferating in the Gulf: Schlumberger (SLB) announced on Friday that the number of deepwater rigs in the Gulf grew by more than 30% year-over-year in the first quarter. Earnings growth for Oceaneering is "the most visible and durable" among its peers, Gengaro says. Companies pay about \$10,000 per day to use a remote vehicle, and those costs don't tend to be the first ones they cut when oil prices fall.

Oil would have to drop to \$70 for Oceaneering's outlook to change, argues Lazorishak. Crude futures fell to \$88.01 on Friday.

Banks had a very unsexy week as they released their first-quarter earnings results. "Morgan Stanley Slowly Approaching Its Goal of Becoming Boring," read the headline of a story on the website Dealbreaker last week.

Morgan Stanley's (MS) fast-paced trading operations are waning even as its ho-hum wealth-management business grows. At JPMorgan Chase (JPM), only one person mentioned the London Whale on the bank's earnings call. More than 40 times, Goldman Sachs executives used the word "clients," a word executives rarely used when the bank was pulling in hefty trading revenues. And Bank of America's (BAC) earnings release on Thursday was widely considered a disaster, as banking and mortgage results were surprisingly weak. For the week, financial stocks fell 2.2%.

For most banks, credit keeps getting better and costs are falling, but revenue growth is hard to come by. Banks are getting squeezed by low net interest margins because of rock-bottom interest rates. Trading and loan growth are both sluggish. And while Wall Street had hoped for a mergers and acquisitions boom this quarter after Warren Buffett and 3G Capital agreed to buy Heinz, that boom never quite materialized. Announced M&A volumes were down 37% sequentially, according to Goldman Sachs.

But the people who have been waking up at 7 a.m. to listen to earnings calls still think the banks are buzzworthy -- and despite their stocks' huge run in the past few years, there are still reasons they could rise even more.

"I believe in the first quarter, the banking industry will show its biggest profit ever in its history," says Rafferty Capital analyst Richard Bove, who is bullish on all of the big banks. Wells Fargo is the only bank still selling above book value, Bove says. And for Citigroup (C) and JPMorgan Chase, book value is actually lower than their net cash level.

"You can buy them at a discount to book value, which is all in cash," Bove says.

Citigroup's stock closed at \$45.03 on Friday, a 39% discount to its per-share book value of \$62.51 as of the end of the first quarter. Citi's balance sheet arguably is the strongest among the big banks now, says Nomura analyst Glenn Schorr. That's a remarkable turnaround given the bank's disastrous record during the recession. Citi released more than \$600 million that had been held in loan-loss reserves as its loan delinquencies fell. Its net income rose 30% year over year.

"They have extremely high capital ratios relative to other big banks," says Schorr, referring to the bank's Tier 1 Common ratio, a measure of a bank's financial strength. Although Citi isn't expected to raise its dividend this year, next year could be different. In fact, if Citi earns more than \$5 per share next year, and pays out 30% in dividends -- "the going rate for good banks," according to Schorr -- its dividend yield would be above 3%. That would put it in the top quartile of all dividend payers in the S&P 500, he says.

"Citi has the potential to be a top dividend-payer next year," he says.

But are dividends boring? Maybe. But investors probably won't mind.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14547.51	-317.55	-2.14
DJTTransportation	6034.14	-109.61	-1.78
DJUtilities	528.03	+4.71	+0.90
DJ65Stocks	5011.79	-74.75	-1.47
DJUSMarket	390.80	-8.66	-2.17
NYSEComp.	8994.12	-194.14	-2.11
NYSEMKTComp.	2329.45	-77.39	-3.22
S&P500	1555.25	-33.60	-2.11
S&PMidCap	1121.30	-27.93	-2.43
S&PSmallCap	510.86	-15.78	-3.00
Nasdaq	3206.06	-88.89	-2.70
ValueLine(arith.)	3444.05	-105.20	-2.96
Russell2000	912.50	-30.35	-3.22
DJUSTSMFloat	16185.28	-367.37	-2.22

Last Week Week Earlier

NYSE		
Advances	920	2,310
Declines	2,258	870
Unchanged	50	53
NewHighs	293	604
NewLows	146	62
AvDailyVol(mil)	3,963.3	3,206.1
Dollar (Finexspotindex)	82.56	82.31
T-Bond (CBTnearbyfutures)	133-000	132-315
Crude Oil (NYMlightsweetcrude)	88.01	91.29
Inflation KR-CRB (FuturesPriceIndex)	283.19	287.21
Gold (CMXnearbyfutures)	1395.30	1501.00

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DOW JONES NEWSWIRES

Barron's: The Trader: Stocks Sag 2.1% On Weak Profits, China Fears

2,031 字

2013 年 4 月 20 日 05:06

Dow Jones Newswires

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(FROM BARRON'S 4/22/13)

By Avi Salzman

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"Put those factors together and you start to worry we're getting a replay of that movie we've seen the last couple years, 'The Summer Swoon,'" said Mark Luschini, chief investment strategist at Janney.

Luschini doesn't see a bear market coming, but he does see the bull taking a break. Earnings season simply hasn't confirmed the market's recent rise. Last week, some major companies released earnings reports that landed with a thud. IBM fell 8.3% on Friday after reporting earnings below analysts' expectations for the first time since 2005. Bank of America stock dropped 4.7% on Wednesday as revenue fell at nearly all of its units.

"The market lift wasn't on the back of good earnings, it was on multiple expansion," Luschini said. "And now if we aren't getting follow-through on earnings, what's left to support the expanded P/E multiples?"

Luschini added: "I do think we're in the midst of a growth scare."

The slowdown may have actually begun last month. Since March 15, the S&P 500 has closed lower on more than half of all trading days, notes Michael O'Rourke, the chief market strategist at Jones Trading. "Concerns are rising that the sequester and the payroll-tax increase are starting to exert some influence."

It's not clear, however, that the market's slump this week is indicative of a sustained shift in sentiment. After Monday -- the day China released its results and terrorists killed three people at the Boston Marathon -- indexes traded flat for the rest of the week. The S&P 500 has held above 1538, a key technical support level, after briefly dipping below.

Earnings season continues next week, and the reports may be more accurate bellwethers for global growth. Caterpillar (CAT) is set to release earnings on Monday. Apple (AAPL), arguably less of a bellwether, will release its report on Tuesday. Durable goods orders are set to be released on Wednesday and first-quarter GDP numbers come out on Friday.

Luschini doesn't think investors need to go into a defensive crouch, although they may want to maintain a significant cash position. They should stay away from defensive stocks, like consumer staples, health care, and utilities, which have been bid up considerably. "They have very little valuation support," he says. Instead, it's worth taking a risk on cyclical industries such as materials and industrial and some technology stocks, which have lagged and could make a run in the second half of the year as economic data improve.

"They should be the beneficiaries of better global growth in the second half and [more] business spending," Luschini says, "if we see some sturdiness in the economy, which I do think is going to happen."

Commodities led the market lower last week, and companies dependent on commodity prices were punished in the selloff. Energy stocks in the S&P 500 fell 4.1% on the week, but not all suffered equally. Integrated oil companies, for instance, fell 2% to 3%, while several oil-service companies plunged more than 7%. Shares of service and equipment companies tend to fall harder when oil prices drop because investors worry that energy producers will call off projects and put the service companies out of work. Integrated companies, meanwhile, have a diverse array of businesses that can cushion the blow of lower commodity prices.

When stocks fall in tandem, regardless of fundamentals, opportunities often arise. "The crude weakness has led to widespread -- and, in our view, indiscriminate -- selling of oil-service stocks," wrote Sterne Agee analyst Stephen Gengaro in a note last week. "Interestingly, with over 75% of the U.S. rig count currently oil-targeted, we can at least understand the weakness in U.S. land-focused service companies as activity could be impacted if oil-price weakness persists. On the other hand, the rapid sell-off in deepwater names where activity levels are significantly more durable seems overblown."

Brian Lazorishak, co-manager of the Chase Mid-Cap Growth fund, says deepwater service and equipment companies tend to operate on longer-term contracts, and those contracts are unlikely to be canceled when the price of oil falls. "A couple of dollars' fluctuation in crude doesn't really change that," he says.

Lazorishak's fund has a stake in Oceaneering International (ticker: OII), a Texas company with a \$6 billion market value that makes equipment for underwater drilling. In particular, Oceaneering dominates the market for remotely operated vehicles, underwater robotic vehicles that are operated by people on the surface. The vehicles perform inspections of drilling and pipeline machinery that are often too deep for a human diver to reasonably inspect.

Since the Deepwater Horizon explosion in April 2010, demand for ROVs to complete safety inspections has jumped, as have Oceaneering's earnings. The company's earnings have grown at a cumulative rate of 16% in the past three years, but analysts expect them to grow more than 20% this year and next.

Oceaneering's shares fell about 7% last week along with other energy names. The stock now trades at about 18 times forward earnings; that's a premium to other oil-and-gas equipment companies, but it's justified by the company's faster growth rate. Oceaneering has regularly traded at more than 20 times future earnings estimates in the past year.

There are few indications that demand is slipping for deep-sea equipment. Oceaneering's subsea-equipment backlog grew by 78% in 2012. And rigs are proliferating in the Gulf: Schlumberger (SLB) announced on Friday that the number of deepwater rigs in the Gulf grew by more than 30% year-over-year in the first quarter. Earnings growth for Oceaneering is "the most visible and durable" among its peers, Gengaro says. Companies pay about \$10,000 per day to use a remote vehicle, and those costs don't tend to be the first ones they cut when oil prices fall.

Oil would have to drop to \$70 for Oceaneering's outlook to change, argues Lazorishak. Crude futures fell to \$88.01 on Friday.

Banks had a very unsexy week as they released their first-quarter earnings results. "Morgan Stanley Slowly Approaching Its Goal of Becoming Boring," read the headline of a story on the website Dealbreaker last week.

Morgan Stanley's (MS) fast-paced trading operations are waning even as its ho-hum wealth-management business grows. At JPMorgan Chase (JPM), only one person mentioned the London Whale on the bank's earnings call. More than 40 times, Goldman Sachs executives used the word "clients," a word executives rarely used when the bank was pulling in hefty trading revenues. And Bank of America's (BAC) earnings release on Thursday was widely considered a disaster, as banking and mortgage results were surprisingly weak. For the week, financial stocks fell 2.2%.

For most banks, credit keeps getting better and costs are falling, but revenue growth is hard to come by. Banks are getting squeezed by low net interest margins because of rock-bottom interest rates. Trading and loan growth are both sluggish. And while Wall Street had hoped for a mergers and acquisitions boom this quarter after Warren Buffett and 3G Capital agreed to buy Heinz, that boom never quite materialized. Announced M&A volumes were down 37% sequentially, according to Goldman Sachs.

But the people who have been waking up at 7 a.m. to listen to earnings calls still think the banks are buzzworthy -- and despite their stocks' huge run in the past few years, there are still reasons they could rise even more.

"I believe in the first quarter, the banking industry will show its biggest profit ever in its history," says Rafferty Capital analyst Richard Bove, who is bullish on all of the big banks. Wells Fargo is the only bank still selling above book value, Bove says. And for Citigroup (C) and JPMorgan Chase, book value is actually lower than their net cash level.

"You can buy them at a discount to book value, which is all in cash," Bove says.

Citigroup's stock closed at \$45.03 on Friday, a 39% discount to its per-share book value of \$62.51 as of the end of the first quarter. Citi's balance sheet arguably is the strongest among the big banks now, says Nomura analyst Glenn Schorr. That's a remarkable turnaround given the bank's disastrous record during the recession. Citi released more than \$600 million that had been held in loan-loss reserves as its loan delinquencies fell. Its net income rose 30% year over year.

20 Apr 2013 00:06 EDT Barron's: The Trader: Stocks Sag 2.1% On Weak -2-

"They have extremely high capital ratios relative to other big banks," says Schorr, referring to the bank's Tier 1 Common ratio, a measure of a bank's financial strength. Although Citi isn't expected to raise its dividend this year, next year could be different. In fact, if Citi earns more than \$5 per share next year, and pays out 30% in dividends -- "the going rate for good banks," according to Schorr -- its dividend yield would be above 3%. That would put it in the top quartile of all dividend payers in the S&P 500, he says.

"Citi has the potential to be a top dividend-payer next year," he says.

But are dividends boring? Maybe. But investors probably won't mind.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14547.51	-317.55	-2.14
DJTTransportation	6034.14	-109.61	-1.78
DJUtilities	528.03	+4.71	+0.90
DJ65Stocks	5011.79	-74.75	-1.47
DJUSMarket	390.80	-8.66	-2.17
NYSEComp.	8994.12	-194.14	-2.11
NYSEMKTComp.	2329.45	-77.39	-3.22

S&P500	1555.25	-33.60	-2.11
S&PMidCap	1121.30	-27.93	-2.43
S&PSmallCap	510.86	-15.78	-3.00
Nasdaq	3206.06	-88.89	-2.70
ValueLine(arith.)	3444.05	-105.20	-2.96
Russell2000	912.50	-30.35	-3.22
DJUSTSMFloat	16185.28	-367.37	-2.22

Last Week Week Earlier

NYSE			
Advances	920	2,310	
Declines	2,258	870	
Unchanged	50	53	
NewHighs	293	604	
NewLows	146	62	
AvDailyVol(mil)	3,963.3	3,206.1	
Dollar (Finexspotindex)	82.56	82.31	
T-Bond (CBTnearbyfutures)	133-000	132-315	
Crude Oil (NYMlightsweetcrude)	88.01	91.29	
Inflation KR-CRB (FuturesPriceIndex)	283.19	287.21	
Gold (CMXnearbyfutures)	1395.30	1501.00	

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(END) Dow Jones Newswires

April 20, 2013 00:06 ET (04:06 GMT)

文件 DJDN000020130420e94k000v4

DOW JONES NEWSWIRES

WSJ Blog: Mom and Pop go Bearish on Equities

358 字

2013 年 4 月 19 日 10:41

Dow Jones Institutional News

DJDN

英文

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(This story has been posted on The Wall Street Journal Online's Money Beat blog at http://blogs.wsj.com/moneybeat_.)

Every month since 1987 the American Association of Individual Investors has been undertaking one of the most straightforward surveys in the market.

It just asks its worthy members how they feel about the stock market over the next six months, and responders only get three choices. They can proclaim themselves bullish bearish or neutral. That's it. No nuanced, 'well if the Fed does this' or 'if the global economy does that, ' hedging.

Judging by the most recent scores, the smaller U.S. investor is going through an interesting phase.

At the start of the year he or she was relatively optimistic, as you might expect given markets' recent tendency to start a New Year with a burst of vigor.

In the second week of January, fully 46% said they were bullish with only 27% owning up to bearish doubts. The 46% were vindicated, too, despite some snobbish "professional investors" insistence that the survey is a great contrarian indicator.

Now, however, those proportions have flipped more or less exactly. This week 48% are feeling bearish while only 27% reckon the markets are going to forge higher in the next six months. The bearish faction actually reached a 2013 peak last week, when a massive 54% thought the only way was down.

From the data we might well conclude that America's mom and pop investors are starting to conclude that 2013's equity rally has had it.

One caveat: if the survey's asking whether they feel bullish on markets that are already at record levels, as the Dow and **S&P500** have been in recent weeks, it would take real conviction to suggest a sustained rally.

However, the results remain interesting. After all, bearish sentiment leaped from a modest 28% to that 54% peak in just one week.

-For continuously updated news from The Wall Street Journal, see WSJ.com at http://wsj.com_.

(END) Dow Jones Newswires

April 19, 2013 05:41 ET (09:41 GMT)

文件 DJDN000020130419e94j001gh

 [Mom and Pop Go Bearish on Equities](#)

WSJ Blogs, 2013 年 4 月 19 日 10:41, 311 字, By David Cottle, (英文)

Every month since 1987 the American Association of Individual Investors has been undertaking one of the most straightforward surveys in the market.

文件 WCWSJB0020130419e94j001rx

DOW JONES NEWSWIRES

DJ CHART ProShares UltraShort **S&P500** ST: short term rebound

162 字

2013 年 4 月 19 日 18:50

Dow Jones Newswires

DJDN

英文

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(TRADING Central) PARIS -- Click here to see our chart:
<http://www.tradingcentral.com/chart/SDSUSD130419194835.gif>

Our pivot point stands at 43.

Our preference: short term rebound.

Alternative scenario: the downside breakout of 43 would call for 41.1 and 40.

Comment: the RSI is above 50. The MACD is above its signal line and negative. The MACD must break above its zero level to call for further upside. Moreover, the stock is trading above its 20 day MA (44.14) but under its 50 day MA (45.53). ProShares UltraShort **S&P500** is currently trading near its 52 week low at 42.25 reached on 11/04/13.

Supports and resistances:

49.7 *

48.6 **

47.5

44.641 last

43.7

43 **

41.1 *

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(END) Dow Jones Newswires

April 19, 2013 13:50 ET (17:50 GMT)

文件 DJDN000020130419e94j0040z

DOW JONES NEWSWIRES

DJ MARKET TALK: Priceline Shares May Move 20%, But Which Way?

150 字

2013 年 4 月 15 日 16:57

Dow Jones Institutional News

DJDN

英文

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11:57 EDT - Priceline's (PCLN) stratospheric shares -- in dollar value, second to only Google (GOOG) in the **S&P500** -- descend a bit after Barron's deep dive into PCLN says a 20%-plus correction looms if earnings growth slows. Some key arguments, such as increasing competition and margin pressure from emerging market expansion, get counterpoints from RBC: More marketing competition is an incremental change, not a dramatic one, and the emerging-market pressure comes from ramp-up costs that scale over time. With \$900 price target, RBC sees shares having another 23% rally left in them. Today they're down 2.1% at \$727.28.
(joan.solsman@dowjones.com; @joan_e)

Call us at (212) 416-2181 or john.shipman@dowjones.com

(END) Dow Jones Newswires

April 15, 2013 11:57 ET (15:57 GMT)

文件 DJDN000020130415e94f003vd

BARRON'S

MARKET WEEK

Stocks --- The Trader: Dow Flirts With 15,000 Despite Friday's Selloff

By Vito J. Racanelli

2,097 字

2013 年 4 月 15 日

Barron's

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The stock market raced ahead last week, up over 2% as the 2013 rally motored on. The Dow Jones Industrial Average came close but failed to reach the 15,000 milestone, restrained by a broad market selloff on Friday.

The week's party ended after four days of consecutive moves higher, and investors showed their displeasure with weak revenue-growth numbers at the money-center banks, which reported first-quarter earnings on Friday. Poorer-than-expected retail sales and consumer-sentiment data released today also put a damper on things.

Nevertheless, at Friday's close of 14,865.06, up 2.1% or 300 points on the week, the Dow is within striking distance of 15,000. The Dow also managed an impressive reversal on Friday, bucking the broad market trend. Down 0.5% at one point, the average finished near highs for the day.

By historical norms, the Dow's current price-to-earnings multiple of 14 to 15 times isn't unusual even for peak earnings, says Nicholas Colas, chief market strategist at ConvergEx. And that's not taking into account the low-interest-rate environment. "Dow 15,000 is achievable quickly," he adds.

There's a good chance investors will be breaking out their Dow 15,000 baseball caps soon, perhaps as early as this week. That's something this magazine noted over a year ago ("Enter the Bull," Feb. 13, 2012).

The S&P 500 rose 36 points, or 2.3%, last week, to finish at 1588.85. On Thursday it set a new all-time high of 1593.37. It was a week for coming close to nice round numbers, as the S&P 500 approached 1600, a level that is the 2013 year-end target predicted by some bulls last December. The Nasdaq Composite index, up 91 points, rose 2.8% last week to 3294.95.

Friday's market slide was partially caused by the release of March retail sales, down 0.4% and worse than expectations of flat sales. The University of Michigan-Thomson Reuters consumer sentiment index fell to 72.3 in early April from 78.6 in March, below the 78.6 consensus.

And while JPMorgan Chase (ticker: JPM) reported first-quarter net profits that were ahead of expectations, it was the 3% quarterly revenue drop to \$25.9 billion that investors focused on. Meanwhile, Wells Fargo Bank (WFC) also topped analyst earnings estimates, with profits up 22%, but there, too, revenue slipped, 2%.

Weak loan growth and narrowing net-interest-margin trends are evident, and cost cuts were big drivers, says Fort Pitt Capital Group senior equity analyst Kimberly Forrest. That didn't sit well with investors on Friday, she adds.

The market's rally does appear to have reached a critical mass of strength. For now, at least, losing days and weeks tend to be short and shallow.

"We seem to have a positive confidence loop going, something that was lacking this time last year," adds Cameron Hinds, a regional chief investment officer at Wells Fargo Bank. Both the market and housing have been going up for some time now, and growing household net worth tends to increase investor confidence, he says.

It's unclear if and when the individual investor will return en masse, but Colas adds, "Anything that puts the stock market at the top of the news in a positive way is helpful to retail interest."

Following the release last week of surprisingly upbeat news from First Solar (FSLR), the stock soared, suggesting investors believe sunny days are here again for the maker of solar panels and developer of power plants.

At its analyst meeting on Tuesday, First Solar said it expects 2013 earnings per share of \$4 to \$4.50 on sales of \$3.8 billion to \$4 billion, significantly higher than consensus estimates of \$3.50 for earnings and \$3.1 billion for sales. Last year, the company earned \$4.90, excluding extraordinary restructuring charges of about \$469 million.

After jumping nearly 50% on Tuesday, First Solar shares eased, but at Friday's close of \$37.11 they remain nearly 40% higher than before the analyst day. Yet that's far below the stock's all-time high of more than \$300, back in 2008. First Solar and its many rivals have seen their shares plunge in the past five years on lower panel prices and a global glut of manufacturing capacity.

While the Tempe, Ariz. --based company's immediate outlook is improving, a closer examination of what First Solar said suggests the market has overreacted and has bid the share price up beyond what is justified. It is uncertain how well First Solar will be able to execute on the ambitious goals revealed on Tuesday.

For example, for 2014, First Solar has a target price of \$2.50 to \$4 in earnings per share, potentially down from this year, which the company attributed to the increased cost of financing projects. The target for 2015 is \$4 to \$6 per share. The important thing to note here is that, unlike the 2013 figures released, First Solar labeled the 2014 and 2015 numbers targets, not guidance. That distinction was generally lost in some media and research reports following the news.

What's the beef? One ignored but reasonable reading of First Solar's targets could result in earnings per share that are flat at \$4 for three years. That risk doesn't support such a stock rise. The skepticism is justified because of the company's checkered history of results. In the past 10 years, there has been a steady and significant slowdown of growth in revenue and net profit.

Meanwhile, gross profit and margins on earnings before interest, taxes, depreciation, and amortization have fallen, too. Last Tuesday, for example, amid the bullish hoopla, the company again guided to a drop in 2013 gross margins, to 20%-22%, from 27% last year. It's a tech company, and that's often what happens in a highly competitive technology sector such as solar.

Even the guidance for 2013 isn't as bullish as the headlines would have it. Pacific Crest analyst Ben Schuman, who attended the analyst day, gives the company credit for putting together an ambitious road map and showing some sustainable cost advantages. However, adds Schuman, who has an Underperform rating on the stock, "the driver of the difference" in improved 2013 guidance results not from new projects but from bringing forward revenue recognition to 2013-14 from 2014-15 for a large project, the 550-megawatt Desert Sunlight solar plant.

That project was contracted years ago at higher prices and margins, and Schuman attributes \$1.10 of the 2013 EPS and about \$3 for 2014 EPS to pulled-forward sales. Moreover, the 2015 EPS target of \$4 to \$6 is "built on some aggressive sales and pricing assumptions."

First Solar bulls defend the stock rise by pointing to improved earnings visibility further out to 2015 and its sharply dropping cost basis, and the view that it is a best-in-class company. They note the stock has dropped substantially from all-time highs, now selling at a relatively cheap P/E ratio of 8.5 to 9.5 times 2013 EPS. That's toward the low end of history, but growth is much slower now.

A First Solar spokesman said via e-mail that there was no prior 2013 guidance, "so nothing could be pulled forward." And the use of targets for 2014-15 "reflects the increased uncertainty further out in time."

Nevertheless, the bulls can't paper over a history of contracting growth and margins. The current stock price might be validated by perfect execution for the next two to three years, but First Solar's history doesn't back that kind of optimism. Before the news, First Solar shares might have been undervalued given the 2013 revenue improvement. But does the new information justify a nearly 40% jump?

A month ago this column wrote a bullish item on F5 Networks (FFIV), but already we're behind the eight ball with that call.

On April 4, F5 disappointed investors again, saying that results in the fiscal second quarter ended March 31 are expected to be \$350.2 million, below guidance of \$370 million to \$380 million. EPS would be 79 to 80 cents, also down from the company's previous expectation of 93 cents to 96 cents. In the year-prior second quarter, EPS was 88 cents and revenue was \$340 million.

F5 blamed a general weakness in buying from North American customers and in particular from telecom clients, as well as from government sales.

F5 makes "application-delivery controllers," hardware that manages Internet traffic, among other products like firewalls and other kinds of security software. The ADC box examines incoming data and decides if there are security threats, decrypts and encrypts data, and can compress data bandwidth, among other things. F5 has

about a 50% share of the ADC market, competing with Cisco Systems (CSCO), and Citrix Systems (CTXS), among others.

This latest disappointment follows an earnings miss in the fourth quarter ended September and a fiscal first quarter where revenue and earnings continued to slow. Then, in January, the Seattle-based company gave an upbeat outlook for the second quarter ended March, so one can't blame investors for taking umbrage.

At Friday's close of \$74.98, the stock is down some 20% from \$94, when our item was published on March 11. Back then, the shares were already down by a third from almost \$140 a year ago. Until mid-2012, F5 investors had been accustomed to strong double-digit sales growth.

These stumbles are a concern. However, the setback is centered in telecom spending and delayed expenditures for F5's products, not its basic competitiveness. That's a consolation. And F5's core ADC business is still doing well, while its small but fast-growing security software, which is rolling out a number of new products this year, should also help.

Over the long term, it's still likely that more digital data will be created year after year, and data-traffic growth will increase sharply. Demand for popular traffic-managing products like the ADCs will benefit. And with that, data security will become more important, not less.

With its leading position in the ADC market and new firewall and security-software products coming out, F5 stands to benefit as the amount of information sent across the Internet proliferates.

As for telecoms, given the expected build-out in the U.S. of the mobile 4G long-term evolution (LTE) system, it's a good bet operators will have to step up spending fairly soon, and that should bring some recovery to ADC over the next 12 months.

Our thesis has taken a hit, and F5's competitive landscape isn't easing. At this point, even a return to \$94 -- breakeven for our item -- looks a ways off. It's going to be a longer wait, but it should still be worth it. F5 will release full fiscal second-quarter results on April 24.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14865.06	+299.81	+2.06
DJTransportation	6143.75	+106.39	+1.76
DJUtilities	523.32	+8.59	+1.67
DJ65Stocks	5086.54	+94.71	+1.90
DJUSMarket	399.45	+9.00	+2.31
NYSEComp.	9188.26	+188.01	+2.09
NYSEMKTComp.	2406.85	+25.17	+1.06

S&P500	1588.85	+35.57	+2.29
S&PMidCap	1149.23	+25.26	+2.25
S&PSmallCap	526.64	+9.17	+1.77
Nasdaq	3294.95	+91.09	+2.84
ValueLine(arith.)	3549.25	+82.28	+2.37
Russell2000	942.85	+19.57	+2.12
DJUSTSMFloat	16552.65	+371.97	+2.30

Last Week Week Earlier

NYSE		
Advances	2,310	1,080
Declines	870	2,091
Unchanged	53	47
NewHighs	604	492
NewLows	62	91
AvDailyVol(mil)	3,206.1	3,313.8
Dollar (Finexspotindex)	82.13	82.50
T-Bond (CBTnearbyfutures)	132-315	133-050

Crude Oil
(NYMlightsweetcrude) 91.29 92.70
Inflation KR-CRB
(FuturesPriceIndex) 287.21 288.28
Gold
(CMXnearbyfutures) 1501.00 1575.40

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<http://www.barronsmag.com/subscription/subscription.html>.

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文件 B000000020130413e94f00011

DOW JONES NEWSWIRES

DJ MARKET TALK: Mining Exposure Sinks Fluor

1,415 字

2013 年 4 月 15 日 18:43

Dow Jones Newswires

DJDN

英文

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13:43 EDT - As commodities sell off, Fluor (FLR) is in contention for worst-performing stock on the S&P 500 today, thanks to its exposure to mining. Within the engineering-and-construction sector, FLR has the most mining exposure at around 30%-35% of its business, "so it's getting hit more than the group on the China GDP numbers," William Blair's Chase Jacobson tells Dow Jones. That comes on top of FLR-specific weakness related to Barrick Gold's (ABX, ABX.T) halt on part of a mine on the Chile-Argentina border for which FLR is providing a large portion of infrastructure, Lazard Capital's Will Gabrielski tells Dow Jones. FLR drops 7.9% to \$55.46. (anna.prior@dowjones.com)

13:42 EDT - The unseasonably cold weather has missed one obvious candidate--pool supplies distributor POOL, which, before Monday, has risen about 16% since the beginning of the year. But Wedbush cuts its 1Q forecasts by 2 cents a share to 5 cents and reduces its forecast for base business sales. POOL "was already up against a tough comparison from last year's 1Q, which benefited from weather turning warmer much earlier than normal, and we expect the unusually late arrival of spring this year to pose incremental headwinds," firm says. POOL down 2.9% at \$47.38. (karen.talley@dowjones.com)

-0-

13:27 EDT - Bonds from Sprint (S) and DISH are lower amid the latter's \$25.5B takeover offer for the former. "If you're going to own one of these telecom type of companies at this point in time with rates as low as they are, you're better off going with higher quality," says Aaron Izenstark, who helps oversee the \$419M IRON Strategic Income Fund. Both S and DISH are junk-rated. A 2028 bond from Sprint Capital Corp. is trading today with a 6.52% yield, versus 6.31% Friday, while a 2019 Dish DBS Corp. bond trades at 5.39%, versus 5.07%, according to BondTicker. (mike.cherney@dowjones.com)

13:13 EDT - Amid the crushing selloff in commodities, it's not a shock to see shares of Chevron, Exxon Mobil and Caterpillar doing the most damage to the DJIA right now. Concerns about demand and profit growth in the mining sector -- a key source of business for CAT -- drags down the machinery maker's shares, while the plunge in crude-oil prices clearly weigh on CVX and XOM. Together, the three stocks currently account for one-third of the DJIA's decline. Other notable burdens today include UTX, 3M and Boeing. DJIA down 157. (john.shipman@dowjones.com)

13:10 EDT - Gold futures are plummeting, but don't expect jewelry prices to see a corresponding drop. Gold jewelry mark-up is typically 200%-500% above the price of the metal, making gold's near 13% drop over the past two days immaterial. The price is based on labor, craftsmanship, marketing and design costs, plus you'll pay a hefty premium for a brand name. Jewelers also typically buy their materials in advance, meaning that any drop in the futures price won't be reflected in their bottom lines, or inventory, for several months. (alexandra.wexler@dowjones.com)

12:58 EDT - Amid uncertain market conditions that show "few signs of abating in the near term," BMO raises the possibility of Canadian brokerage firm GMP Capital (GMP.T) contemplating a dividend cut at some point. If BMO forecasts are right, GMP.T's earnings over the next few quarters won't be enough to cover GMP.T's dividend. BMO notes GMP.T's cash position on its balance is sufficient to cover dividends over short term, but cautions GMP.T "may be inclined to take steps to conserve cash." A GMP.T rep couldn't immediately be reached. GMP.T recently down 5.5% at C\$5.69. (ben.dummett@dowjones.com)

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DOW JONES NEWSWIRES

DJ MARKET TALK: How Much Does GMP Need to Conserve Cash?

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2013 年 4 月 15 日 17:58

Dow Jones Newswires

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MARKET TALK: Priceline Shares May Move 20%, But Which Way?

1,383 字

2013 年 4 月 15 日 16:57

Dow Jones News Service

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11:08 EDT - Deutsche Bank thinks 1Q earnings will be "more of the same" for consumer staples companies, with few big EPS misses while organic sales and volume growth "should remain constrained." But the longer that dynamic continues with companies' stocks at lofty levels, it will "further bring into question the absolute and relative multiples the market is currently rewarding these enhanced yield, bond surrogates." Shares of beverage, household and personal-care companies all "seem to have found the enduring love" of investors looking for stable, dividend paying names. While most large-cap staples have done well, Deutsche Bank still sees most upside in two of the biggest -- Coca-Cola (KO) and P&G (PG). (paul.ziobro@dowjones.com; @pziobro)

11:05 EDT - Nielsen data show US spirits sales, up 5.5% for the 4-week period ended March 30, were again helped by a healthy double-digit jump for bourbons. Flavored bourbons and whiskeys have won consumer praise, lifting Brown-Forman (BFB) and BEAM results of late. Sales and volume gains for both exceeded the broader industry in March. The spirits industry's sales growth was mostly due to price increases, though volume rose 1.9%, says Nielsen. Citi points out that other brown spirits, including Canadian and Irish whiskeys and Scotch, also posted impressive gains. BFB is up 1% while BEAM falls 0.5%, in line with the broader market. (john.kell@dowjones.com)

11:02 EDT - It might be a bit contrarian, but Macquarie is calling for an increase in the price difference between WTI and Brent crude futures within the next six weeks. Asian refiners that had been offline for repair work will soon be back in business, which the investment bank says should send Brent higher. Macquarie sees the difference between Brent and US crude likely reaching \$15/barrel, versus the \$12 it's recently narrowed to. (ben.lefebvre@dowjones.com)

11:00 EDT - JPMorgan comes away from meeting with Signet Jewelers' (SIG) management confident in operations, especially how SIG will use its competitive strengths to fend off weaker competition. This strength is reflected in the share price, just off all-time highs, and poses good value on pullbacks, bank says as it keeps its neutral rating while raising target to \$70. SIG down 1.3% to \$67.11 after hitting record high of \$70.02 last week. (karen.talley@dowjones.com)

10:59 EDT - DA Davidson's upgrade of Under Armour (UA) to buy, like Susquehanna's upbeat comments, focuses at least as much on the future as anything else. Davidson likes the athletic-gear maker's chances to gradually raise 2013 guidance as the year progresses amid things like its growing women's business and expanded department-store distribution. And considering UA commands less than 3% of the US athletic-footwear market and has a tiny international presence, Davidson believes there is "no end in sight for 20%+ annual growth at" UA. It's up 1.9% as the broader market falls, putting this month's jump ahead of Friday's 1Q report at 13%. (john.kell@dowjones.com)

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MARKET TALK: Priceline Shares May Move 20%, But Which Way?

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Call us at (212) 416-2181 or john.shipman@dowjones.com [04-15-13 1157ET]

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DOW JONES NEWSWIRES

Barron's: The Trader: Dow Flirts With 15,000 Despite Friday's Selloff

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(FROM BARRON'S 4/15/13)

By Vito J. Racanelli

The stock market raced ahead last week, up over 2% as the 2013 rally motored on. The Dow Jones Industrial Average came close but failed to reach the 15,000 milestone, restrained by a broad market selloff on Friday.

The week's party ended after four days of consecutive moves higher, and investors showed their displeasure with weak revenue-growth numbers at the money-center banks, which reported first-quarter earnings on Friday. Poorer-than-expected retail sales and consumer-sentiment data released today also put a damper on things.

Nevertheless, at Friday's close of 14,865.06, up 2.1% or 300 points on the week, the Dow is within striking distance of 15,000. The Dow also managed an impressive reversal on Friday, bucking the broad market trend. Down 0.5% at one point, the average finished near highs for the day.

By historical norms, the Dow's current price-to-earnings multiple of 14 to 15 times isn't unusual even for peak earnings, says Nicholas Colas, chief market strategist at ConvergEx. And that's not taking into account the low-interest-rate environment. "Dow 15,000 is achievable quickly," he adds.

There's a good chance investors will be breaking out their Dow 15,000 baseball caps soon, perhaps as early as this week. That's something this magazine noted over a year ago ("Enter the Bull," Feb. 13, 2012).

The S&P 500 rose 36 points, or 2.3%, last week, to finish at 1588.85. On Thursday it set a new all-time high of 1593.37. It was a week for coming close to nice round numbers, as the S&P 500 approached 1600, a level that is the 2013 year-end target predicted by some bulls last December. The Nasdaq Composite index, up 91 points, rose 2.8% last week to 3294.95.

Friday's market slide was partially caused by the release of March retail sales, down 0.4% and worse than expectations of flat sales. The University of Michigan-Thomson Reuters consumer sentiment index fell to 72.3 in early April from 78.6 in March, below the 78.6 consensus.

And while JPMorgan Chase (ticker: JPM) reported first-quarter net profits that were ahead of expectations, it was the 3% quarterly revenue drop to \$25.9 billion that investors focused on. Meanwhile, Wells Fargo Bank (WFC) also topped analyst earnings estimates, with profits up 22%, but there, too, revenue slipped, 2%.

Weak loan growth and narrowing net-interest-margin trends are evident, and cost cuts were big drivers, says Fort Pitt Capital Group senior equity analyst Kimberly Forrest. That didn't sit well with investors on Friday, she adds.

The market's rally does appear to have reached a critical mass of strength. For now, at least, losing days and weeks tend to be short and shallow.

"We seem to have a positive confidence loop going, something that was lacking this time last year," adds Cameron Hinds, a regional chief investment officer at Wells Fargo Bank. Both the market and housing have been going up for some time now, and growing household net worth tends to increase investor confidence, he says.

It's unclear if and when the individual investor will return en masse, but Colas adds, "Anything that puts the stock market at the top of the news in a positive way is helpful to retail interest."

Following the releaselast week of surprisingly upbeat news from First Solar (FSLR), the stock soared, suggesting investors believe sunny days are here again for the maker of solar panels and developer of power plants.

At its analyst meeting on Tuesday, First Solar said it expects 2013 earnings per share of \$4 to \$4.50 on sales of \$3.8 billion to \$4 billion, significantly higher than consensus estimates of \$3.50 for earnings and \$3.1 billion for sales. Last year, the company earned \$4.90, excluding extraordinary restructuring charges of about \$469 million.

After jumping nearly 50% on Tuesday, First Solar shares eased, but at Friday's close of \$37.11 they remain nearly 40% higher than before the analyst day. Yet that's far below the stock's all-time high of more than \$300, back in 2008. First Solar and its many rivals have seen their shares plunge in the past five years on lower panel prices and a global glut of manufacturing capacity.

While the Tempe, Ariz. --based company's immediate outlook is improving, a closer examination of what First Solar said suggests the market has overreacted and has bid the share price up beyond what is justified. It is uncertain how well First Solar will be able to execute on the ambitious goals revealed on Tuesday.

For example, for 2014, First Solar has a target price of \$2.50 to \$4 in earnings per share, potentially down from this year, which the company attributed to the increased cost of financing projects. The target for 2015 is \$4 to \$6 per share. The important thing to note here is that, unlike the 2013 figures released, First Solar labeled the 2014 and 2015 numbers targets, not guidance. That distinction was generally lost in some media and research reports following the news.

What's the beef? One ignored but reasonable reading of First Solar's targets could result in earnings per share that are flat at \$4 for three years. That risk doesn't support such a stock rise. The skepticism is justified because of the company's checkered history of results. In the past 10 years, there has been a steady and significant slowdown of growth in revenue and net profit.

Meanwhile, gross profit and margins on earnings before interest, taxes, depreciation, and amortization have fallen, too. Last Tuesday, for example, amid the bullish hoopla, the company again guided to a drop in 2013 gross margins, to 20%-22%, from 27% last year. It's a tech company, and that's often what happens in a highly competitive technology sector such as solar.

Even the guidance for 2013 isn't as bullish as the headlines would have it. Pacific Crest analyst Ben Schuman, who attended the analyst day, gives the company credit for putting together an ambitious road map and showing some sustainable cost advantages. However, adds Schuman, who has an Underperform rating on the stock, "the driver of the difference" in improved 2013 guidance results not from new projects but from bringing forward revenue recognition to 2013-14 from 2014-15 for a large project, the 550-megawatt Desert Sunlight solar plant.

That project was contracted years ago at higher prices and margins, and Schuman attributes \$1.10 of the 2013 EPS and about \$3 for 2014 EPS to pulled-forward sales. Moreover, the 2015 EPS target of \$4 to \$6 is "built on some aggressive sales and pricing assumptions."

First Solar bulls defend the stock rise by pointing to improved earnings visibility further out to 2015 and its sharply dropping cost basis, and the view that it is a best-in-class company. They note the stock has dropped substantially from all-time highs, now selling at a relatively cheap P/E ratio of 8.5 to 9.5 times 2013 EPS. That's toward the low end of history, but growth is much slower now.

A First Solar spokesman said via e-mail that there was no prior 2013 guidance, "so nothing could be pulled forward." And the use of targets for 2014-15 "reflects the increased uncertainty further out in time."

Nevertheless, the bulls can't paper over a history of contracting growth and margins. The current stock price might be validated by perfect execution for the next two to three years, but First Solar's history doesn't back that kind of optimism. Before the news, First Solar shares might have been undervalued given the 2013 revenue improvement. But does the new information justify a nearly 40% jump?

A month ago this column wrote a bullish item on F5 Networks (FFIV), but already we're behind the eight ball with that call.

On April 4, F5 disappointed investors again, saying that results in the fiscal second quarter ended March 31 are expected to be \$350.2 million, below guidance of \$370 million to \$380 million. EPS would be 79 to 80 cents, also down from the company's previous expectation of 93 cents to 96 cents. In the year-prior second quarter, EPS was 88 cents and revenue was \$340 million.

F5 blamed a general weakness in buying from North American customers and in particular from telecom clients, as well as from government sales.

F5 makes "application-delivery controllers," hardware that manages Internet traffic, among other products like firewalls and other kinds of security software. The ADC box examines incoming data and decides if there are security threats, decrypts and encrypts data, and can compress data bandwidth, among other things. F5 has

about a 50% share of the ADC market, competing with Cisco Systems (CSCO), and Citrix Systems (CTXS), among others.

This latest disappointment follows an earnings miss in the fourth quarter ended September and a fiscal first quarter where revenue and earnings continued to slow. Then, in January, the Seattle-based company gave an upbeat outlook for the second quarter ended March, so one can't blame investors for taking umbrage.

At Friday's close of \$74.98, the stock is down some 20% from \$94, when our item was published on March 11. Back then, the shares were already down by a third from almost \$140 a year ago. Until mid-2012, F5 investors had been accustomed to strong double-digit sales growth.

These stumbles are a concern. However, the setback is centered in telecom spending and delayed expenditures for F5's products, not its basic competitiveness. That's a consolation. And F5's core ADC business is still doing well, while its small but fast-growing security software, which is rolling out a number of new products this year, should also help.

Over the long term, it's still likely that more digital data will be created year after year, and data-traffic growth will increase sharply. Demand for popular traffic-managing products like the ADCs will benefit. And with that, data security will become more important, not less.

13 Apr 2013 00:08 EDT Barron's: The Trader: Dow Flirts With 15,000 -2-

With its leading position in the ADC market and new firewall and security-software products coming out, F5 stands to benefit as the amount of information sent across the Internet proliferates.

As for telecoms, given the expected build-out in the U.S. of the mobile 4G long-term evolution (LTE) system, it's a good bet operators will have to step up spending fairly soon, and that should bring some recovery to ADC over the next 12 months.

Our thesis has taken a hit, and F5's competitive landscape isn't easing. At this point, even a return to \$94 -- breakeven for our item -- looks a ways off. It's going to be a longer wait, but it should still be worth it. F5 will release full fiscal second-quarter results on April 24.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14865.06	+299.81	+2.06
DJTransportation	6143.75	+106.39	+1.76
DJUtilities	523.32	+8.59	+1.67
DJ65Stocks	5086.54	+94.71	+1.90
DJUSMarket	399.45	+9.00	+2.31
NYSEComp.	9188.26	+188.01	+2.09
NYSEMKTComp.	2406.85	+25.17	+1.06

S&P500	1588.85	+35.57	+2.29
S&PMidCap	1149.23	+25.26	+2.25
S&PSmallCap	526.64	+9.17	+1.77
Nasdaq	3294.95	+91.09	+2.84
ValueLine(arith.)	3549.25	+82.28	+2.37
Russell2000	942.85	+19.57	+2.12
DJUSTSMFloat	16552.65	+371.97	+2.30

Last Week Week Earlier

NYSE		
Advances	2,310	1,080
Declines	870	2,091
Unchanged	53	47
NewHighs	604	492
NewLows	62	91
AvDailyVol(mil)	3,206.1	3,313.8
Dollar (Finexspotindex)	82.13	82.50

T-Bond		
(CBTnearbyfutures)	132-315	133-050
Crude Oil		
(NYMlightsweetcrude)	91.29	92.70
Inflation KR-CRB		
(FuturesPriceIndex)	287.21	288.28
Gold		
(CMXnearbyfutures)	1501.00	1575.40

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April 13, 2013 00:08 ET (04:08 GMT)

文件 DJDN000020130413e94d000h2

DOW JONES NEWSWIRES

DJ MARKET TALK: Japan Exporters Rise On Weaker Yen; Toyota +4.7%

189 字

2013 年 4 月 11 日 03:33

Dow Jones Institutional News

DJDN

英文

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0233 GMT [Dow Jones] Shares of exporters are up with auto-related stocks leading the pack. Toyota Motor (7203.TO) is up 4.7% at Y5,580 while Bridgestone (5108.TO) is up 4.3% at Y3,645. The weaker yen, combined with an improving (albeit gradually) U.S. economy, and all-time highs for the **S&P500** in New York have all contributed to the optimism, says a fund manager for a domestic asset management firm. "The market is factoring in USD/JPY 100 but expectations that it will go above 100 are running high," the manager says. Toyota's current earnings forecast is based on USD/JPY 90 so if it reaches 100, the automaker's profit may jump by 50%, he adds. Honda Motor (7267.TO) is up 3.1% at Y3,950 and Denso (6902.TO) is up 4.7% at 3,655. (yumi.otagaki@dowjones.com)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

(END) Dow Jones Newswires

April 10, 2013 22:33 ET (02:33 GMT)

文件 DJDN000020130411e94b000cv

DOW JONES NEWSWIRES

DJ CHART ProShares UltraShort **S&P500** ST: below its lower Bollinger band

182 字

2013 年 4 月 11 日 08:42

Dow Jones Newswires

DJDN

英文

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(TRADING Central) PARIS -- Click here to see our chart:
<http://www.tradingcentral.com/chart/SDSUSD130411094132.gif>

Our pivot point stands at 41.7.

Our preference: short term rebound towards 45.9.

Alternative scenario: the downside breakout of 41.7 would call for 40.5 and 39.8.

Comment: the RSI is below its neutrality area at 50. The MACD is negative and above its signal line. The configuration is mixed. Moreover, the share stands below its 20 and 50 day MA (respectively at 44.44 and 46.14). Finally, ProShares UltraShort **S&P500** is trading below its lower daily Bollinger band (standing at 43.32). ProShares UltraShort **S&P500** is currently trading near its 52 week low at 42.7 reached on 10/04/13.

Supports and resistances:

46.6 *

45.9 **

45.2

42.808 last

42.2

41.7 **

40.5 *

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April 11, 2013 03:42 ET (07:42 GMT)

文件 DJDN000020130411e94b0018a

 An S&P chart that could be pointing to a correction

MarketWatch Blogs, 2013 年 4 月 10 日 09:45, 289 字, (英文)

SPX 2003 vs 2009 twitter.com/ukarlewitz/status/381111111111111111— ukarlewitz (@ukarlewitz) April 10, 2013Under the category, history repeats itself, here is a chart that's rather painful on the eyes. To the bears (and maybe the bulls) this chart shows the ...

文件 WCMWB00020130410e94a0008d

BARRON'S

MARKET WEEK

Stocks --- The Trader: Mixed Data Keeps Stocks Flat for the Week

By Avi Salzman

2,088 字

2013 年 4 月 8 日

Barron's

B

英文

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The job numbers were "just an excuse to have a little bit of a selloff," said Martin Leclerc, chief investment officer of Barrack Yard Advisors. Even evidence that the U.S. economy is faltering won't rattle retail investors. "My sense is that they're not as scared as they were," Leclerc said. "It's funny what a doubling of the stock market will do."

That said, investors exhibited some caution. They turned to less risky assets this week -- 10-year Treasury yields fell to 1.698%, their lowest rate since December. Just last month, they were yielding more than 2%. Among S&P 500 stocks, only the utility, telecom, and health-care sectors rose.

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With the economy teetering again, it's no surprise that companies are trying to capitalize on the woes of the cash-strapped American consumer. Unfortunately, every retailer got the same memo about strategies to entice shoppers, and that memo says "consumables."

"Everybody into the Consuma-Pool!" shouted a recent note from Nomura analyst Aram Robinson.

Who isn't selling potato chips, soda, candy, and bread these days? Drug stores, Wal-Mart Stores (WMT), Target (TGT), and dollar stores are doing everything they can to pull consumers in with food, toilet paper, and other items they might normally get from supermarkets or bodegas. Even Best Buy (BBY) sells candy and soda. They want to boost unit sales and try to persuade shoppers to buy a T-shirt or another high-margin item while they're picking up milk or cigarettes.

The shift has certainly hurt middle-market supermarket chains like Safeway (SWY) and Supervalu (SVU). But the heightened competition could also hurt dollar stores, which are expanding at a rapid rate and are likely to butt heads with each other and with Wal-Mart.

Dollar stores caught a powerful tailwind in the recession that sent shares sharply higher. They stole market share from Wal-Mart as they capitalized on a trade-down effect among middle-class Americans.

But Wal-Mart is now trying aggressively to win those customers back, investing \$1 billion this year to cut prices. The retail giant has also rolled out ads claiming its prices are lower than those of competitors like dollar stores, and opening smaller Neighborhood Markets to reclaim share.

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But the dollar-store competition has gotten crowded in some neighborhoods: About 75% of Family Dollar stores are within three miles of a Dollar General, and 54% are in the same area as Dollar Tree, according to Credit Suisse analyst Edward Kelly.

Of the three, Dollar General arguably has the most to lose. It's the most efficient of the bunch, selling about \$216 worth of items per square foot, versus \$190 for Dollar Tree and \$181 for Family Dollar. That efficiency gap has narrowed in the past couple of years.

Dollar General is still growing profitably, but earnings per share and same-store-sales growth could tail off this year. Dollar General's EPS rose 17% in 2012, and is expected to rise 9% in the current year. Same-store sales were up 4.7% last year, the slowest growth rate since 2008. This year, it expects same-store sales growth of 4% to 6%. Inventory began piling up in the last quarter, which will cause the company to mark down more items in the current quarter.

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"We believe LuLu's current growing pains suggest a need to slow square-footage growth and reinvest in the business, which could spark turnover in the shareholder base as growth investors reduce positions," he wrote in a recent report. His price target: \$51. A LuLu spokesperson didn't return calls.

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-- Jacqueline Doherty

Vital Signs

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DJIndustrials	14565.25	-13.29	-0.09
DJTransportation	6037.36	-217.97	-3.48
DJUtilities	514.73	+6.33	+1.25
DJ65Stocks	4991.83	-45.11	-0.90
DJUSMarket	390.45	-4.91	-1.24
NYSEComp.	9000.25	-106.80	-1.17
NYSEMKTComp.	2381.68	-24.50	-1.02

S&P500	1553.28	-15.91	-1.01
S&PMidCap	1123.97	-29.71	-2.58
S&PSmallCap	517.47	-13.91	-2.62
Nasdaq	3203.86	-63.66	-1.95
ValueLine(arith.)	3466.97	-81.82	-2.31
Russell2000	923.28	-28.26	-2.97
DJUSTSMFloat	16180.68	-215.47	-1.31

Last Week Week Earlier

NYSE		
Advances	1,080	1,883
Declines	2,091	1,254
Unchanged	47	77
NewHighs	492	622
NewLows	91	51
AvDailyVol(mil)	3,313.8	3,009.9
Dollar (Finexspotindex)	82.57	82.99
T-Bond		
(CBTnearbyfutures)	133-050	131-315

Crude Oil
(NYMlightsweetcrude) 92.70 97.23
Inflation KR-CRB
(FuturesPriceIndex) 288.28 296.39
Gold
(CMXnearbyfutures) 1575.40 1594.80

Corrections & Amplifications

The Nasdaq Composite lost 1.95% in the week ended April 5. Last week's Trader column mistakenly stated that the Nasdaq had risen by that amount.

(Barron's April 15, 2013)

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文件 B000000020130406e9480000t

DOW JONES NEWSWIRES

Barron's: The Trader: Mixed Data Keeps Stocks Flat For The Week

2,122 字

2013 年 4 月 6 日 05:07

Dow Jones Institutional News

DJDN

英文

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(FROM BARRON'S 4/8/13)

By Avi Salzman

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6 Apr 2013 00:07 EDT Barron's: The Trader: Mixed Data Keeps Stocks -2-

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DJ65Stocks	4991.83	-45.11	-0.90
DJUSMarket	390.45	-4.91	-1.24
NYSEComp.	9000.25	-106.80	-1.17
NYSEMKTComp.	2381.68	-24.50	-1.02

S&P500	1553.28	-15.91	-1.01
S&PMidCap	1123.97	-29.71	-2.58
S&PSmallCap	517.47	-13.91	-2.62
Nasdaq	3203.86	-63.66	-1.95
ValueLine(arith.)	3466.97	-81.82	-2.31
Russell2000	923.28	-28.26	-2.97
DJUSTSMFloat	16180.68	-215.47	-1.31

Last Week Week Earlier

NYSE		
Advances	1,080	1,883
Declines	2,091	1,254
Unchanged	47	77
NewHighs	492	622
NewLows	91	51
AvDailyVol(mil)	3,313.8	3,009.9
Dollar (Finexspotindex)	82.57	82.99

T-Bond (CBTnearbyfutures)	133-050	131-315
Crude Oil (NYMlightsweetcrude)	92.70	97.23
Inflation KR-CRB (FuturesPriceIndex)	288.28	296.39
Gold (CMXnearbyfutures)	1575.40	1594.80

Corrections & Amplifications

This column was corrected on April 12, 2013 at 15:01 ET (19:01 GMT) to reflect that the Nasdaq Composite lost 1.95% in the week ended April 5, not gained 1.95%.

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(END) Dow Jones Newswires

April 06, 2013 00:07 ET (04:07 GMT)

文件 DJDN000020130406e946000mk

 [6 crucial gut checks before the stock market's opening bell](#)
MarketWatch Blogs, 2013 年 4 月 5 日 12:16, 775 字, (英文)

Good morning. It's not just about jobs, it's about mojo. A disappointingly weak March rise in nonfarm payrolls (more below) will feed fears of the broader economy is headed for a spring swoon -- repeating a pattern seen in 2012 and 2011.

文件 WCMWB00020130405e9450005I

DOW JONES NEWSWIRES

DJ CHART ProShares UltraShort **S&P500** ST: short term rebound towards 47.5

156 字

2013 年 4 月 4 日 15:08

Dow Jones Newswires

DJDN

英文

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(TRADING Central) PARIS -- Click here to see our chart:
<http://www.tradingcentral.com/chart/SDSUSD130404160634.gif>

Our pivot point stands at 43.1.

Our preference: short term rebound towards 47.5.

Alternative scenario: below 43.1, expect 41.5 and 40.6.

Comment: the RSI is below 50. The MACD is above its signal line and negative. The configuration is mixed. Moreover, the share stands below its 20 and 50 day MA (respectively at 44.67 and 46.53). ProShares UltraShort **S&P500** is currently trading near its 52 week low at 43.66 reached on 02/04/13.

Supports and resistances:

48.5 *

47.5 **

46.6

44.3599 last

43.7

43.1 **

41.5 *

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April 04, 2013 10:08 ET (14:08 GMT)

文件 DJDN000020130404e9440044u

DOW JONES NEWSWIRES

DJ CHART ProShares Ultra **S&P500** ST: target 67.3

162 字

2013 年 4 月 4 日 15:08

Dow Jones Newswires

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(TRADING Central) PARIS -- Click here to see our chart:
<http://www.tradingcentral.com/chart/SSOUSD130404160642.gif>

Our pivot point stands at 74.5.

Our preference: target 67.3.

Alternative scenario: above 74.5, look for 77.1 and 78.6.

Comment: the RSI is below its neutrality area at 50. The MACD is positive and below its signal line. The MACD must penetrate its zero line to expect further downside. Moreover, the stock is above its 20 and 50 day MA (respectively at 72.07 and 69.52). ProShares Ultra **S&P500** is currently trading near its 52 week high reached at 73.65 on 02/04/13.

Supports and resistances:

77.1 *

74.5 **

73.5

72.45 last

68.8

67.3 **

65.8 *

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April 04, 2013 10:08 ET (14:08 GMT)

文件 DJDN000020130404e94400427

Analysis

Hess Corp Agrees \$2.1 Billion Sale of Russian Unit to Lukoil

By Mike Weir

595 字

2013 年 4 月 3 日 11:36

Dow Jones Top North American Equities Stories

DJTNAE

英文

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Investors generally reacted positively to news that Hess Corp. attracted a \$2.05 billion bid for Samara-Nafta from OAO Lukoil. By midday Tuesday the stock was up to around \$74, compared with less than \$71 a week ago.

But a narrow group of shareholders is of more acute interest to Hess Corp.'s management than are those of the wider market. Namely, Elliot Management Corp., and its "affiliates," which own more than 4% of the company and are agitating for five board seats and a radical structural shake up.

The activists want Hess to spin off its Bakken, Eagle Ford and Utica acreage, divest downstream assets and place midstream assets in a master limited partnership, while selling off the international portfolio. Hess is doing a lot of this, although management say this has nothing to do with Elliot.

It is only a matter of time before the rest of Hess's shareholders come round to Elliot's way of thinking, given the validity of most of those ideas. Hess is certainly outperforming the S&P 500 now, but that has only occurred since Elliot showed an interest. Before that, the integrated oil group underperformed the benchmark U.S. stock index by up to 30%. Moreover, even the **S&P500** was slightly outperformed by the Alerian MLP index in 2012, adding weight to Elliot's argument that Hess Corp.'s midstream assets should be spun off into MLP structures.

The wisdom of selling off profitable international businesses is not immediately clear, other than as a raw means of raising capital, but dropping midstream assets into tax-efficient MLPs makes sense, as does getting out of refining and marketing. That latter step poses a challenge.

Refining and marketing--which includes refining, retail and terminals-- accounted for \$25.5 billion of Hess revenue in 2012 but only \$231 million in net income. That's 68% of group revenue and 11% of group income. Prior to 2012, the division made consecutive losses. It is obvious that culling the business would create value and boost profitability.

How, though?

Proceeds from a sale would further alleviate pressure on Hess Corp.'s balance sheet but finding a buyer prepared to pay a premium will be tricky. Hess has admitted defeat with its Port Reading, NJ, refinery, which closed in February. The terminal business, meanwhile, focuses on storing oil imports on the U.S. East Coast, so will also struggle to attract a buyer, because of the country's declining reliance upon importing crude across the Atlantic. The final piece of the marketing jigsaw, gasoline retailing, is a famously low-margin business. Management should perhaps consider spinning off the remainder of the downstream business, rather than waste time trying to find a buyer.

Hess may have hit the jackpot with its Russian divestment but the big divestment is yet to come and with activist investors breathing down management's neck, opportunistic acquirers for the downstream assets may find that low-ball bids find a hearing.

Mike Weir writes on energy, resources and infrastructure for DJBI. An established journalist, he studied history and politics at the University of Strathclyde and economics at the University of London. He can be reached at +44 207 842 9442 or mike.weir@dowjones.com

(This article first appeared on DJ Banking Intelligence, our specialist subscription-only service that provides transaction-focused forward-looking commentary and opinion from our sector experts. Details are available at www.djbanking.com)

文件 DJTNAE1120130403e94300010

DOW JONES NEWSWIRES

DJ Hess Corp Agrees \$2.1 Billion Sale of Russian Unit to Lukoil

By Mike Weir

629 字

2013 年 4 月 2 日 17:58

Dow Jones Newswires

DJDN

英文

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A DOW JONES BANKING INTELLIGENCE COLUMN

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April 02, 2013 12:58 ET (16:58 GMT)

文件 DJDN000020130402e942004fr

Buzz-With Our Take

Hess Sells Russian Operations To Lukoil

Michael Weir

Dow Jones Banking Intelligence

630 字

2013 年 4 月 2 日 16:36

Dow Jones Top News & Commentary

DJCOMM

英文

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Hess surprised observers with the price it attracted for its Russian operations, but fully refocusing on exploration and production will be more challenging.

KEY POINTS:

--U.S. oil and gas producer Hess Corp. has agreed to sell its Russian business to OAO Lukoil.

-- Lukoil will pay \$2.05 billion for Hess Corp.'s 90% stake in Samara-Nafta.

-- Hess has sold various assets in a bid to focus on exploration and production.

-- It is under pressure from activist investor Elliot Management Corp., which owns 4.4% of the company.

THE STORY:

OUR TAKE:

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文件 DJCOMM1120130402e942001oc

BARRON'S

MARKET WEEK

Stocks --- The Trader: Dreamy Quarter Ends With S&P at Record High

By Vito J. Racanelli

2,077 字

2013 年 4 月 1 日

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Pinch yourself. Go ahead.

It's not a dream, no April Fool's trick.

U.S. investors are still celebrating the stock market's all-time high, set Thursday in a holiday-shortened week. After several failed attempts in previous weeks, the broader Standard & Poor's 500 index confirmed the move into record territory made weeks ago by the more narrow Dow Jones Industrial Average.

Last week's ups and downs in Cyprus, just the latest chapter of the continuing saga of Europe's sovereign-debt and banking woes, weren't enough to derail the market. The S&P 500 took longer than the Dow to reach a new high because the technology stock sector, up just 4% this year, accounts for a bigger part of that index.

The 30-stock Dow gained 0.5%, or 66.5 points, to 14,578.54, another record. In 2013's initial three months, the Dow jumped 11.25%, the best first-quarter showing in 15 years. The S&P 500 rose 12 points, or 0.8%, to finish at an all-time high of 1569.19, eclipsing the previous pinnacle of 1565 reached 5 1/2 years ago. For the quarter, the S&P was up 10%. The Nasdaq Composite rose 22.5 points, or 0.7%, last week to 3267.52, a 52-week high. U.S. trading ended Thursday in observance of Good Friday.

Record-breaking times call for nostalgic comparisons, but we'll try to be unsentimental. For all the investor excitement, there's actually less economic depth to back up the new high than was the case in late 2007. Back then, the global economy was humming; American unemployment was below 5%; the housing market was peaking, and investor sentiment was positive and strong. Today, the global macroeconomic environment, though improving, remains shaky and fragile.

"The market feels different compared to then," says Kenneth Polcari, director of NYSE floor operations for O'Neil Securities. "People don't feel as euphoric as the market is telling you they should be." And he contends: "The only reason we're here" is the Federal Reserve-induced global monetary easing policy. Still, he says, it's difficult to be bearish in the face of the artificial stimulation created by the world's central banks. "Once they pull back, and interest rates move higher, unless the economy is pumping on all cylinders the housing market will stall again," and stocks will follow, adds Polcari, who figures the punch bowl won't be removed until 2014.

In some ways, however, the differences between then and now reflect more positively on the new high. That the market managed to get here despite a hesitant economic environment has to impress.

The important distinction now, says Michael Mullaney, chief investment officer of Fiduciary Trust, is valuation. In 2007, the S&P 500's price-to-earnings ratio was in the 20s. Today, the forward and trailing P/E ratios are 14.5 and 15.5 times, respectively, still lower than the long-term averages, though no longer exactly cheap.

Corporate earnings are good, and investor sentiment is improving. The question, Mullaney adds, that investors face and whose answer will likely sustain this new bull market is: "Where else are you going to put your dough?" Treasury bonds are in a bubble. On a relative basis, the U.S. stock market is among the more attractive global investment classes around.

The first quarter's torrid rise is likely unsustainable. With the Fed's hand squarely on the throttle, investors will be closely parsing soon-to-be-released earnings results.

Monday, April 1, sees publication of a ruling by the government's Centers for Medicare and Medicaid Services on proposed 2014 reimbursements for Medicare Advantage plans. In the short term, the news will

be important for Humana (ticker: HUM), a health insurer with a little over 50% of its 2012 premiums and revenue coming from Medicare Advantage (MA).

MA plans are insurance company-administered versions of the government fee-for-service Medicare plan. The former typically offer lower expenses and more benefits, but a smaller network of health-care providers.

At Thursday's close of \$69.11, Humana shares are down more than 10% since Feb. 15, when the CMS, as it's referred to, initially proposed a blended 2.2% cut to what's termed the "growth percentage" of MA benchmark reimbursements. The proposal has a lot of moving parts and is too complicated to get into here.

Humana's stock perked up a bit last week, both on a bullish research report published by Wedbush Securities and on improving sentiment. Thanks to intense industry lobbying, some investors believe the final proposal Monday might be more favorable to health insurers.

This week, Humana's shares could bounce around as the CMS news is picked through, but the decision will deal only with 2014. Meanwhile, the stock has been down for a while now, 28% since hitting a high of \$95.50 in January 2012, even as the broad market has climbed 21% over the same period. There's a strong argument that Humana is significantly undervalued and that its price already discounts potential damage from the initial proposal.

The CMS decision is "a short-term milestone," says Jean Francois Comte, co-president of Lutetia Capital, which owns a stake in Humana. At around \$70, the market is "clearly pricing in the worst-case scenario," he says.

Wedbush analyst Sarah James noted in her report last week that Humana has a long-term tail wind behind it. Currently, about 25% of Medicare consumers opt for MA plans, she says. But Wedbush's surveys of consumers suggest that the figure could rise to as much as 50% by 2020. Mid-teens percentage volume growth in MA plans would more than offset potential margin compression, adds the analyst.

More immediately, Comte believes that Monday's proposal will be more industry-friendly than some expect, but even if unchanged, "once the market has digested the news, it will refocus on the fundamentals of the business." He calls Humana "my favorite idea in the sector," with consecutive annual revenue growth over the past 10 years and an average 14% return on capital over the past five.

The Louisville-based company, which sports an \$11 billion stock-market value, has a pretty good track record in a notoriously difficult and heavily regulated business. Its health plans have shown good membership growth, Comte adds. At the end of 2012, they covered almost 21 million people, about 15% above the 18.2 million in 2008.

Net income has grown strongly, though less steadily than sales. However, Humana's earnings before interest, taxes, depreciation, and amortization (Ebitda) margin has risen nicely, to the 6%-7% range in the past five years, compared with 4%-5% in the five previous ones. The health insurer has a strong balance sheet, with \$2.6 billion in debt and \$8.8 billion in shareholder equity.

Humana's valuation is now significantly below its long-term historical level. The stock trades at 9.2 times the trailing earnings per share of \$7.47, compared with a median P/E of almost 15 times.

The bearish view also doesn't seem to consider that the historically well-run Humana can adapt to changes. Says Comte: The company's track record will be recognized once the smoke from the CMS decision clears. The shares could be worth \$90, longer-term, he adds.

Brookfield Asset Management(BAM), a Canadian firm with a market cap of US\$23 billion, owns and manages \$150 billion worth of businesses around the world. It's a complex company, with holdings ranging from toll roads to rail lines to apartment houses. Its conglomerate nature has been one of the bearish knocks on BAM, which also reports according to International Financial Reporting Standards, instead of U.S. Generally Accepted Accounting Principles. Recent published reports say that BAM's Brazilian operations are under SEC investigation over alleged bribes in a construction deal. BAM has denied wrongdoing.

On April 15, BAM will spin off its commercial real-estate holdings into a new entity, called Brookfield Property Partners (BPY), which will be one of the world's largest property companies, owning more than 250 million square feet of space.

Given BAM's success in such moves previously, investors might want to look closer at both it and BPY. BAM has spawned a number of stocks that have done well, says Andrew Boord, a portfolio manager at Fenimore Asset Management, a BAM shareholder. For example, shares of Brookfield Infrastructure Partners (BIP), in which BAM owns 28%, have doubled since they began trading in 2008, while the market is up 10% in the same period. BAM owns 68% of Brookfield Renewable Energy Partners (BRPFF), whose stock is up 260% since early 2001, compared with the market's 31%.

BAM's own stock has risen more than 500%, compared with the market's 42%, over the past 15 years. "It's a complicated company, and the BPY spinoff should make it easier to understand," adds Boord.

BAM is a "unique real-asset manager that adheres to a strict value discipline in cobbling together assets for long-term holding," says another fan, Pat Dorsey, president of Sanibel Captiva Investment Advisers, which owns BAM shares. Its management gets a lot of points for transparency and business acumen, he adds.

Cash flows come from tolls and rents, as well as management fees. A typical BAM investment is to get an equity partner to invest in a toll road, which will then be managed by BAM for a fee.

BPY already trades on a when-issued basis, closing at \$21.35 last week. On April 15, BAM plans to distribute 7.5% of BPY to BAM shareholders of record March 26 in the form of a tax-free special dividend of one BPY unit for each 17.42 BAM shares held. BPY is initially pursuing a distribution growth-rate target of 3% to 5% annually and expects to pay \$1 per unit annually, for a yield of 4.7%.

According to a report from Spin Off Research, BPY should benefit from a recovering U.S. economy, and further expansion into Brazil and Europe will drive growth. It values BPY at \$30 a share, giving BPY a higher than median peer group valuation because of its considerable size and attractive payout targets.

As for BAM, as its business model moves closer to that of an asset-management company, less capital-intensive and with more income from fees, it should get a higher valuation as well, says Spin Off Research, which values BAM at \$41.50, 14% higher than its close Thursday of \$36.49.

When BPY begins trading, some current BAM holders won't be able to keep their BPY shares for nonfundamental reasons, so investors might wait to see at least a few days of BPY trading before wading in.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14578.54	+66.51	+0.46
DJTransportation	6255.33	+76.07	+1.23
DJUtilities	508.40	+11.04	+2.22
DJ65Stocks	5036.94	+50.46	+1.01
DJUSMarket	395.36	+3.27	+0.83
NYSEComp.	9107.05	+41.25	+0.45
NYSEMKTComp.	2406.18	+1.24	+0.05
S&P500	1569.19	+12.30	+0.79
S&PMidCap	1153.68	+14.01	+1.23
S&PSmallCap	531.38	+2.76	+0.52
Nasdaq	3267.52	+22.52	+0.69
ValueLine(arith.)	3548.79	+24.33	+0.69
Russell2000	951.54	+5.27	+0.56
DJUSTSMFloat	16396.15	+132.50	+0.81

Last Week Week Earlier

NYSE		
Advances	1,883	1,665
Declines	1,254	1,509
Unchanged	77	54
NewHighs	622	579
NewLows	51	102
AvDailyVol(mil)	3,009.9	3,247.5
Dollar (Finexspotindex)	82.98	82.53
T-Bond (CBTnearbyfutures)	131-315	131-165
Crude Oil (NYMlightsweetcrude)	97.23	93.71
Inflation KR-CRB (FuturesPriceIndex)	296.39	294.70
Gold		

(CMXnearbyfutures) 1594.80 1606.20

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DOW JONES NEWSWIRES

Barron's: The Trader: Dreamy Quarter Ends With S&P At Record High

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2013 年 3 月 30 日 04:09

Dow Jones Institutional News

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(FROM BARRON'S 4/1/13)

By Vito J. Racanelli

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The first quarter's torrid rise is likely unsustainable. With the Fed's hand squarely on the throttle, investors will be closely parsing soon-to-be-released earnings results.

Monday, April 1, sees publication of a ruling by the government's Centers for Medicare and Medicaid Services on proposed 2014 reimbursements for Medicare Advantage plans. In the short term, the news will

be important for Humana (ticker: HUM), a health insurer with a little over 50% of its 2012 premiums and revenue coming from Medicare Advantage (MA).

MA plans are insurance company-administered versions of the government fee-for-service Medicare plan. The former typically offer lower expenses and more benefits, but a smaller network of health-care providers.

At Thursday's close of \$69.11, Humana shares are down more than 10% since Feb. 15, when the CMS, as it's referred to, initially proposed a blended 2.2% cut to what's termed the "growth percentage" of MA benchmark reimbursements. The proposal has a lot of moving parts and is too complicated to get into here.

Humana's stock perked up a bit last week, both on a bullish research report published by Wedbush Securities and on improving sentiment. Thanks to intense industry lobbying, some investors believe the final proposal Monday might be more favorable to health insurers.

This week, Humana's shares could bounce around as the CMS news is picked through, but the decision will deal only with 2014. Meanwhile, the stock has been down for a while now, 28% since hitting a high of \$95.50 in January 2012, even as the broad market has climbed 21% over the same period. There's a strong argument that Humana is significantly undervalued and that its price already discounts potential damage from the initial proposal.

The CMS decision is "a short-term milestone," says Jean Francois Comte, co-president of Lutetia Capital, which owns a stake in Humana. At around \$70, the market is "clearly pricing in the worst-case scenario," he says.

Wedbush analyst Sarah James noted in her report last week that Humana has a long-term tail wind behind it. Currently, about 25% of Medicare consumers opt for MA plans, she says. But Wedbush's surveys of consumers suggest that the figure could rise to as much as 50% by 2020. Mid-teens percentage volume growth in MA plans would more than offset potential margin compression, adds the analyst.

More immediately, Comte believes that Monday's proposal will be more industry-friendly than some expect, but even if unchanged, "once the market has digested the news, it will refocus on the fundamentals of the business." He calls Humana "my favorite idea in the sector," with consecutive annual revenue growth over the past 10 years and an average 14% return on capital over the past five.

The Louisville-based company, which sports an \$11 billion stock-market value, has a pretty good track record in a notoriously difficult and heavily regulated business. Its health plans have shown good membership growth, Comte adds. At the end of 2012, they covered almost 21 million people, about 15% above the 18.2 million in 2008.

Net income has grown strongly, though less steadily than sales. However, Humana's earnings before interest, taxes, depreciation, and amortization (Ebitda) margin has risen nicely, to the 6%-7% range in the past five years, compared with 4%-5% in the five previous ones. The health insurer has a strong balance sheet, with \$2.6 billion in debt and \$8.8 billion in shareholder equity.

Humana's valuation is now significantly below its long-term historical level. The stock trades at 9.2 times the trailing earnings per share of \$7.47, compared with a median P/E of almost 15 times.

The bearish view also doesn't seem to consider that the historically well-run Humana can adapt to changes. Says Comte: The company's track record will be recognized once the smoke from the CMS decision clears. The shares could be worth \$90, longer-term, he adds.

Brookfield Asset Management(BAM), a Canadian firm with a market cap of US\$23 billion, owns and manages \$150 billion worth of businesses around the world. It's a complex company, with holdings ranging from toll roads to rail lines to apartment houses. Its conglomerate nature has been one of the bearish knocks on BAM, which also reports according to International Financial Reporting Standards, instead of U.S. Generally Accepted Accounting Principles. Recent published reports say that BAM's Brazilian operations are under SEC investigation over alleged bribes in a construction deal. BAM has denied wrongdoing.

On April 15, BAM will spin off its commercial real-estate holdings into a new entity, called Brookfield Property Partners (BPY), which will be one of the world's largest property companies, owning more than 250 million square feet of space.

Given BAM's success in such moves previously, investors might want to look closer at both it and BPY. BAM has spawned a number of stocks that have done well, says Andrew Boord, a portfolio manager at Fenimore Asset Management, a BAM shareholder. For example, shares of Brookfield Infrastructure Partners (BIP), in which BAM owns 28%, have doubled since they began trading in 2008, while the market is up 10% in the same period. BAM owns 68% of Brookfield Renewable Energy Partners (BRPFF), whose stock is up 260% since early 2001, compared with the market's 31%.

BAM's own stock has risen more than 500%, compared with the market's 42%, over the past 15 years. "It's a complicated company, and the BPY spinoff should make it easier to understand," adds Boord.

BAM is a "unique real-asset manager that adheres to a strict value discipline in cobbling together assets for long-term holding," says another fan, Pat Dorsey, president of Sanibel Captiva Investment Advisers, which owns BAM shares. Its management gets a lot of points for transparency and business acumen, he adds.

Cash flows come from tolls and rents, as well as management fees. A typical BAM investment is to get an equity partner to invest in a toll road, which will then be managed by BAM for a fee.

BPY already trades on a when-issued basis, closing at \$21.35 last week. On April 15, BAM plans to distribute 7.5% of BPY to BAM shareholders of record March 26 in the form of a tax-free special dividend of one BPY unit for each 17.42 BAM shares held. BPY is initially pursuing a distribution growth-rate target of 3% to 5% annually and expects to pay \$1 per unit annually, for a yield of 4.7%.

According to a report from Spin Off Research, BPY should benefit from a recovering U.S. economy, and further expansion into Brazil and Europe will drive growth. It values BPY at \$30 a share, giving BPY a higher than median peer group valuation because of its considerable size and attractive payout targets.

30 Mar 2013 00:09 EDT Barron's: The Trader: Dreamy Quarter Ends With -2-

As for BAM, as its business model moves closer to that of an asset-management company, less capital-intensive and with more income from fees, it should get a higher valuation as well, says Spin Off Research, which values BAM at \$41.50, 14% higher than its close Thursday of \$36.49.

When BPY begins trading, some current BAM holders won't be able to keep their BPY shares for nonfundamental reasons, so investors might wait to see at least a few days of BPY trading before wading in.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14578.54	+66.51	+0.46
DJTransportation	6255.33	+76.07	+1.23
DJUtilities	508.40	+11.04	+2.22
DJ65Stocks	5036.94	+50.46	+1.01
DJUSMarket	395.36	+3.27	+0.83
NYSEComp.	9107.05	+41.25	+0.45
NYSEMKTComp.	2406.18	+1.24	+0.05

S&P500	1569.19	+12.30	+0.79
S&PMidCap	1153.68	+14.01	+1.23
S&PSmallCap	531.38	+2.76	+0.52
Nasdaq	3267.52	+22.52	+0.69
ValueLine(arith.)	3548.79	+24.33	+0.69
Russell2000	951.54	+5.27	+0.56
DJUSTSMFloat	16396.15	+132.50	+0.81

Last Week Week Earlier

NYSE		
Advances	1,883	1,665
Declines	1,254	1,509
Unchanged	77	54
NewHighs	622	579
NewLows	51	102
AvDailyVol(mil)	3,009.9	3,247.5
Dollar (Finexspotindex)	82.98	82.53
T-Bond (CBTnearbyfutures)	131-315	131-165
Crude Oil (NYMlightsweetcrude)	97.23	93.71
Inflation KR-CRB		

(FuturesPriceIndex) 296.39 294.70
Gold
(CMXnearbyfutures) 1594.80 1606.20

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March 30, 2013 00:09 ET (04:09 GMT)

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NEWSWIRES

DOW JONES

Buzz-No Our Take

Barclays Takes Q1 Broker Estimates Higher

Michael White

Dow Jones Banking Intelligence

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2013 年 3 月 27 日 16:37

Dow Jones Top News & Commentary

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Barclays is boosting its first quarter estimates for Goldman Sachs and Morgan Stanley based on higher asset marks, modestly better trading activity, and better investment banking revenues.

KEY POINTS:

--Barclays' first quarter estimate for core earnings at Goldman increased to \$3.99 per share from \$3.45.

--Estimates for Morgan Stanley moved to \$0.60 per share from \$0.55.

--Barclays believes current consensus estimates for the first quarter are biased higher based on better overall market conditions.

THE STORY:

From Barclays, Wednesday

"For Goldman Sachs, our core earnings per share estimate moves higher for the quarter to \$3.99 and our GAAP estimate moves to \$3.92 as compared to our prior \$3.45 estimate. The largest variance versus our prior estimate comes from the investing and lending segment when factoring in a nearly 10% quarter-to-date increase in the **S&P500** and a roughly 7% increase in the MSCI world index, as well as (but to a lesser degree) the narrower spreads in Goldman Sach's debt portfolio. When factoring in the impact of these observable factors, we are raising our segment revenue forecast from \$1.1 billion to \$1.6 billion. In addition, Goldman Sach's investment banking segment looks to have slightly outperformed our early expectations driven by solid equity and debt underwriting activity during the quarter, offset by some weaker than expected advisory revenues. The notable equity and debt underwriting activity in the first quarter of 2013 helps move our revenue forecast very slightly higher to \$1.4 billion for the quarter."

"For Morgan Stanley, our core earnings per share estimate is moving higher (from \$0.55 to \$0.60) and our GAAP earnings per share estimate for the quarter is moving lower to \$0.44 after the inclusion of roughly \$450 million in DVA [debit value adjustment] charges for the quarter given the narrower credit spreads. We believe that Morgan Stanley's businesses in aggregate fared slightly better than we anticipated over the quarter. We believe that on a sequential basis, core FICC [fixed income, currency and commodities] and equities revenues were up 150% and 15%, respectively, but down 22% for FICC and 20% for equities on a year-over-year basis.

"On the investment banking side, we believe the firm benefitted from the solid equity underwriting activity, but saw a sequential decline in debt underwriting and advisory revenues. Much like we anticipate for Goldman Sachs, we believe that Morgan Stanley's year-over-year equities activity will be negatively impacted by lower observable volumes as well as derivative activity. In FICC, despite solid overall activity in the segment this quarter, we believe Morgan Stanley likely has some challenging year-on-year comparisons, particularly in the firm's rates and commodities businesses."

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Is the Market Seeking an Excuse to Correct?

By Vito J. Racanelli

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2013 年 3 月 25 日

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Stocks finished lower last week, snapping a three-week winning streak. A big rally Friday, however, took the edge off what had been a much poorer showing through Thursday. Investors were braced by hopes that a bailout deal in Cyprus would be reached soon, as well as by good earnings from Nike, among other companies reporting.

The angst among U.S. investors created by the financial crisis in the small island nation -- just 0.2% of the euro area's gross domestic product -- almost makes it seem as if the market is searching for a reason to correct after its quick 9% rise this year. Investors expect the Cypriots to cut a deal on the weekend to qualify the country for a euro-zone bailout.

The Dow Jones Industrial Average lost two points on the week, effectively flat, to 14,512.03, after rising 91 points Friday. The Standard & Poor's 500 index gave up four, or 0.2%, to 1556.89. Unlike the Dow, it still hasn't managed to close higher than its previous all-time high, 1565, set on Oct. 9, 2007. The Nasdaq Composite fell four points, or 0.1%, to 3245.00.

While the pain for the Cypriot people is real, the stock market isn't worried about Cyprus, per se. The U.S. GDP "creates a new Cyprus by lunchtime," observes Mark Luschini, a market strategist at Parker/Hunter Asset Management. Investors fear, he adds, that if somehow little Cyprus leaves or is expelled from the euro zone, other bigger and more problematic countries, such as Italy and Spain, could follow or see bank runs.

"Cyprus was an excuse," says Richard Weeks, a partner at Hightower Advisors. There are many investors who say the market is due for a correction, and many who want the market to correct so they can buy in at lower prices, he adds; "When that happens, it's hard for the market to go down . . . There don't seem to be legs to the downside."

That doesn't mean the market can't produce a 5% to 7% correction, but that isn't likely until "you see signs internally that it is weakening," such as breadth worsening or sectors not participating, he says.

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With the first quarter ending next week, some volatility could come from "window dressing," as institutional investors rearrange their portfolios for their end-of-quarter statement by purchasing winning stocks and shedding losers.

After a generally decent 2012, things have gone south in a hurry for mining stocks this year. Since Dec. 31, despite the market's red hot 9% rise, shares of the big miners are all down, some substantially: BHP Billiton (BHP), off 11%; Rio Tinto (RIO), 18%; Vale (VALE), 19%; Fortescue Metals Group (FSUMF), 19%; and Cliffs Natural Resources (CLF), 46%. The drop in world ore prices has begun to intensify, taking a toll on the shares.

In a market rally, investors might be tempted to see mining stocks as a bargain bin, but they should think twice. Things are likely to get materially worse for the group before they get better.

Roughly two-thirds of the world's mined iron ore goes to China to supply its growing economy, but the country is increasing its own production of ore at a faster rate than investors are projecting. Moreover, China is

making a concentrated effort to slow down its overheated property and construction markets, which suggests a reduced need for steel and, in turn, iron-ore imports.

This is only slowly working its way into investor consciousness.

Last week, for example, two Wall Street brokerages published reports suggesting ore prices are vulnerable and that a significant oversupply of ore will arrive sooner than previously thought.

Cowen Securities said that the run-up in ore prices to about \$160 a metric ton earlier this year was sentiment driven and that more price pressure is ahead. Currently, ore fetches about \$134 a ton.

Goldman Sachs, meanwhile, pulled forward its expectation of an ore surplus to next year from 2015. That's due to a sharp rise in global ore mining and capacity, because some of the larger big new mines being built are past the point where they can be canceled. The broker also noted a rise in China's recycling of steel, lower ore demand there, and growing Chinese domestic ore supplies. Goldman downgraded its rating of Rio Tinto to Sell from Neutral.

More bearish still is Axiom Capital Management analyst Gordon Johnson, who believes ore prices are set for a significant drop this year, not next: "There's an acute amount of ore supply being added in Australia that will hit in the second half of 2013, the likes of which the iron ore industry has never seen." That, plus a significant amount of new domestic Chinese ore capacity will lower the demand for imports in that nation, he adds, and this isn't generally included in Wall Street's estimates.

Johnson is predicting average annual ore prices to drop to \$119 this year, \$85 next year, and \$75 in 2015, versus consensus projections of about \$125, \$115, and \$110, respectively. "Wall Street is grossly underestimating Australian capacity and production," he warns.

There's about 172 million tons of capacity being built this year Down Under, adding to the 76 million built last year. Total global ore exports last year ran 1.1 billion tons. Johnson projects that supply this year will exceed demand by 100 million tons, six times greater than the previous oversupply of 16 million tons in 2010. Consequently, the price will drop below \$100 a ton by the end of the year, he says.

Some investors are acting on the prospect of lower prices. Last week Channing Smith, a portfolio manager at Capital Advisors, sold all the firm's BHP shares, for example.

"In the near term, we have become increasingly concerned about the sustainability of metal pricing with global iron ore plants increasing capacity and current surpluses in copper inventories. Our biggest concern is the trajectory of future Chinese demand for commodities," he says.

More downside is ahead unless there are announcements of some big capacity cuts or an unexpected spurt in Chinese growth.

The family-oriented department store Kohl's (KSS) had a "disappointing" 2012, as the company itself acknowledged in its fourth-quarter conference call last month.

In the year ended Feb. 2, sales rose 2% to \$19.3 billion, but earnings per share fell -- a relatively unusual occurrence for this retailer -- to \$4.17 from \$4.30 the prior year. Comparable same-store sales increased just 0.3% and operating margins were 9.8%. In the previous three years, same-store sales averaged 1.8% and margins averaged more than 11%.

With roughly 50% of sales from women's and men's apparel, Kohl's was hurt last year by higher cotton prices. Inventory became an issue too, and resulting markdowns reduced operating margins.

The stock has paid the price, because many investors fear Kohl's growth slowdown is permanent. The shares have significantly underperformed a booming broad market. Looking at the industry group, retailers in general have suffered from worries about consumer sentiment and buying power after the rise in the payroll tax.

Since hitting a 52-week high of \$55.11 in November, Kohl's stock is down 16% while the market is up 8% over the same period. Longer term, since 2009 Kohl's shares have traveled mostly between \$42 to \$58, and are now priced towards the bottom of that range at Friday's close of \$46.32. Macy's (M) shares are up 28% since last summer.

Kohl's stock could return 20% over the next 12 to 18 months. It yields 3%. Yet Wall Street's expectations for the Menomonee Falls, Wis.-based company are subdued at best. In the past few days, two more brokers downgraded the stock, and now 15 out of the 25 analysts who follow Kohl's have Neutral or Sell ratings.

The expectation bar is low enough that the stock presents a significant opportunity, with relatively low risk, should the company make even modest strides toward improving results this year back towards its 10% earnings-growth track record.

The current price discounts most if not all of Kohl's problems, opines Francis Alexander, a portfolio manager with Jacob Asset Management, a value shop that owns the shares.

Kohl's has long been a growth story, but that has slowed and management seems to be adjusting to that by opening fewer and fewer stores each year, Alexander adds. This year it will be 12 versus 50 in 2009.

Despite 2012's weak results, Kohl's has a number of things going for it that haven't changed and that should make investors looking for value take notice, he says. While the operating margins are down, they remain better than competitors like Macy's, at 9.6%, and money-losing J.C. Penney (JCP). Indeed, Penney's well-publicized makeover and serious sales stumbles over the past 12 months should eventually help Kohl's.

The bear case for Kohl's is that revenue increases are slowing and margins are staying where they are, less than 10%. Alexander believes Kohl's problems are more cyclical than secular. With a stronger U.S. economy -- and not necessarily one going gangbusters -- consumers will feel better about buying, and that will be good for Kohl's, which has 1,155 stores across the country, many in strip malls.

Kohl's stock valuation on numerous metrics, whether its forward price/earnings ratio of 10.6 or trailing P/E of 11, are near long-term historical lows. The ratio of enterprise value (net debt plus market capitalization) to earnings before interest, taxes, depreciation, and amortization (Ebitda) is down to 5.5 times, just above a low of 5.4. With about \$4.5 billion in debt versus \$6 billion in shareholders equity, the balance sheet is in good shape.

Alexander points out that Kohl's is doing shareholder-friendly things, like the 9% boost in the dividend it announced in February. Last November, the retailer increased the authorization for its stock buyback program by \$3.2 billion to \$3.5 billion over the next three years, equal about one-third of the company's market at the current price.

The portfolio manager values Kohl's stock at \$55, or about 11 times expected earnings of near \$5 a share in calendar 2014. Kohl's isn't a broken business, and there seems to be more upside than downside from here.

e-mail: vito.racanelli@barrons.com

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14512.03	-2.08	-0.01
DJTTransportation	6179.26	-93.41	-1.49
DJUtilities	497.36	+2.18	+0.44
DJ65Stocks	4986.48	-19.65	-0.39
DJUSMarket	392.09	-1.05	-0.27
NYSEComp.	9065.78	-50.89	-0.56
NYSEMKTComp.	2404.93	+0.72	+0.03

S&P500	1556.89	-3.81	-0.24
S&PMidCap	1139.67	-2.16	-0.19
S&PSmallCap	528.62	-3.11	-0.58
Nasdaq	3245.00	-4.07	-0.13
ValueLine(arith.)	3524.46	-15.31	-0.43
Russell2000	946.27	-6.21	-0.65
DJUSTSMFloat	16263.65	-45.18	-0.28

Last Week Week Earlier

NYSE		
Advances	1,665	1,750
Declines	1,509	1,430
Unchanged	54	48
NewHighs	579	718
NewLows	102	93
AvDailyVol(mil)	3,247.5	3,497.3
Dollar		

(Finexspotindex)	82.38	82.26
T-Bond		
(CBTnearbyfutures)	131-165	132-045
Crude Oil		
(NYMlightsweetcrude)	93.71	93.45
Inflation KR-CRB		
(FuturesPriceIndex)	294.70	296.44
Gold		
(CMXnearbyfutures)	1606.20	1592.50

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DOW JONES NEWSWIRES

Barron's: The Trader: Is The Market Seeking An Excuse To Correct?

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Dow Jones Institutional News

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(FROM BARRON'S 3/25/13)

By Vito J. Racanelli

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The current price discounts most if not all of Kohl's problems, opines Francis Alexander, a portfolio manager with Jacob Asset Management, a value shop that owns the shares.

Kohl's has long been a growth story, but that has slowed and management seems to be adjusting to that by opening fewer and fewer stores each year, Alexander adds. This year it will be 12 versus 50 in 2009.

Despite 2012's weak results, Kohl's has a number of things going for it that haven't changed and that should make investors looking for value take notice, he says. While the operating margins are down, they remain better than competitors like Macy's, at 9.6%, and money-losing J.C. Penney (JCP). Indeed, Penney's well-publicized makeover and serious sales stumbles over the past 12 months should eventually help Kohl's.

The bear case for Kohl's is that revenue increases are slowing and margins are staying where they are, less than 10%. Alexander believes Kohl's problems are more cyclical than secular. With a stronger U.S. economy -- and not necessarily one going gangbusters -- consumers will feel better about buying, and that will be good for Kohl's, which has 1,155 stores across the country, many in strip malls.

Kohl's stock valuation on numerous metrics, whether its forward price/earnings ratio of 10.6 or trailing P/E of 11, are near long-term historical lows. The ratio of enterprise value (net debt plus market capitalization) to earnings before interest, taxes, depreciation, and amortization (Ebitda) is down to 5.5 times, just above a low of 5.4. With about \$4.5 billion in debt versus \$6 billion in shareholders equity, the balance sheet is in good shape.

23 Mar 2013 00:08 EDT Barron's: The Trader: Is The Market Seeking An -2-

Alexander points out that Kohl's is doing shareholder-friendly things, like the 9% boost in the dividend it announced in February. Last November, the retailer increased the authorization for its stock buyback program by \$3.2 billion to \$3.5 billion over the next three years, equal about one-third of the company's market at the current price.

The portfolio manager values Kohl's stock at \$55, or about 11 times expected earnings of near \$5 a share in calendar 2014. Kohl's isn't a broken business, and there seems to be more upside than downside from here.

e-mail: vito.racanelli@barrons.com

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14512.03	-2.08	-0.01
DJTransportation	6179.26	-93.41	-1.49
DJUtilities	497.36	+2.18	+0.44
DJ65Stocks	4986.48	-19.65	-0.39
DJUSMarket	392.09	-1.05	-0.27
NYSEComp.	9065.78	-50.89	-0.56
NYSEMKTComp.	2404.93	+0.72	+0.03

S&P500	1556.89	-3.81	-0.24
S&PMidCap	1139.67	-2.16	-0.19
S&PSmallCap	528.62	-3.11	-0.58
Nasdaq	3245.00	-4.07	-0.13
ValueLine(arith.)	3524.46	-15.31	-0.43
Russell2000	946.27	-6.21	-0.65
DJUSTSMFloat	16263.65	-45.18	-0.28

Last Week Week Earlier

NYSE		
Advances	1,665	1,750
Declines	1,509	1,430
Unchanged	54	48
NewHighs	579	718
NewLows	102	93
AvDailyVol(mil)	3,247.5	3,497.3

Dollar
(Finexspotindex) 82.38 82.26
T-Bond
(CBTnearbyfutures) 131-165 132-045
Crude Oil
(NYMlightsweetcrude) 93.71 93.45
Inflation KR-CRB
(FuturesPriceIndex) 294.70 296.44
Gold
(CMXnearbyfutures) 1606.20 1592.50

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March 23, 2013 00:08 ET (04:08 GMT)

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Its Winning Streak Over, Dow Still Rises

By Avi Salzman

1,965 字

2013 年 3 月 18 日

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But what about the Fed's statement next week on interest rates? "Yawn," he says.

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The miners bungled their chance to profit from the metal's astonishing rise, trailing gold by almost 60% in the past four years. They've continued to underperform as gold has declined. In the last three months, the Market Vectors Gold Miners ETF (GDX) has fallen 20%, compared with a 6% slide for the SPDR Gold Trust (GLD).

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Goldcorp should see its cash flows rise as projects come on line and its capex budget falls. In January, the company announced the start of commercial production at the Pueblo Viejo mine in the Dominican Republic, which it owns along with Barrick Gold (ABX). The companies had spent \$3.7 billion to construct the mine. Goldcorp also has become more transparent in the past few months, reporting "all-in" costs to pull the metal from the earth.

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T-Bond		
(CBTnearbyfutures)	132-045	131-150
Crude Oil		
(NYMlightsweetcrude)	93.45	91.95
Inflation KR-CRB		
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Barron's: The Trader: Its Winning Streak Over, Dow Still Rises

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Dow Jones Institutional News

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(From BARRON'S 3/18/13)

By Avi Salzman

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 [Warren Buffett Pays Bill Gates \\$1,800](#)

WSJ Blogs, 2013 年 3 月 15 日 18:01, 298 字, By Erik Holm, (英文)

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WSJ BLOG: Warren Buffett Pays Bill Gates \$1,800

339 字

2013 年 3 月 15 日 18:01

Dow Jones News Service

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(This story has been posted on The Wall Street Journal Online's Deal Journal blog at http://blogs.wsj.com/deals_.)

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Reading the proxy from Warren Buffett's Berkshire Hathaway Inc. is always good for a chuckle.

There's something almost silly in the fact that Buffett, one of the world's richest men, earns a salary of \$100,000 at Berkshire--and then cuts a check for \$50,000 to reimburse Berkshire for "minor items such as postage or phone calls that are personal."

But no number is sillier than the \$1,800 that board member Bill Gates was paid for his service to Berkshire last year.

The average board fees for companies in the **S&P500** was around \$241,000 in 2011, according to executive compensation experts at Equilar. So the fees paid by Berkshire are low no matter who's cashing the check. But with Gates, \$1,800 is especially small.

Forbes earlier this month estimated the Microsoft co-founder was worth \$67 billion. That means his fees from Berkshire amount to 0.000003% of his net worth.

To put that in context, the average American family's net worth is about \$80,000. So \$1,800 for Bill Gates is the equivalent of two-tenths of a cent for the average family.

Gates, of course, has other reasons to sit on the Berkshire board. The charity Gates runs with his wife, the Bill & Melinda Gates Foundation, is getting billions of dollars in Berkshire shares from Buffett. And Gates and Buffett are longtime friends.

But Gates certainly isn't doing it for the money. He's a man who may have more than \$1,800 under his couch cushions.

h/t to comedian Gary Gulman, whose musings on Bill Gates' wealth are a little too NSFW for Deal Journal to link to.

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DOW JONES NEWSWIRES

EUROPE MARKETS: Europe Stocks Close At Record Highs On U.S. Rally

794 字

2013 年 3 月 14 日 17:21

Dow Jones Institutional News

DJDN

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By William L. Watts and Barbara Kollmeyer, MarketWatch

FRANKFURT (MarketWatch) -- European markets closed at record highs on Thursday, led by energy and banking stocks, as Wall Street looked set to extend a historical winning streak after first-time claims for U.S. jobless benefits unexpectedly fell.

The Stoxx 600 Europe Index closed up 1% to rise 0.8% to 298.52, its highest level since June 3, 2008, nearing on 5 year highs.

A combination of strong economic indicators from the jobs and the retail market are "giving the bulls something to really cheer about," said Ishaq Siddiqi, market strategist at ETX Capital.

"In the case of the Dow, it's in [uncharted] territory, making history as we speak while the **S&P500** is a whisker away from its all-time high. The carry-on momentum is being felt in Europe, propelling the Stoxx 600 to precrisis levels despite the lingering worries over Italy's political situation," said Siddiqi in emailed comments.

Banks and financials led the way higher, with insurer Prudential PLC rising 2.7% to add to the previous day's strong gain on the back of earnings results, while index heavyweight HSBC Holdings PLC (HBC) advanced 1.8%.

The number of people applying for first-time U.S. jobless benefits fell by 10,000 to 332,000 in the week ended March 9--the second-lowest level in five years. Economists surveyed by MarketWatch had forecast a rise to 350,000.

Separately, data showed the Producer Price Index rose 0.7% in February, matching expectations. The Standard & Poor's 500 index (SPX)(SPX) was just a few points from its record close set back in October 2007 as stocks climbed on that upbeat data.

Closer to home for European investors, European Union leaders began their summit meeting in Brussels. Euro-zone finance ministers are scheduled to meet Friday to further discuss a bailout for Cyprus.

"I think a bailout program is fully priced into the markets at the moment but I think investors will be looking for some reassurance on the matter, given Greece's exposure to the country and the potential for a run on the banks in Cyprus if lenders attempt to force losses on depositors," said Craig Erlam, market analyst at Alpari in London.

Peripheral markets were among the day's best performers.

Italy's FTSE MIB stock index bucked recent weakness to rise 2.4%, with shares of Assicurazioni Generali SpA surging over 9%, the day's biggest gainer for the Stoxx 600.

Generali climbed after reporting that net profit for the year dropped by around 89%, with the results reflecting large fourth-quarter impairments as new Chief Executive Mario Greco moved to clean up the company's balance sheet.

"We are simplifying our structure and adopting a more disciplined approach to managing the Group and its investments, as we refocus on our insurance business," Greco said in a statement.

BNP Paribas SA rose 1.2%, while France's CAC 40 stock index added nearly 1% to 3,871.58. France Telecom SA surged over 7%. A day earlier, the telecom announced a deal to build a EUR1 billion fiber optic network in Spain, to take on Telefonica SA (TEF) in high-speed broadband. Telefónica shares rose 4%.

Germany's DAX stock index advanced 1% to 8,058.37. Shares of HeidelbergCement AG rose over 3% after the company said it was aiming for higher revenue and operating income this year, boosted by demand in Asia, Africa and the U.S.

Among others, chemical group BASF SE rose 2.4%.

Shares of steelmaker ArcelorMittal (MT) rose 2.6% in Amsterdam after analysts at Citibank upgraded its stock to buy from neutral.

"We believe there is now an opportunity to buy into the first potential steps towards a strategic overhaul for the company -- dealing with the languishing European business," the analysts said in a research note.

"Ultimately we would favor a separation of the European assets from the rest of the group, to aid consolidation in the region and give investors exposure to the stronger businesses in the company," they said.

London's FTSE 100 stock index rose 0.7% to 6,529.41, levels it hasn't seen since early 2008.

Other heavyweight gainers in London included telecom firm Vodafone Group PLC , which added 1.3%, while Barclays PLC gained 1% and grocer Tesco PLC advanced 2.8%.

Natural resource firms lost ground, with Rio Tinto PLC off 2%. Precious and base metals prices fell as the dollar and stocks rose.

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DOW JONES NEWSWIRES

DJ MARKET TALK: US Stocks Expected To Start A Little Lower

181 字

2013 年 3 月 12 日 09:42

Dow Jones Institutional News

DJDN

英文

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0943 GMT [Dow Jones] US stocks are expected to start a little lower Tuesday. This follows Monday's stellar gains on Wall Street--the DJIA recorded its seventh straight advance and hit another record high. Meanwhile, European equity markets are drifting ahead of T-Bill auctions for Spain and Italy. Michael Hewson at CMC Markets expects the DJIA to open at 14,435, down 12 points, while the S&P500 is expected to open 1.2 points lower at 1555.0. US economic data is thin on the ground. Job openings and labor turnover data are at 1400 GMT. The monthly budget statement is at 1800 GMT. The DJIA front month futures contract is currently down 0.1% at 14,362.00 and S&P 500 futures contract is 0.1% lower at 1548.70.

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(END) Dow Jones Newswires

March 12, 2013 05:42 ET (09:42 GMT)

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Dow Surges to Record Highs, Finishes Up 2.2%

By Vito J. Racanelli

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2013 年 3 月 11 日

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In the race to new highs, previous market fears took a back seat, whether the effect of federal-government spending cuts on the economy, or its unresolved debt and deficit problems, or the consumer's reaction to higher payroll taxes.

For this bull market to gain acceptance, the Standard & Poor's 500 index must take the baton from the 30-stock mega-cap Dow and confirm with a high of its own, in relatively short order. While a breather for the 2013 rally could be seen near term, the broader index, just 15 points away from its own high, is expected to race to a new high as well.

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"Another day, another new high," quips Ryan Larson, head of equity trading for RBC Global Asset Management. The economic news, while improving, remains consistent with a modestly growing economy, he says.

Kurt Brunner, a portfolio manager with Swarthmore Group, concurs: "We're not ramping up to significant growth . . . [Friday's data are] just an affirmation of modest growth." Stocks were helped by Fed Vice Chairman Janet Yellen's remarks Monday, that the Fed intends "to leave accommodation until well into the recovery."

The market is "living and dying" by Fed statements, says Larson, and it's struggling with alternating comments from the hawkish and dovish camps inside the Fed. Investors wonder how long the accommodation can go on, he says. Lately, Fed statements in the main suggest the stimulus won't be retracted any time soon.

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Nevertheless, market expectations matter much more than absolute growth levels. The Seattle-based company's most recent quarter disillusioned investors accustomed to the strong growth of the past.

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The doubts raised among investors have hurt the stock. At Friday's close of \$94.01, the stock is off by a third from highs of nearly \$140 last April. Still, over the long term, it's likely that more digital data will be created year after year, and data-traffic growth shows little sign of slowing.

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F5 is a bigger company now than it was a few years ago, so growth will naturally slow some. Yet 15%-to-20% growth is plenty good, especially with the stock selling at a trailing price/earnings ratio of 26 times, significantly below its average of 36 times. At the same time, its return on equity and gross margins are higher than the historical medians. Moreover, F5 has about \$15 per share in cash and marketable investments and no significant debt, Reynders notes.

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DJ65Stocks	4941.37	+106.31	+2.20
DJUSMarket	390.59	+8.74	+2.29
NYSEComp.	9054.45	+180.26	+2.03
NYSEMKTComp.	2413.19	+34.11	+1.43

S&P500	1551.18	+32.98	+2.17
S&PMidCap	1131.25	+33.10	+3.01
S&PSmallCap	525.72	+13.32	+2.60
Nasdaq	3244.37	+74.63	+2.35
ValueLine(arith.)	3501.14	+96.59	+2.84
Russell2000	942.50	+27.77	+3.04
DJUSTSM	16354.66	+372.50	+2.33

Last Week Week Earlier

NYSE		
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Declines	839	1,492
Unchanged	42	64
NewHighs	734	447
NewLows	100	110
AvDailyVol(mil)	3,547.8	3,734.8

Dollar
(Finexspotindex) 82.73 82.31
T-Bond
(CBTnearbyfutures) 131-150 132-295
Crude Oil
(NYMlightsweetcrude) 91.95 90.68
Inflation KR-CRB
(FuturesPriceIndex) 294.38 290.36
Gold
(CMXnearbyfutures) 1576.60 1571.90

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DOW JONES NEWSWIRES

Barron's: The Trader: Dow Surges To Record Highs, Finishes Up 2.2%

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Dow Jones Institutional News

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(From BARRON'S 3/11/13)

By Vito J. Racanelli

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9 Mar 2013 00:08 EDT Barron's: The Trader: Dow Surges To Record Highs, -2-

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S&P500	1551.18	+32.98	+2.17
S&PMidCap	1131.25	+33.10	+3.01
S&PSmallCap	525.72	+13.32	+2.60
Nasdaq	3244.37	+74.63	+2.35
ValueLine(arith.)	3501.14	+96.59	+2.84
Russell2000	942.50	+27.77	+3.04
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NewHighs	734	447

NewLows	100	110
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Dollar (Finexspotindex)	82.73	82.31
T-Bond (CBTnearbyfutures)	131-150	132-295
Crude Oil (NYMlightsweetcrude)	91.95	90.68
Inflation KR-CRB (FuturesPriceIndex)	294.38	290.36
Gold (CMXnearbyfutures)	1576.60	1571.90

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March 09, 2013 00:08 ET (05:08 GMT)

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DOW JONES NEWSWIRES

DJ Financial News: Stock Pickers in Vogue with Hedge Fund Investors

By Harriet Agnew

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2013 年 3 月 7 日 13:13

Dow Jones Institutional News

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Of FINANCIAL NEWS

Long/short equity has become the most sought-after hedge fund strategy for 2013, according to an annual report from Credit Suisse, marking a sharp turnaround from a year ago when spooked investors were steering clear of these funds.

Credit Suisse's prime brokerage division surveyed almost 550 institutional investors with a total \$1.03 trillion in assets under management and found that long/short equity-general was attracting 35% of net demand - compared with 12% a year ago - making it the most popular of a 30-strong list of strategies.

Bob Leonard, global head of capital services at Credit Suisse, said: "Equity long/short is back on top. There's been a huge rebound in appetite for the strategy."

A year ago, fundamental long/short equity investing, on which the European hedge fund industry was built, was deemed the 19th most popular strategy by respondents to the Credit Suisse survey. The stock picking skills these managers rely on to make their money had proved ineffective for much of 2011, as macroeconomic pressures fuelled highly volatile markets. The average equities hedge fund fell 8.38% in 2011, according to Hedge Fund Research.

Leonard said: "This time last year some investors were disappointed with equity long/short and wondered whether they wanted to stay invested in the strategy and whether it could deliver uncorrelated outperformance."

But the easing of monetary policy by central banks in 2012 helped to soothe fears over systemic risks and buoyed equity markets. Correlations between stocks and between asset classes narrowed and volatility was dampened. Long/short equities managers turned out to be some of the year's best performers.

Chilton's European long/short fund, run by Frederic Gautier, gained 19.29% with an average net long exposure of 31% in 2012; Egerton's global hedge fund was up 13.7%; the Lansdowne Developed Markets fund gained 17.96%; Crispin Odey's Odey European hedge fund was up 30.7%; and the Hengistbury Master Fund gained 23.34% in 2012, according to investors.

The Credit Suisse report comes two days after LCH Investments published its annual list of the most successful hedge fund managers, which showed that investors in long/short equity managers enjoyed the steepest gains in dollar terms over 2012. Leading the pack was Steve Mandel, whose Lone Pine Capital made an estimated \$4.6 billion of net gains in 2012.

And stock pickers remain optimistic about the outlook for 2013.

The realized stock performance correlation in the **S&P500** Index - a measure of the extent to which stocks move in line with one another - has been trending lower since October, according to a founding partner of one long/short equity hedge fund. He told Financial News: "This year it has actually been below 40%, which is Utopia for stock pickers. Levels of 40% and below in the S&P were last seen in 2007."

Emerging market equities and event-driven were the second and third most popular strategies for 2013, according to Credit Suisse. Leonard said that there has also been a huge rebound in appetite for developed Europe: "Last year Europe was one of the few regions where investors were predicting outflows. Now it's risk-on and people are looking to add exposure to regions such as Emerging Markets, Asia Pacific and Europe."

Global macro and managed futures, both of which underperformed last year, saw the biggest drops in demand.

Credit Suisse found that on average, investors expect the global hedge fund industry to grow 10% to reach \$2.42 trillion in total assets this year. Investors considered crowded trades/ herd behaviour and regulatory changes to be the top two sources of risk for the industry.

Web site:

<http://www.efinancialnews.com/story/2013-03-07/credit-suisse-hedge-fund-research-long-short-equities>

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(END) Dow Jones Newswires

March 07, 2013 08:13 ET (13:13 GMT)

文件 DJDN000020130307e937002ze

Buzz-With Our Take

Share Buybacks Top Trillion-Dollar Mark In Current Cycle

Michael White

Dow Jones Banking Intelligence

447 字

2013 年 3 月 6 日 17:35

Dow Jones Top News & Commentary

DJCOMM

英文

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Share buybacks have been an important driver of higher equity prices. Driven in large part by cheap credit, buybacks in the current cycle just crossed a noteworthy threshold of \$1 trillion. Indications are the trend will continue.

KEY POINTS:

--Buyback announcements in the current cycle for companies in the **S&P500** just crossed the trillion-dollar mark.

--Buybacks have picked up the slack from all other investor classes, which have been net sellers of stocks of companies in the **S&P500**.

--The credit market is implying that more buybacks lie ahead.

THE STORY:

From Rosenblatt Securities

"Buybacks have been the main driver of higher equity prices during the current credit boom, which began in 2009, as all other major stock market participants combined have been net sellers. They got off to a sluggish start this year, partly because many CEOs advanced dividends at the end of last year to beat tax hikes, and partly because CEOs were spooked about fiscal cliff issues, even though the credit market kept on humming. But announcements have picked up since early February."

"Buyback announcements for the S&P have now topped the trillion-dollar mark for this credit boom. And even though this boom is about to begin its fifth year, this past month has seen the fastest growth for buyback announcements, as if CEOs are making up for lost time."

OUR TAKE:

Buybacks have provided important support for stock prices in the U.S. As Rosenblatt points out. All other investor classes, driven by households and hedge funds, have combined to be net sellers of stocks of companies in the S&P 500. The companies themselves are picking up that slack.

Cheap and plentiful credit has been the main driver of activity, as banks, flush with cash from the numerous easing's by the Fed, search for ways to put their capital to work in an otherwise sluggish economy. That has helped buyback activity among S&P 500 companies to top the trillion-dollar mark this cycle, or since markets bottomed in early 2009. To put the \$1 trillion into context, the S&P 500's market value was \$14 trillion at the end of February. Clearly buybacks are putting a firm bid under the market.

With the credit and credit default swap markets showing little signs of abatement, healthy buyback activity should only continue. Indeed Rosenblatt believes the credit markets are indicating that there are years of growth ahead for buybacks, providing more oomph to lift stock prices. And inflict pain on short sellers.

文件 DJCOMM1120130306e936001za

BARRON'S

MARKET WEEK

Stocks --- The Trader: Dow: Close But No Cigar, Misses High by 0.5%

By Vito J. Racanelli

1,763 字

2013 年 3 月 4 日

Barron's

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But the emergence of some negative market signs -- such as lack of follow-through by other indexes -- in recent days has some participants thinking that a retreat is likely and probably healthy. Another assault on the record is still coming, they predict.

After the big run-up through Feb. 19, "the market is exhausted and irritated at Washington, D.C.," says Seth Sotrakian, a partner at First New York. He remains bullish longer term, but adds "the market is ready for a healthy, short-term pull back."

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Though widely recognized, the Dow is a narrow index of just 30 mega-cap stocks. The S&P 500 index covers a much bigger slice of Corporate America and, should the Dow hit a new high, then the S&P 500 would need to confirm in relatively short order for investors to feel comfortable that the bull market is healthy.

Veteran investors know Mr. Market occasionally overreacts to corporate problems, knocking a stock below what the company's long-term prospects would warrant.

Capital One Financial (ticker: COF), the nation's seventh largest bank based on deposits, might be one of those opportunities. Since mid-January, while the market is up 2.5%, its stock has dropped 16% to \$51.87 last Friday. One of the country's largest credit-card lenders, Capital One, which is expanding into other lending businesses, has been hit by a few growth-related concerns.

Part of that comes from Capital One's announced sale of roughly \$7 billion in Best Buy (BBY) credit-card loans to Citigroup (C) at about book value. This portfolio, part of a larger set of other private-label and co-branded credit cards assets, including General Motors (GM), were bought last year from HSBC Holdings (HBC). The sale makes Wall Street think there isn't as much credit-card growth as previously thought.

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Unsurprisingly, all this translates into anxiety about Capital One's growth prospects and weakness in the credit-card business, about 40% of total revenue. Another 40% is consumer loans, like auto loans, and 20% is commercial lending. With loan losses growing and expansion slowing, investors have lost their appetite for the shares.

Despite the disappointment, the current stock price discounts a worse scenario than is likely, says Keith Goddard, president of Capital Advisors, which recently began buying the stock. The share price is low enough that Capital One doesn't need a significantly higher growth rate to give a double-digit return from here over the next year or two, he adds. Thanks to higher regulations and capital requirements, Capital One, like all big banks, will grow roughly with the gross domestic product. But it doesn't have investment banking and trading risks.

This is not a troubled bank, and the catalysts for a reversal for the shares could begin soon, after the Federal Reserve reveals this month results of the annual stress test of the nation's largest banks. Goddard is expecting Capital One will get the nod to increase the dividend sharply. Management has prioritized the dividend, and Capital One can easily provide a 3% dividend yield, he says. The current yield is 0.4%.

The stock trades at a price-to-earnings ratio of about eight times consensus earnings estimates of \$6.50 this year, not much above the historical P/E low of 6.4. Additionally, it trades at 1.26 times tangible book value of \$41.26 per share, below an average of 1.38 over the past half-decade.

This bank can provide a 10% return on equity and that should garner a 10 P/E over the longer term, Goddard argues. He says the bank can post EPS of \$6.20 to \$6.50 this year or next, compared to \$6.16 last year. That plus stock buybacks and a higher dividend, if the Fed allows, suggests the shares could hit \$65 over the next 12 to 18 months, he says.

The caveat is the Fed's decision, but part of the reason fourth-quarter results were lower than expected was Capital One's "overcapitalization," says Goddard.

In the fourth quarter, many firms declared one-time large dividends, racing to return cash to shareholders before the higher dividend tax regime took effect in 2013.

Despite increased taxes this year, a number of high profile companies from a wide variety of industries have hiked their regular dividends an impressive amount, double-digit percentages in some cases. It could be an indication that dividends will become a bigger focus than in recent years.

For example, Coca Cola (KO) raised the dividend 10%; Wal-Mart Stores (WMT) 18%; Texas Instruments (TXN) 33%; Omnicom Group (OMC), 33%; Time Warner (TWX), 10.5%; Occidental Petroleum (OXY), 19%; Home Depot (HD), 34%; and Anheuser-Busch InBev (BUD), 42%. Shares of all but Wal-Mart have outperformed the market this year.

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The seasonally adjusted dividend per share for the S&P 500 index was \$34.16 in the fourth quarter, "well above the last market peak in 2007" of \$28.81, notes Ed Hyman, chairman of International Strategy & Investment. After the big fourth-quarter tax-related spurt, "they are still going up, and this indicates an increase in business confidence," he adds. Given payout ratios are still low, corporate balance sheets flush, profits are surging, and the stock market rallying, "a sea change" in dividends could be under way, he says.

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Vital Signs

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DJUtilities	481.39	+3.48	+0.73
DJ65Stocks	4835.06	+32.13	+0.67
DJUSMarket	381.85	+0.51	+0.13
NYSEComp.	8874.19	-20.44	-0.23
NYSEMKTComp.	2379.08	-15.23	-0.64

S&P500	1518.20	+2.60	+0.17
S&PMidCap	1098.15	-5.55	-0.50
S&PSmallCap	512.40	-0.13	-0.03
Nasdaq	3169.74	+7.93	+0.25
ValueLine(arith.)	3404.55	-11.44	-0.33
Russell2000	914.73	-1.43	-0.16
DJUSTSM	15982.16	+27.70	+0.17

Last Week Week Earlier

NYSE			
Advances	1,667	1,386	
Declines	1,492	1,767	
Unchanged	64	63	
NewHighs	447	576	
NewLows	110	82	
AvDailyVol(mil)	3,734.8	3,857.2	
Dollar			
(Finexspotindex)	82.27	81.48	
T-Bond			
(CBTnearbyfutures)	132-295	131-290	
Crude Oil			
(NYMlightsweetcrude)	90.68	93.13	
Inflation KR-CRB			
(FuturesPriceIndex)	290.36	293.52	
Gold			
(CMXnearbyfutures)	1571.90	1572.40	

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Dow Jones Newswires

Barron's: The Trader: Dow: Close But No Cigar, Misses High By 0.5%

1,760 字

2013 年 3 月 2 日 07:32

Dow Jones Chinese Financial Wire

DJCFWE

英文

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(From BARRON'S 3/4/13)

By Vito J. Racanelli

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NewLows	110	82	
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Dollar (Finexspotindex)	82.27	81.48	
T-Bond (CBTnearbyfutures)	132-295	131-290	

Crude Oil

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March 02, 2013 00:10 ET (05:10 GMT)

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MarketWatch

Financial Stocks

News & Commentary

Financial stocks shrug off sequester cuts

Sital S. Patel

spatel@marketwatch.com; Sital Patel covers Wall Street and the financial services industry from New York. You can follow her on Twitter at @Sital.

617 字

2013 年 3 月 1 日 22:29

MarketWatch

MRKWC

英文

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NEW YORK (MarketWatch) – Financial stocks held their ground Friday as investors, with plenty of time to adjust their portfolios, looked past looming federal spending cuts and a raft of economic data from Europe showing weakness in some of the euro zone's largest economies.

Read: Sequester cuts near as Senate bills fail

The Financial Select Sector SPDR Fund , which tracks financial stocks in the **S&P500**, ended 0.5% higher Friday, trimming its loss for the week to 0.6%. Since the start of the year, it is up 7.6%.

European banks were down on the first day of the new trading month. Deutsche Bank AG shares were down more than 4% at \$43.82, bouncing back from earlier losses.

The German bank was downgraded to a sell rating from neutral by Goldman Sachs on Friday. The target price was dropped to 37.30 euros from 47.00 euros, largely as a result of the Federal Reserve's new capitalization rules likely being adopted by foreign banks, said the Goldman Sachs report.

Royal Bank of Scotland Group PLC shares fell more than 3%, rebounding from earlier losses. Barclays PLC and Credit Suisse Group AG were down more than 1.5% in trading. The Euro-zone unemployment rate moved up to 11.9% in January from 11.8%.

American International Group, Inc. said Friday it bought back the last of the warrants it issued to the U.S. Treasury, the final stake in the company still held by the government. The insurance giant paid \$25 million for the warrants, issued in 2008 and 2009.

AIG was bailed out by the government during the financial crisis as the firm headed toward bankruptcy. The firm returned the \$182 billion borrowed from the government during the financial crisis and a profit \$27.7 billion, said Chief Executive Robert Benmosche.

AIG was downgraded to equal-weight from overweight by Evercore Partners, saying the firm would require good execution on expenses and underwriting to meet its targets for 2013. The boutique consulting firm continues to have a positive bias on AIG and raised the target price of the stock from \$40 to \$42. AIG shares were down 0.5%, paring earlier losses.

Citigroup Inc. is hosting a financial services conference on Tuesday in Boston. Chief Executive Mike Corbat is scheduled to speak at the conference on the firm's progress and strategy. Corbat took over in October from ousted CEO Vikram Pandit. Citigroup shares were up nearly 0.5%.

Goldman Sachs was up 0.5%, but up 18% for the first two months of the year. Morgan Stanley shares were down 0.5%, but were up 17% year-to-date.

J.P. Morgan Chase & Co. is the winner so far in landing the most mergers and acquisition deals in 2013. The bank is the lead underwriter for many of the major deals including H.J. Heinz Co. and Buffett, Dell Inc. sale to Michael Dell and Silver Lake Partners and NBC and Comcast Corp . J.P. Morgan topped the list as the firm with \$3.97 billion in fees earned in 2012, a 24.8% increase from the year before, according to a Bloomberg ranking, measuring fees earned. J.P. Morgan shares ended the day flat.

Financial stocks finish a rough week with slim gains, looking past major federal spending cuts set to kick in Friday and weak economic data from two of the euro zone's largest economies.|103

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 [Berkshire Annual Report: Warren Buffett's Greatest Hits](#)

WSJ Blogs, 2013 年 3 月 1 日 15:17, 802 字, By Erik Holm, (英文)

In just a few short hours Warren Buffett releases his yearly manual of all things Berkshire.Buffett's letter to Berkshire shareholders is widely read even beyond the devoted circle of Buffett acolytes who own his company's shares. Some of ...

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WSJ BLOG: Berkshire Annual Report: Warren Buffett's Greatest Hits

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2013 年 3 月 1 日 15:17

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(This story has been posted on The Wall Street Journal Online's Deal Journal blog at <http://blogs.wsj.com/deals.>)

By Erik Holm

In just a few short hours Warren Buffett releases his yearly manual of all things Berkshire.

Buffett's letter to Berkshire letter is widely read even beyond the devoted circle of Buffett acolytes who own his company's shares. Some of the biggest institutional money-managers and the smallest retail investors pour over Buffett's prose, soaking up Buffett's farmers-almanac style advice on investing, his views on the economy, and his take on the world.

His earliest letters, written to the people who had put their money into his hedge-fund-like investing partnership in the 1960s, were "photocopied and passed hand to hand around Wall Street until the copies became blurry and hard to read," according to biographer Alice Schroeder.

With the latest annual letter set to be released after the bell today, Deal Journal decided to take our readers through a greatest hits of Buffett's bon mots.

Feb. 21, 2003

"Derivatives are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal."

In Berkshire's 2002 annual letter, published in February 2003, Buffett issued a now-famous warning about the liabilities that could arise from the "burgeoning quantities of long-term derivatives contracts." His warning would prove prescient when the financial crisis struck, but by that time, Berkshire itself had taken on some massive derivative obligations. Buffett has gone to great lengths to explain why Berkshire's derivative book is different, but it's rare to hear an investor talking about Buffett's WMD comment without also discussing Berkshire's own derivative bets.

Feb 27, 2004

Buffett, one of the richest people in the world, has long suggested that the wealthiest Americans need to pay more taxes. But in 2004, his comment was about the corporate tax rate. The prior year, corporate income taxes accounted for 7.4% of all federal tax receipts, down from a post-war peak of 32% in 1952.

Feb. 28, 2005

Buffett warned in 2005 against trying to time the market too much, saying that many investors have "had experiences ranging from mediocre to disastrous" because they traded too often, followed fads and entered and exited the market at the wrong times.

Feb. 28, 2006

Buffett, whose \$100,000 salary at Berkshire has been unchanged for more than 25 years, has long criticized executive pay and expressed his distaste for golden parachutes. He later claimed to be a "Typhoid Mary" for having served on 19 corporate boards while only earning a spot on a single compensation committee.

Feb. 28. 2007

Buffett's 2007 comment was in reference to the 2-and-20 fee structure employed by many hedge funds. Buffett called the fees a "grotesque arrangement."

Feb. 29 2008

One of the most frequently cited of Buffett's quotes was referring to the bursting of the housing bubble. "Our country is experiencing widespread pain" because of the erroneous belief that home prices would always rise, he wrote. That pain, of course, would only get worse in the year ahead.

Feb. 27, 2009

With the **S&P500** down by more than half from its 2007 peak, even casual investors were paying close attention to Buffett in early 2009. His message: buy. "We enjoy such price declines if we have funds available to increase our positions," he wrote.

Feb. 28, 2010

Buffett had a wider audience than ever in 2010 after new investors flocked to the company as a result of a \$26.5 billion takeover of railroad Burlington Northern Santa Fe and the addition of Berkshire to the **S&P500**. The annual letter included a "freshman orientation session" about Berkshire for the newcomers.

Feb. 26, 2011

A year after the railroad deal, Buffett announced he was on the lookout for major acquisitions as part of his unending effort to profitably employ the bucketfuls of cash his company collects every month. While the 2011 pronouncement attracted attention, Buffett hasn't come close to bagging another company as big as Burlington. He did buy engine lubricant-maker Lubrizol Corp. for \$9 billion in 2011 and earlier this month agreed to supply about \$12 billion to join with a Brazilian investment firm to buy ketchup maker H.J. Heinz Co.

Feb. 25, 2012

The Berkshire board is "enthusiastic about my successor as CEO, an individual to whom they have had a great deal of exposure and whose managerial and human qualities they admire."

Berkshire shareholders have long obsessed about who would replace Buffett, and last year he indicated the company's board had identified a single individual to succeed him as chief executive. The would-be successor wasn't named, and Buffett later said that even his replacement was unaware that they were considered the top candidate.

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<http://wsj.com>.

[03-01-13 1017ET]

文件 DJ00000020130301e93100094

Dow Jones Newswires

MARKET TALK: Signs Of **S&P500** Pullback, But Needs Big Catalyst - BofA-ML

285 字

2013 年 2 月 28 日 07:07

Dow Jones Global Equities News

DJI

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0707 GMT [Dow Jones] The outperformance by defensive equity sectors, year-to-date losses in credit markets, and the capitulation in gold, indicates the bullish tape is beginning to show cracks, Bank of America Merrill Lynch writes in a note. However, the house believes the risk of a correction that brings the S&P 500 back to the 1300-1400 range (1515.99 at Wednesday's close) over the next eight weeks "requires either a big policy mistake or a clear weakening of the global economy that is sufficient to impact both credit and equity prices." While U.S. fiscal tightening and renewed European political uncertainty are obvious catalysts, "these events would need to cause either a damaging surge in bond yields (e.g. Italian yields to well above 5%) or U.S. and German GDP downgrades," for such a correction to ensue.

Central bankers rather than politicians are currently the dominant driver of asset prices, it says, noting the aggressive and successful policy of asset price reflation, have clearly raised the bar for both a policy mistake and economic weakness to damage risk assets. It suggests that those pinning their hopes on an imminent correction should pay close attention to the bank stocks and the U.S. housing theme: "In our view, a failure to regain recent highs in both the U.S. investment broker index (XBD) and housing index (HGX) would be ominous, as would a breakdown of the French bank index (EPSFIN) toward Italian levels."

(john.phillips@dowjones.com)

Contact us in Singapore. 65 64154 140; MarketTalk@dowjones.com

[28-02-13 0707GMT]

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DOWJONES | Newswires

Exchange Traded Funds Top 10 Volume Leaders

158 字

2013 年 2 月 27 日 22:33

Dow Jones News Service

DJ

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STOCK (Symbol)		NET LAST	% CHG	VOL CHG	100s
SPDR S&P 500	SPY	151.91	1.89	1.26	124,361,190
Select Sector SPDR-Finl	XLF	17.62	0.27	1.56	61,799,448
iShrs MSCI Emerg Mkts	EEM	43.41	0.47	1.09	44,197,696
iShrs Russell 2000	IWM	90.31	0.94	1.05	39,297,397
PwrShrs QQQ Tr Series 1	QQQ	67.24	0.68	1.02	33,222,130
ProSharesUltVIXST	UVXY	10.31	-1.68	-14.01	31,770,111
Direxion Daily Sm Bear 3x	TZA	10.70	-0.34	-3.08	22,560,123
iShrs MSCI Japan	EWJ	10.17	-0.01	-0.10	20,283,117
Vanguard FTSE Emerg Mkt	VWO	43.72	0.39	0.90	19,809,747
ProShrs UltraShort					
S&P500	SDS	47.26	-1.23	-2.53	18,504,373

[02-27-13 1733ET]

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Stocks Slip 0.3% as Fed Comments Stoke Fears

By Vito J. Racanelli

1,708 字

2013 年 2 月 25 日

Barron's

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Hedge-fund managers, for example, continue to underperform, up only 3% this year, according to Goldman Sachs, even as they have been increasing their equity exposure to levels last seen in the first quarter of 2007.

The bears have to answer this question: If Wednesday's drop is an omen of something worse than a typical stock-market correction after a huge and rapid run-up, why is gold down 5% this year, and looking to go lower? If people were really panicked, gold would be rising.

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Past history isn't a guide to the future, but knowing where you've been can still be helpful in guessing where you're going. Given last week's stock decline, and the broad market's inability so far in February to overtake the highs following a euphoric January, this is a good time to compare the stock market's vital technical signs to the zenith five-and-one-quarter years ago (see table below).

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In particular, a strong bullish-trend indication is that 87% of stocks in the S&P 500 index are above their 200-day moving average, compared with just 58% on Oct. 11, 2007, when the index hit an intraday all-time high of 1576.

Additionally, other stock groups -- like the small-cap, financial and transportation sectors -- have seen their respective indexes make new record highs recently, another supportive indicator. "There aren't the divergences [between sector groups] there were in 2007, which would be concerning," Verrone says.

Finally, the credit market isn't weakening, which happened just before the old highs were reached. Throughout 2007 the spreads were widening between the yield of a typical triple-B-rated corporate bond and the 10-year Treasury bond, indicating the bond market wasn't a believer in the stock- market high, he says. Now those same spreads have been falling, "so the credit market isn't flashing signs of stress," he says.

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On various valuation metrics, Titan's shares don't look especially stretched after the recent run-up. Both the forward and trailing price-to-earnings ratios are less than the company's historic median level. Titan trades at less than 10 times consensus earnings estimates of \$2.69 a share this year.

At 6.2 times, the firm's ratio of enterprise value (market capitalization plus net debt) to earnings before interest, taxes, depreciation, and amortization (Ebitda) is significantly lower than the long-term median of 12.4 times, according to Thomson Reuters.

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Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14000.57	+18.81	+0.13
DJTransportation	5943.89	-2.56	-0.04
DJUtilities	477.91	+5.53	+1.17
DJ65Stocks	4802.93	+12.62	+0.26
DJUSMarket	381.34	-1.56	-0.41
NYSEComp.	8894.63	-38.59	-0.43
NYSEMKTComp.	2394.30	+6.07	+0.25
S&P500	1515.60	-4.19	-0.28
S&PMidCap	1103.70	-12.05	-1.08
S&PSmallCap	512.53	-3.90	-0.76
Nasdaq	3161.82	-30.21	-0.95
ValueLine(arith.)	3415.99	-29.93	-0.87
Russell2000	916.16	-6.99	-0.76
DJUSTSM	15954.46	-69.99	-0.44

Last Week Week Earlier

NYSE		
Advances	1,386	1,735
Declines	1,767	1,437
Unchanged	63	52
NewHighs	576	688
NewLows	82	47
AvDailyVol(mil)	3,857.2	3,351.9
Dollar		
(Finexspotindex)	81.46	80.58
T-Bond		
(CBTnearbyfutures)	131-290	131-170
Crude Oil		
(NYMlightsweetcrude)	93.13	95.86
Inflation KR-CRB		
(FuturesPriceIndex)	293.52	298.45
Gold		
(CMXnearbyfutures)	1572.40	1608.80

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Dow Jones Newswires

Barron's: The Trader: Stocks Slip 0.3% As Fed Comments Stoke Fears

1,711 字

2013 年 2 月 25 日 01:04

Dow Jones Chinese Financial Wire

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(From BARRON'S 2/25/13)

By Vito J. Racanelli

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	Last Week	Week Earlier	
NYSE			
Advances	1,386	1,735	
Declines	1,767	1,437	
Unchanged	63	52	
NewHighs	576	688	
NewLows	82	47	
AvDailyVol(mil)	3,857.2	3,351.9	
Dollar (Finexspotindex)	81.46	80.58	
T-Bond (CBTnearbyfutures)	131-290	131-170	
Crude Oil (NYMlightsweetcrude)	93.13	95.86	

Inflation KR-CRB

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February 23, 2013 00:08 ET (05:08 GMT)

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BARRON'S

Home

If Long-Term Rates Continue to Rise, Will Stocks Be Hurt?

By David Kelly

1,363 字

2013 年 2 月 25 日

Barron's Online

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In the week ahead, investors will be focused on early numbers on the pace of economic activity in February and whether Congress and the President will avoid inflicting the "Sequester" on the long-suffering public whom they serve.

However, longer-term, a more important issue is what will happen to financial markets as interest rates rise.

With regard to this week, the FHFA Home Price Index, Case-Shiller Housing Price Index, and New Home Sales on Tuesday, and the Pending Home Sales Index on Wednesday should all confirm a strong and steady improvement in the housing market. Similarly, final University of Michigan Consumer Sentiment and Conference Board Confidence could point to an improvement in sentiment among consumers for February after January's "payroll-tax-induced" fall in both indices.

Durable goods orders may reverse the gains made in December on Wednesday on a sharp decline in Boeing orders. Light vehicle sales due out on Friday should keep pace with January's numbers, while still pointing to a steady improvement in the cyclical sectors.

For the manufacturing sector, mixed signals from the Empire State and Philly Fed Manufacturing survey's, the Chicago PMI on Thursday and the Markit and ISM PMI's on Friday should all indicate further expansion, albeit at a slower pace than in January. Additionally, after a few volatile weeks due to weather and seasonality issues, jobless claims seem to be back at their prior trend, signaling a moderately healing labor market.

This week will also see the release of the U.S. Commerce Department's second estimate of Real Q4 GDP on Thursday and Personal Income and Outlays for January on Friday. After a disappointing advanced estimate, real GDP growth should be revised to a small positive number, in light of stronger than anticipated trade and final sales data. Personal Income will most likely fall sharply in "pay back" for December's accelerated bonuses and special dividend payments. Likewise, consumer spending should be dampened in January, as households adjust their budgets to higher tax rates.

The sequester does seem likely to take effect on March 1st. However, while it stands as testament to the dysfunctional nature of our political system, it still looks likely that its worst impacts could be mitigated in the months ahead, allowing the U.S. economy to stay on a growth path.

Longer term, a key question for investors is how the stock market might react to higher interest rates.

In addressing this, it first must be recognized that the pace of increases in both short-term and long-term interest rates remains highly debatable. With regard to short-term interest rates, the Federal Reserve reaffirmed at its January meeting that it intends to keep the federal funds rate in its current zero to 25 basis point range until the unemployment rate falls to 6.5%, provided inflation and inflation expectations remain contained. Given the current subdued pace of economic growth this may well not happen until late 2014 or 2015.

With regard to long-term interest rates, the story is more complicated as the Fed does not have absolute control over long-term rates. So far, 10-year Treasury yields have backed up from less than 1.5% at their low last summer to about 2.0% today. In the long run, 10-year yields average about 2.5% above inflation and with inflation currently running at 2.0%, a "fair value" for the 10-year Treasury could be at about 4.5%.

Rates could move very slowly to this level if economic growth remains sluggish and the Federal Reserve continues to expand its balance sheet. However, Fed officials appear to have growing reservations about the asset purchase program, as was clearly reflected in the minutes of the January FOMC meeting.

To be blunt, the pace at which long-term interest rates could rise remains highly uncertain. However, assuming that they do rise, what does this mean for the stock market?

In traditional economic theory, the answer is clear and it is negative for two reasons. First, the intrinsic value of any asset is the discounted value of the cash flows that that asset can be expected to produce either in the form of income or of capital gains. If long-term interest rates rise, then so does the discount rate applied to those cash flows. Because of this, higher long-term interest rates should reduce the value of stocks. Second, rising interest rates could hurt economic growth and thereby profits. This would obviously be a negative for stocks.

However, in today's environment, the answer is much more murky.

For one thing, because long-term interest rates are currently so low, stocks appear to be severely underpriced relative to long-term bonds. If stock prices and interest rates are very far from what might be called fair value relative to each other, then improvements in confidence or investor cash flows that moved stocks and bonds back a more normal relationship might completely dominate any changes in that normal relationship implied by a change in interest rates.

Second, it is really by no means clear that an increase in interest rates would slow the economy. It would very likely boost consumer interest income more than consumer interest expense, increase the willingness of banks to lend due to a steeper yield curve, improve general economic confidence and give buyers and sellers alike a reason to consummate deals before rates rose further.

Given both of these realities, it is hard to forecast the impact of an increase in interest rates on stock prices. When faced with conflicting theories, a good economist, of course, consults the data.

Unfortunately, the data are not much clearer than the theories. An econometric equation using monthly data from 1957 to 2013 does confirm that an increase in 10-year bond yields is, on average, associated with lower stock prices. However, the regression explains less than 2% of the variation in monthly stock market changes over the last 56 years and it implies that if the 10-year Treasury yield were to rise from 2% to 3%, the **S&P500** would fall by just 1.5% in response.

The truth is that the last six decades have seen major changes in how investors perceive stocks, going from loving to logic to loathing and these changes appear to have completely swamped the expected theoretical relationship between stocks and interest rates.

In the 1950s and 60s, investors gradually fell in love with stocks as they got over their depression era fears, allowing stock P/E ratios to increase even as interest rates rose.

From the early 1970s to the mid-1990s, investors had a more logical approach with P/Es falling as interest rates rose and then rising as interest rates fell.

Eventually, investors, in the words of Alan Greenspan, were discounting "... not only the here and now but the hereafter" and stocks overshot by the year 2000. From that point on, through two massive stock market crashes, two recessions, two wars and the shocks of 9/11 and Lehman Brothers, investor gradually came to loath stocks, allowing P/E ratios to fall even as interest rates fell. The truth is, that for about half of the last 60 years, stock prices and interest rates have trended in the opposite direction from that suggested by theory.

And that is why it is so hard to estimate what will happen to stock prices as interest rates rise. It is truly a close call. For investors today, the truth is that the relationship between rising interest rates and stock prices is a matter of speculation. The relationship between rising interest rates and bond prices is, by contrast, just a matter of mathematics – when rates rise, bond prices will fall. Given this, for investors today, it still makes sense to be somewhat overweight equities and underweight fixed income relative to their normal portfolios.

Kelly is chief global strategist for JPMorgan Funds. A version of this article is also printed on a JPMorgan Website.

Comments? E-mail us at editors@barrons.com

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DOW JONES NEWSWIRES

Barron's: The Trader: Stocks Slip 0.3% As Fed Comments Stoke Fears

1,742 字

2013 年 2 月 23 日 05:08

Dow Jones Institutional News

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(From BARRON'S 2/25/13)

By Vito J. Racanelli

Stocks finished mostly lower last week, breaking a string of seven consecutive weekly gains since the end of 2012. Big-cap stocks proved the exception, ending the holiday-shortened week with a diminutive gain. But a bounce of nearly 1% Friday wasn't enough to undo the damage from a midweek drop in equity prices of nearly 2%.

The market reached a five-year high Tuesday, and was on track to keep climbing before the minutes of the latest meeting of the Federal Reserve Open Market Committee were released, revealing that the Fed's monetary easing might end sooner than expected.

The Dow picked up 0.1%, or 19 points, to 14,000.57 on the week, and now stands just 1.2% below its all-time record close of 14,164.53, set in 2007. The Standard & Poor's 500 index declined 0.3%, or four points, to 1515.60. The Nasdaq Composite lost 1%, or 30, to 3161.82.

Wednesday's drop was an excuse to take profits after this year's furious rally, says John Wilson, a Raymond James managing director. With the market up so much and many investors looking for a reason to sell, the FOMC provided it, he says. It was "just enough to scare people," but the market's underlying technical factors remain bullish, Wilson adds. More on that below.

Not everyone is worried about the possibility that the Fed will stop buying bonds and depressing interest rates. "In the long run, it's a good thing to get the Fed out of the market," says Paul Nolte, a portfolio manager with Dearborn Partners. "I'm not concerned [about the removal of stimulus]. It's probably a good thing . . . and means the patient can stand up on its own."

What rising interest rates will mean for stocks could become apparent later this year. Historically, a tightening of monetary policy hasn't been good for the equity market, but given that bond yields are unsustainably low, a rate rise likely will be more painful for bondholders than shareholders.

Wednesday's stock-market stumble was the first big scare of 2013, but many fund managers and individual investors remain underweight equities and are hoping for a sizable correction to justify jumping in now, as they missed the 6% rise this year.

Hedge-fund managers, for example, continue to underperform, up only 3% this year, according to Goldman Sachs, even as they have been increasing their equity exposure to levels last seen in the first quarter of 2007.

The bears have to answer this question: If Wednesday's drop is an omen of something worse than a typical stock-market correction after a huge and rapid run-up, why is gold down 5% this year, and looking to go lower? If people were really panicked, gold would be rising.

The closer you get to the top of the mountain, the stronger the urge to look down. Despite last week's big downdraft, both the Dow and the S&P 500 indexes remain just below their all-time highs, set back in 2007. After January's market jump of 6%, many expected those old highs would be taken out relatively soon. Yet there's a great deal of investor anxiety, especially lately, about how overstretched the stock market is -- or isn't.

Past history isn't a guide to the future, but knowing where you've been can still be helpful in guessing where you're going. Given last week's stock decline, and the broad market's inability so far in February to overtake the highs following a euphoric January, this is a good time to compare the stock market's vital technical signs to the zenith five-and-one-quarter years ago (see table below).

Chris Verrone, head of technical analysis for Strategas Research Partners, an independent research outfit in New York, has put together a table of compared values -- let's call it the market's health chart. From a technical point of view, equities seem to be on firmer footing today than in the lead-up to the October 2007 top. "What stands out," he says, "is how much healthier the underlying market factors are now versus 2007."

In particular, a strong bullish-trend indication is that 87% of stocks in the S&P 500 index are above their 200-day moving average, compared with just 58% on Oct. 11, 2007, when the index hit an intraday all-time high of 1576.

Additionally, other stock groups -- like the small-cap, financial and transportation sectors -- have seen their respective indexes make new record highs recently, another supportive indicator. "There aren't the divergences [between sector groups] there were in 2007, which would be concerning," Verrone says.

Finally, the credit market isn't weakening, which happened just before the old highs were reached. Throughout 2007 the spreads were widening between the yield of a typical triple-B-rated corporate bond and the 10-year Treasury bond, indicating the bond market wasn't a believer in the stock- market high, he says. Now those same spreads have been falling, "so the credit market isn't flashing signs of stress," he says.

Investors can't rule out a painful correction, given Washington's dithering about sequestration, or mandatory -- and painful -- budget cuts. But it is comforting to know that the health chart suggests the rally remains robust.

Titan International's fourth-quarter conference call, scheduled for Tuesday, promises to be interesting. But it probably won't be the numbers that investors will tune in for. Instead, they'll want to hear the fiery Maurice Taylor, chairman and CEO.

Taylor, nicknamed "the Grizz" for his hard-driving negotiating style, created a well-publicized contretemps with the French government and the country's organized labor forces last week, and may have coined a catch phrase for Corporate America.

After talks with the French government and unions about buying a failing Goodyear Tire & Rubber plant in France, Taylor wrote in a letter, among other incendiary statements, "How stupid do you think we are?" It was a public smackdown of French labor culture as overpaid and underworked.

That's not exactly a new criticism, but the hyperbole hit home because the country's notoriously inflexible labor rules haven't helped a national economy that isn't growing. Last week, the Markit preliminary French composite purchasing managers' index weakened to 42.3 in February from 42.7 in January.

The media kerfuffle was entertaining, but investors who sidestep the war of words Tuesday and concentrate on Titan's (ticker: TWI) fundamentals might see a stock that remains relatively inexpensive and will continue do well if global growth improves.

Friday, shares of Titan, which makes giant tires for oversized dump trucks, farm vehicles and the like, closed at \$25.81. While it's been on a tear, along with the market, from a low of \$18 last fall, the stock remains down from a 52-week high of \$30.

As Barron's noted in a bullish piece last summer, Titan will benefit from rising agricultural-commodities prices, falling rubber costs, new products and acquisitions. ("Nice Wheels, Lovely Ride," July 9, 2012). The picture hasn't changed since then.

Things have been looking up for America's farmers for a while now, and as with agro-machinery maker John Deere (DE), one of Titan's biggest customers, Titan does well if farmers do. Some two-thirds of revenue and 80% of profits come from agricultural wheels and tires.

On various valuation metrics, Titan's shares don't look especially stretched after the recent run-up. Both the forward and trailing price-to-earnings ratios are less than the company's historic median level. Titan trades at less than 10 times consensus earnings estimates of \$2.69 a share this year.

At 6.2 times, the firm's ratio of enterprise value (market capitalization plus net debt) to earnings before interest, taxes, depreciation, and amortization (Ebitda) is significantly lower than the long-term median of 12.4 times, according to Thomson Reuters.

Analyst earnings estimates for 2013 have been coming down, from \$2.94 last summer to \$2.69 now. Yet the company recently said it expects to increase market share in the Americas this year in the farming sector, and that Europe is the one big negative worldwide. Titan has a goal of \$4 billion to \$4.5 billion in sales before 2015, more than double expected sales of \$1.8 billion to \$1.9 billion last year.

Robert Becker, director of research at Keely Asset Management, likes Titan management's operational moves, such as expanding in Brazil. It is improving plant efficiencies to cut expenses, and has impressively low selling, general, and administrative (SG&A) costs, he adds. Keely owns a stake in Titan, and he notes that "farmers are loaded with cash."

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14000.57	+18.81	+0.13
DJTransportation	5943.89	-2.56	-0.04
DJUtilities	477.91	+5.53	+1.17
DJ65Stocks	4802.93	+12.62	+0.26
DJUSMarket	381.34	-1.56	-0.41
NYSEComp.	8894.63	-38.59	-0.43
NYSEMKTComp.	2394.30	+6.07	+0.25
S&P500	1515.60	-4.19	-0.28
S&PMidCap	1103.70	-12.05	-1.08
S&PSmallCap	512.53	-3.90	-0.76
Nasdaq	3161.82	-30.21	-0.95
ValueLine(arith.)	3415.99	-29.93	-0.87
Russell2000	916.16	-6.99	-0.76
DJUSTSM	15954.46	-69.99	-0.44

Last Week Week Earlier

NYSE		
Advances	1,386	1,735
Declines	1,767	1,437
Unchanged	63	52
NewHighs	576	688
NewLows	82	47
AvDailyVol(mil)	3,857.2	3,351.9
Dollar		
(Finexspotindex)	81.46	80.58
T-Bond		
(CBTnearbyfutures)	131-290	131-170
Crude Oil		
(NYMlightsweetcrude)	93.13	95.86
Inflation KR-CRB		

23 Feb 2013 00:08 EDT Barron's: The Trader: Stocks Slip 0.3% As Fed -2-

(FuturesPriceIndex)	293.52	298.45
Gold		
(CMXnearbyfutures)	1572.40	1608.80

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BARRON'S

Home

Prudential's Stock Strategist Urges Near-Term Caution

By John Praveen

1,374 字

2013 年 2 月 22 日

Barron's Online

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Editor's Note: Praveen is chief investment strategist with Prudential International Investments Advisers. This is a shorter version of an article Praveen prepared for clients.

Election uncertainties in Italy and risk of a destabilizing collapse of the Rajoy government in Spain could lead to fresh Eurozone aftershocks, while Washington faces the spectacle of another dysfunctional confrontation over the "sequester" spending cuts.

These risks/uncertainties are likely to increase market volatility in the near-term and prompt profit-taking. Hence tactical caution is warranted.

However, we remain strategically positive as stocks are supported by: 1) Interest rate and liquidity tailwinds with Japan launching aggressive fiscal and monetary reflation, continued low rates and plentiful liquidity in the U.S., U.K. and Eurozone, and further rate cuts likely by several Emerging central banks; 2) Improving GDP growth after ending 2012 on a weak note; 3) Solid Q4 earnings and earnings expected to rebound in 2013; 4) Still reasonable valuations with market multiples remaining well below long-term averages, and 5) Easing risk aversion with continued Eurozone stabilization.

Global bond yields are likely to rise further with improving GDP growth. Bond yields are likely to be under upward pressure from: 1) Improving GDP growth in U.S., Japan, U.K. and emerging economies; 2) Expensive valuations with low bond yields and relative to stocks. However, the rise in bond yields is likely to be limited by: 1) Central banks continuing their asset purchase programs, and likely to be expanded further in Japan; 2) Near-term uncertainties in Eurozone (Italian elections and Spanish corruption scandal) and U.S. (Washington "Sequester" fight); 3) Weak growth in Europe with Periphery in recession; and 4) Headline and core inflation remaining contained.

Stocks began 2013 on a strong note with a relief rally on U.S. fiscal cliff deal and debt extension, solid U.S. Q4 earning reports and the Abe fiscal and monetary reflation in Japan. In early February, stocks struggled on fresh Eurozone concerns with Italian election uncertainty and a corruption scandal threatening to bring-down the Rajoy government in Spain. However, Japanese stocks continued to surge as Bank of Japan (BoJ) Governor Shirakawa announced his early resignation, paving the way for more aggressive stimulus under Abe appointed new BoJ leadership.

By February 19, the U.S. market (**S&P500** index) was up 7.4%, while the Developed Market index rose 6% for one of the best starts to a year. The Emerging Markets underperformed, gaining just 0.8%.

In January, the Developed Market (MSCI World) index rose 5% (US\$), posting a strong start to the year. U.S. S&P 500 rose 5%, Japanese stocks surged strong 9.4% LC (8.9% US\$) while Eurozone stocks rose 2.7% LC (5.7 US\$) in January. Emerging Market stocks underperformed in January with relatively modest gain of 1.3% (US\$) during the month as EMEA (+1.1%), Emerging Asia (1.4%) and Latin America (1.4%) all underperformed.

Looking ahead, global equity markets remain supported by: 1) Interest rate and liquidity tailwinds with Japan launching aggressive fiscal and monetary reflation, continued low rates and plentiful liquidity in the U.S., U.K. and Eurozone, and further rate cuts likely by several Emerging central banks; 2) Improving GDP growth after ending 2012 on a weak note; 3) Solid Q4 earnings and earnings expected to rebound in 2013; 4) Still reasonable valuations with market multiples remaining well below long-term averages, and 5) Easing risk aversion with continued Eurozone stabilization.

However, in the near-term, there are several headwinds in Eurozone and U.S. which are likely to cause stock markets to struggle and prompt profit taking after the strong gains in early 2013. While Eurozone continues to stabilize and financial conditions are improving, political uncertainties carry the risk of fresh Eurozone

aftershocks with a stalemate in the Italian election, while in Spain the Rajoy government could be forced to resign over corruption scandal.

Eurozone GDP sunk a greater-than-expected -2.3% in Q4 with broad-based declines in Core and Peripheral countries. While Eurozone GDP is expected to turn positive in Q1, the recession in the Peripheral countries makes it difficult for these countries to meet their debt and deficit reduction targets, leading to potential aftershocks of the debt crisis. In addition, political uncertainties in Italy and Spain are causing concern about potential policy errors or lack of leadership to carry out the reforms. Italy is scheduled to hold elections on February 24-25 and recent strong showing by former PM Berlusconi's center-right coalition carries the risk of a stalemate. In Spain, the ruling conservative party has become embroiled in a scandal with the potential to force PM Mariano Rajoy to resign.

In late December, U.S. congress agreed on a fiscal cliff deal but postponed to March the automatic spending cuts or "Sequester". It is increasingly looking like the Sequester will take effect with less likelihood of a compromise to generate either higher revenue or reduced spending. While the reduction in actual federal spending will be gradual, markets remain concerned about impact on growth and Washington dysfunction.

The Italian election uncertainty, the risk to the Rajoy government in Spain from the corruption scandal, and Washington "Sequester" confrontation are likely to keep markets volatile and struggling in the near-term. However, stocks remain supported by interest rate and liquidity tailwinds, improving GDP growth and earnings recovery, and still reasonable valuations.

Stocks continue to benefit from the highly accommodative interest rate and liquidity tailwinds as global central banks continue to keep interest rates at record lows in early 2013 and keep liquidity plentiful. With the BoJ set to have a new leadership more in tune with the Abe government's reflation agenda, the BoJ is likely to implement even more aggressive monetary stimulus. The Fed, the ECB and BoE are on hold in early 2013. The Fed continues its QE asset purchases, though the January Fed meeting minutes has led to some uncertainty about the how long the Fed will continue QE 3. The ECB did not signal a near-term rate cut but indicated that monetary policy will "remain accommodative" with falling inflation and fragile growth. Some Emerging central banks cut rates in early 2013 and more are likely to undertake fresh rate cuts and other easing measures.

The global economy ended 2012 on a weak note with GDP contraction in Q4 in Eurozone (-2.3%), Japan (-0.4%), U.K. (-1.2%) and the U.S. (-0.1%). However, Q1 GDP growth is on track to rebound in the U.S. (+2%) and Japan (+1%) as U.S. consumption and business investment spending remains solid, while in Japan the Abe reflation and weak yen are likely to give a lift to GDP. In Eurozone, GDP growth is likely to turn positive as Germany and France rebound. Emerging economies growth is on track to rebound following 2012 rate cuts.

P/E Multiples still well below long-term averages: Equity markets remain supported by reasonable valuations with most markets trading at P/E multiples that are still well below long term averages. There is also the scope for multiple expansion with easing risk aversion and developed central banks retaining their accommodative stance while Emerging central banks are likely to cut rates further.

Earnings are expected to post a solid 13% rebound in 2013 after declining -1% in 2012 with GDP growth recovery, margins remaining solid on low labor and interest costs, aggressive reflationary policies in Japan and further easing measures by other developed central banks, and further financial stabilization in Eurozone. The Q4 2012 earnings season has been mixed thus far with U.S. earnings coming better than expected, but earnings results have been disappointing in Eurozone and Japan.

Bottom-line: We remain strategically bullish on stocks and continue to expect interest rate tailwinds, central bank liquidity, fiscal and monetary reflation in Japan, further Eurozone stabilization, improving GDP growth and earnings rebound to lift stock markets higher during 2013 with several global stock markets (including the U.S.) likely to reach new all-time highs.

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Stocks Flat on Week, but Animal Spirits Rise

By Vito J. Racanelli

1,668 字

2013 年 2 月 18 日

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The 2013 stock rally showed signs of stalling last week, with more excitement to be seen among the players than the game. Equity prices finished essentially flat, though the broad market eked out a tiny gain, marking the seventh consecutive weekly rise. Small-caps topped large-caps.

Merger-and-acquisitions activity appears to be increasing as Warren Buffett's Berkshire Hathaway (ticker: BRK.B) and private-equity firm 3G Capital agreed to buy H.J. Heinz (HNZ) for \$23 billion. AMR (AAMRQ) and US Airways Group (LCC) hammered out their long-expected merger.

Last week, the Dow eased 0.1%, or 11 points, to 13,981.76. It is about 183 points from the all-time high. The Standard and Poor's 500 index added two points or 0.1%, to 1519.79, off 3% from its all-time highs. The Nasdaq Composite lost 0.1%, or two points, to 3192.03. Small-cap stocks did well, with the Russell gaining 1% to 923.15.

The market is holding back after its big January run-up and grappling with fair value, says Jack Ablin, chief investment officer at BMO Private Bank. To continue the advance, either fundamentals -- corporate profits and revenue, economic growth -- have to improve or positive signs have to emerge in Washington, D.C., on the fiscal talks, he says. There's no sign of either.

A positive outcome to the sequestration talks is the next hurdle, adds Liz Ann Sonders, chief investment strategist at Charles Schwab. Still, a good sign last week was the rise in "animal spirits," or M&A on Wall Street, she adds. Companies are using their own money and bringing in partners, even if banks aren't participating as much as in the past, she says. "Companies have a ton of cash but it's more likely to be spent on share buybacks and M&A than capital expenditures before the sequestration issue is resolved," she says.

Speaking of animal spirits, entertainment on an otherwise quiet Friday was provided by the intensifying battle over Herbalife (HLF) between investors Carl Icahn and William Ackman, of Pershing Capital.

Icahn, who has nearly a 13% stake, told CNBC Friday that Herbalife was undervalued. Pershing has a large short position in the stock and has accused the nutritional supplement company of being a pyramid scheme. Barron's penned a skeptical piece on Herbalife last year ("Where Beauty Is Skin Deep," May 14, 2012.) The stock is down 15% since then.

The saving grace for equities remains that while stocks are arguably fairly priced, bonds are extremely expensive.

The market's funny sometimes. Whole Foods Markets (WFM) posted results last Wednesday that most companies would envy. Yet the stock closed Friday at \$88.12, down 9% last week.

The results just weren't good enough for an overvalued stock with a halo like Whole Foods, a potential issue noted in these pages Oct. 29, when the stock was over \$94.

The purveyor of high-end organic foods said that in its first quarter ended Jan. 20 comparable-store sales rose 7.2%; sales climbed 14% to \$3.9 billion; net income was up 24% to \$146 million; and earnings per share soared 20% to 78 cents from 65 cents. The company reiterated EPS guidance of \$2.83-\$2.87 in fiscal 2013, up 12%-14% from \$2.52 in fiscal 2012, which ended Sept. 30.

What's the problem?

Well, the company lowered guidance a little bit. Whole Foods expects 10%-11% sales growth this year instead of 10%-12%, and same-store sales growth of 6.6%-8%, not 6.5%-8.5%. The grocer also said it doesn't expect to produce the same level of EPS growth over the rest of the year as it did in the first quarter.

That's due primarily to tougher gross-margin comparisons in the second and third quarters and efforts to improve its competitiveness.

This company has always been lauded for higher sales prices, so pay attention to the company's comment that it would "expand value offerings across the store." That suggests Whole Foods is having to lower prices.

We repeat: Whole Foods is a well-run company, dominating its niche, with a strong history of double-digit sales and earnings growth. The stock is less overvalued than it was last October. The fiscal 2013 price-to-earnings ratio has dropped to 30 from 32. But that's about the best that can be said.

Laurence Balter, who runs Oracle Investment Research and put a Sell rating on the stock last year at \$100, remains bearish. The barriers to entry aren't particularly high, he says, and competition is heating up. Costco Wholesale (COST), for example, is beefing up its organic offerings and "going for the jugular."

That might be why Whole Foods feels the need to lower prices. The company declined to respond.

If margins are getting squeezed in order to fund high single-digit-percentage store growth, down from mid-teens-percentage store growth, "then the right P/E probably starts with a two," says Balter.

Even after dropping 13% from a high of \$101 last October, Whole Foods remains significantly more highly valued than, say, Apple (AAPL). The potential for more downside is food for thought.

Shares of Heckmann (HEK), an energy-service firm with a market value of almost \$1 billion, got a big boost from the September announcement it was merging with Power Fuel, a leading environmental oil-service company in North Dakota.

Heckmann provides water-transport trucking, water-disposal services, and rental tanks to hold water for oil and gas exploration and production companies. The E&Ps use lots of water in the unconventional and shale-gas drilling methods that have created a bonanza of natural gas and oil in North America in recent years.

The stock doubled to about \$5 in September after the news, thanks to Power Fuel's main operating area: the Bakken shale region of North Dakota, probably the hottest North American E&P area. For those who might not know, that state overtook Alaska last year as the second-largest oil producer in the U.S.

Companies tied to Bakken often get a big headline pop. The shares closed Friday at \$3.84, down from the highs but still well above the pre-announcement price.

However, the market might be overestimating what Power Fuel will mean for Heckmann this year. Bakken's popularity has attracted lots of competition and the glut of shale gas found in the U.S. has kept the commodity's price around decade lows.

Wedbush Securities analyst David Rose says it looked like "a great deal on paper." But while doing some extensive checking with Heckman's customers and competitors in the Bakken, he found some disturbing trends.

First, as a consequence of extraordinarily low gas prices, E&P companies have decided to slow down capital spending, even in the Bakken, Rose notes. Additionally, "there's tremendous competition" in tank trucks, where the industry's utilization rates are down to about 50% from 90%, with day rates down 30%-40%. The industry's customers, E&P companies, are doing whatever they can to drive down costs, and that's not good for smaller oil-service companies like Heckmann.

And Bakken's fame has attracted many of Power Fuel's competitors to the area. Result: There is heightened competition in the truck-tank business. E&P companies need to store water on site and can use truck tanks, lined pits, or mobile pools.

The water-transport segment has experienced pricing drops of about 15%-20% and more in some cases, says Rose, who recently downgraded his rating to Underperform from Neutral. He expects these trends to lower the company's 2013 earnings before interest depreciation and amortization by \$25 million to \$178 million, which is about \$45 million below consensus.

Heckmann CFO Jay Parkinson says the company has been upfront with markets about the industry issues in the second half of 2012, "and our outlook for the future is better" than Rose's. Heckmann, he adds, isn't a conventional "downhole" service firm but an environmental-service provider. Such companies get a higher valuation.

Still, Heckmann has a high valuation relative to peers. The stock trades at roughly seven times consensus Ebitda and 8.5 times Rose's figure, compared with four to six times for rivals.

The market's shown itself to be merciless with environmental energy services firms that don't meet analysts' estimates. Why would it be different if Heckmann misses?

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	13981.76	-11.21	-0.08
DJTransportation	5946.45	+35.12	+0.59
DJUtilities	472.38	-2.08	-0.44
DJ65Stocks	4790.31	+3.00	+0.06
DJUSMarket	382.90	+0.61	+0.16
NYSEComp.	8933.22	-2.02	-0.02
NYSEMKTComp.	2388.24	-21.70	-0.90

S&P500	1519.79	+1.86	+0.12
S&PMidCap	1115.75	+6.66	+0.60
S&PSmallCap	516.43	+4.19	+0.82
Nasdaq	3192.03	-1.84	-0.06
ValueLine(arith.)	3445.92	+22.04	+0.64
Russell2000	923.15	+9.48	+1.04
DJUSTSM	16024.45	+30.60	+0.19

Last Week Week Earlier

NYSE			
Advances	1,735	1,671	
Declines	1,437	1,467	
Unchanged	52	74	
NewHighs	688	580	
NewLows	47	37	
AvDailyVol(mil)	3,351.9	3,366.0	
Dollar (Finexspotindex)	80.48	80.25	
T-Bond (CBTnearbyfutures)	131-170	131-235	
Crude Oil (NYMlightsweetcrude)	95.86	95.72	
Inflation KR-CRB (FuturesPriceIndex)	298.45	301.06	
Gold (CMXnearbyfutures)	1608.80	1666.00	

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Dow Jones Newswires

DJ The Trader: Stocks Flat On Week, But Animal Spirits Rise

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Dow Jones Chinese Financial Wire

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(From BARRON'S 2/18/13)

By Vito J. Racanelli

The 2013 stock rally showed signs of stalling last week, with more excitement to be seen among the players than the game. Equity prices finished essentially flat, though the broad market eked out a tiny gain, marking the seventh consecutive weekly rise. Small-caps topped large-caps.

Merger-and-acquisitions activity appears to be increasing as Warren Buffett's Berkshire Hathaway (ticker: BRK.B) and private-equity firm 3G Capital agreed to buy H.J. Heinz (HNZ) for \$23 billion. AMR (AAMRQ) and US Airways Group (LCC) hammered out their long-expected merger.

Last week, the Dow eased 0.1%, or 11 points, to 13,981.76. It is about 183 points from the all-time high. The Standard and Poor's 500 index added two points or 0.1%, to 1519.79, off 3% from its all-time highs. The Nasdaq Composite lost 0.1%, or two points, to 3192.03. Small-cap stocks did well, with the Russell gaining 1% to 923.15.

The market is holding back after its big January run-up and grappling with fair value, says Jack Ablin, chief investment officer at BMO Private Bank. To continue the advance, either fundamentals -- corporate profits and revenue, economic growth -- have to improve or positive signs have to emerge in Washington, D.C., on the fiscal talks, he says. There's no sign of either.

A positive outcome to the sequestration talks is the next hurdle, adds Liz Ann Sonders, chief investment strategist at Charles Schwab. Still, a good sign last week was the rise in "animal spirits," or M&A on Wall Street, she adds. Companies are using their own money and bringing in partners, even if banks aren't participating as much as in the past, she says. "Companies have a ton of cash but it's more likely to be spent on share buybacks and M&A than capital expenditures before the sequestration issue is resolved," she says.

Speaking of animal spirits, entertainment on an otherwise quiet Friday was provided by the intensifying battle over Herbalife (HLF) between investors Carl Icahn and William Ackman, of Pershing Capital.

Icahn, who has nearly a 13% stake, told CNBC Friday that Herbalife was undervalued. Pershing has a large short position in the stock and has accused the nutritional supplement company of being a pyramid scheme. Barron's penned a skeptical piece on Herbalife last year ("Where Beauty Is Skin Deep," May 14, 2012.) The stock is down 15% since then.

The saving grace for equities remains that while stocks are arguably fairly priced, bonds are extremely expensive.

The market's funny sometimes. Whole Foods Markets (WFM) posted results last Wednesday that most companies would envy. Yet the stock closed Friday at \$88.12, down 9% last week.

The results just weren't good enough for an overvalued stock with a halo like Whole Foods, a potential issue noted in these pages Oct. 29, when the stock was over \$94.

The purveyor of high-end organic foods said that in its first quarter ended Jan. 20 comparable-store sales rose 7.2%; sales climbed 14% to \$3.9 billion; net income was up 24% to \$146 million; and earnings per share soared 20% to 78 cents from 65 cents. The company reiterated EPS guidance of \$2.83-\$2.87 in fiscal 2013, up 12%-14% from \$2.52 in fiscal 2012, which ended Sept. 30.

What's the problem?

Well, the company lowered guidance a little bit. Whole Foods expects 10%-11% sales growth this year instead of 10%-12%, and same-store sales growth of 6.6%-8%, not 6.5%-8.5%. The grocer also said it doesn't expect to produce the same level of EPS growth over the rest of the year as it did in the first quarter.

That's due primarily to tougher gross-margin comparisons in the second and third quarters and efforts to improve its competitiveness.

This company has always been lauded for higher sales prices, so pay attention to the company's comment that it would "expand value offerings across the store." That suggests Whole Foods is having to lower prices.

We repeat: Whole Foods is a well-run company, dominating its niche, with a strong history of double-digit sales and earnings growth. The stock is less overvalued than it was last October. The fiscal 2013 price-to-earnings ratio has dropped to 30 from 32. But that's about the best that can be said.

Laurence Balter, who runs Oracle Investment Research and put a Sell rating on the stock last year at \$100, remains bearish. The barriers to entry aren't particularly high, he says, and competition is heating up. Costco Wholesale (COST), for example, is beefing up its organic offerings and "going for the jugular."

That might be why Whole Foods feels the need to lower prices. The company declined to respond.

If margins are getting squeezed in order to fund high single-digit-percentage store growth, down from mid-teens-percentage store growth, "then the right P/E probably starts with a two," says Balter.

Even after dropping 13% from a high of \$101 last October, Whole Foods remains significantly more highly valued than, say, Apple (AAPL). The potential for more downside is food for thought.

Shares of Heckmann (HEK), an energy-service firm with a market value of almost \$1 billion, got a big boost from the September announcement it was merging with Power Fuel, a leading environmental oil-service company in North Dakota.

Heckmann provides water-transport trucking, water-disposal services, and rental tanks to hold water for oil and gas exploration and production companies. The E&Ps use lots of water in the unconventional and shale-gas drilling methods that have created a bonanza of natural gas and oil in North America in recent years.

The stock doubled to about \$5 in September after the news, thanks to Power Fuel's main operating area: the Bakken shale region of North Dakota, probably the hottest North American E&P area. For those who might not know, that state overtook Alaska last year as the second-largest oil producer in the U.S.

Companies tied to Bakken often get a big headline pop. The shares closed Friday at \$3.84, down from the highs but still well above the pre-announcement price.

However, the market might be overestimating what Power Fuel will mean for Heckmann this year. Bakken's popularity has attracted lots of competition and the glut of shale gas found in the U.S. has kept the commodity's price around decade lows.

Wedbush Securities analyst David Rose says it looked like "a great deal on paper." But while doing some extensive checking with Heckman's customers and competitors in the Bakken, he found some disturbing trends.

First, as a consequence of extraordinarily low gas prices, E&P companies have decided to slow down capital spending, even in the Bakken, Rose notes. Additionally, "there's tremendous competition" in tank trucks, where the industry's utilization rates are down to about 50% from 90%, with day rates down 30%-40%. The industry's customers, E&P companies, are doing whatever they can to drive down costs, and that's not good for smaller oil-service companies like Heckmann.

And Bakken's fame has attracted many of Power Fuel's competitors to the area. Result: There is heightened competition in the truck-tank business. E&P companies need to store water on site and can use truck tanks, lined pits, or mobile pools.

The water-transport segment has experienced pricing drops of about 15%-20% and more in some cases, says Rose, who recently downgraded his rating to Underperform from Neutral. He expects these trends to lower the company's 2013 earnings before interest depreciation and amortization by \$25 million to \$178 million, which is about \$45 million below consensus.

Heckmann CFO Jay Parkinson says the company has been upfront with markets about the industry issues in the second half of 2012, "and our outlook for the future is better" than Rose's. Heckmann, he adds, isn't a conventional "downhole" service firm but an environmental-service provider. Such companies get a higher valuation.

Still, Heckmann has a high valuation relative to peers. The stock trades at roughly seven times consensus Ebitda and 8.5 times Rose's figure, compared with four to six times for rivals.

The market's shown itself to be merciless with environmental energy services firms that don't meet analysts' estimates. Why would it be different if Heckmann misses?

Vital Signs

	Friday's Close	Week's Change	Week's % Chg.
DJIndustrials	13981.76	-11.21	-0.08
DJTransportation	5946.45	+35.12	+0.59
DJUtilities	472.38	-2.08	-0.44
DJ65Stocks	4790.31	+3.00	+0.06
DJUSMarket	382.90	+0.61	+0.16
NYSEComp.	8933.22	-2.02	-0.02
NYSEMKTComp.	2388.24	-21.70	-0.90
S&P500	1519.79	+1.86	+0.12
S&PMidCap	1115.75	+6.66	+0.60
S&PSmallCap	516.43	+4.19	+0.82
Nasdaq	3192.03	-1.84	-0.06
ValueLine(arith.)	3445.92	+22.04	+0.64
Russell2000	923.15	+9.48	+1.04
DJUSTSM	16024.45	+30.60	+0.19
	Last Week	Week Earlier	
NYSE			
Advances	1,735	1,671	
Declines	1,437	1,467	
Unchanged	52	74	
NewHighs	688	580	
NewLows	47	37	
AvDailyVol(mil)	3,351.9	3,366.0	
Dollar			
(Finexspotindex)	80.48	80.25	
T-Bond			
(CBTnearbyfutures)	131-170	131-235	
Crude Oil			
(NYMlightsweetcrude)	95.86	95.72	
Inflation KR-CRB			
(FuturesPriceIndex)	298.45	301.06	
Gold			
(CMXnearbyfutures)	1608.80	1666.00	

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BARRON'S

Fund of Information

MUTUAL FUNDS

Peltz on Legg: Sullivan Is the Clear Winner

By Beverly Goodman

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2013 年 2 月 18 日

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It's far from a clean bill of health, but at least ailing fund firm Legg Mason (ticker: LM) has the prescription in hand. The \$654 billion asset manager on Wednesday announced the conclusion to its five-month search for a chief executive, naming Joseph Sullivan, Legg's interim CEO and former head of global distribution.

Legg's search for a CEO -- triggered when former CEO Mark Fetting was encouraged to step down after an inauspicious tenure, just shy of five years -- has ginned up a lot of speculation, much to the amusement of the people actually involved in the search. Board Chairman W. Allen Reed acknowledged that while the search firm started with a long list of candidates (some of whom were candidates back in 2007, before Fetting was hired), the finalists were not among the names that got the most press. Activist investor Nelson Peltz of Trian Fund Management, who has a 10% stake in Legg and a seat on the board, also told Barron's: "A lot of people who stepped forward and said they didn't want the job knew they wouldn't get past the first round." After settling on four finalists, the board conducted a private ballot. The affiliate heads met each of the candidates, then ranked and submitted their choices. "Joe came out the clear winner on both counts," Peltz says. "I'm thrilled with the choice, and I'm not just saying that. This guy is aces."

Peltz has been a hugely positive agent for change in the fund firm, which once had \$1 trillion in assets under management and a \$137 share price -- a far cry from Friday's close of \$27.52. Things rapidly went south when the firm's founder and sole CEO, Raymond "Chip" Mason, retired in January 2008 -- a variety of performance, structural, and cultural issues that Barron's has documented pretty thoroughly. Fetting was ill-equipped to make the tough decisions needed to get the firm back on track, and had a contentious relationship with Legg's affiliates, which include fixed-income kingpin Western Asset Management, which manages \$462 billion, more than two-thirds of Legg's total assets. Others include the \$57 billion equity shop ClearBridge Investments; \$35 billion small-company specialists Royce Funds; and \$16 billion hedge-fund-of-fund operators Permal Group.

Sullivan worked for Legg for 12 years before rejoining the firm in 2008 at Chip Mason's urging. ("He's a good listener and completely straight," Mason says. "If he tells you it's raining, you don't need to stick your hand outside.") Sullivan got a surprising amount done as interim CEO. He merged the firm's namesake affiliate, Legg Mason Capital Management, which had about \$6 billion in six funds, into ClearBridge. That will lead to some "rationalization" -- industry-speak for fund closings or merging -- as well as some restructuring of back-office jobs, says ClearBridge CEO Terrence Murphy. "Joe is a fantastic choice," Murphy says, pointing to what he sees as another of Sullivan's accomplishments, some much-needed streamlining of the firm's centralized distribution.

Sullivan also helped with Permal's acquisition of the \$6 billion Fauchier Partners, another fund-of-funds firm, in December. The highlight of that announcement, though, was an agreement enabling Permal to acquire up to a 15% ownership stake in itself. "That deal will be a template for other affiliates," Sullivan says. Royce will likely be next in line.

The support for Sullivan -- from board members and the affiliates -- rings true, which is a good start on a very long journey. The firm's renewed clarity is a start, says Chuck Royce: "This is not a phase of deciding who we are. That's the big news." (There had been rumors of a private-equity buyer.) Peltz agrees. "I like the affiliate model. This is the same model Legg had when the stock was at \$135," he says.

Legg isn't likely to see \$135 for a very long time, but its biggest investors are looking at the long term. Mario Gabelli, for instance, says he increased his stake on the announcement, citing the firm's intention to use two-thirds of its nearly \$1 billion in cash to buy back stock as enough of a reason to like the shares in the short term. "I don't want the stock to go anywhere in the short term; I want to buy more," he says. "In three to

five years this could be a \$50-to-\$60 stock." In addition to the buyback, Gabelli points to Legg's \$1 billion net operating loss, which can offset taxes owed on years of future earnings.

These investors may have the patience to wait for the big restructuring needed, such as streamlining the firm into three divisions (equity, fixed-income, and alternatives). Another imperative: The elimination of competing funds among affiliates.

But with the average analyst target price still around \$27, it's clear most don't expect the stock to move much in the next year. Many insiders, though, are quietly optimistic. Sullivan says he'll be looking for acquisitions to round out Legg's offerings, and many say opportunities will open up now that Fetting is gone -- his tense relationship with the affiliates hindered both internal and external negotiations. Peltz pointed to global equities, alternatives, and real estate as opportunities for either bolt-on or lift-out acquisitions. Sullivan said the same, adding that exchange-traded funds were another area Legg has already engaged in discussions.<bull>

Scoreboard: Small Value Wins

-- Diversified U.S. stock funds were up 1.04% for the week ended Thursday, edging out the broad market's 0.86% return, reports Lipper. Small-cap value funds were the best performers, returning 1.9%.

	One Week	Year-to-Date
U.S. STOCK FUNDS	1.04%	7.17%
U.S. BOND FUNDS	0.04	0.17
TOP SECTOR / Small-Cap Value Funds	1.90	9.23
BOTTOM SECTOR / Precious Metals Equity Funds	-2.83	-8.79

THE WEEK'S TOP 10

Fund Investment Objective	One Week	Year-to-Date
------------------------------	----------	--------------

UBS E-TRACS Mnth 2x LII
DL 14.30% 34.45%

Guggenheim Solar ETF
GNR 10.74 30.16

VelShs 3x Invrs Silver
CMS 10.30 -5.74

Mrkt Vctrs Solr Enrgy
GNR 10.12 26.53

VelShs 3x Inv Nat Gas
DSB 9.80 8.92

Direxion Semicnd Bull 3X
DL 8.77 40.30

Direxion Gold M Bear 3X
DSB 8.65 34.52

PureFds ISE Mine Svc ETF
Gold Oriented 7.52 13.14

Firsthand Alt Energy
GNR 7.35 22.46

UBS E-TRACS Internet IPO
Technology 7.13 16.61

THE WEEK'S BOTTOM 10

Fund		Investment Objective	One Week	Year-to-Date
VelShs 3x Long Nat Gas				
DL	-11.01%	-20.56%		
VelShs Dly 2x VIX ST ETN				
Specialty & Misc	-10.74	-52.24		
ProShs II UltVIX STF ETF				
Specialty & Misc	-10.66	-51.99		
VelShs 3x Long Silver				
CMS	-9.88	-1.12		
Direxion Gold M Bull 3X				
DL	-8.76	-30.97		
Direxion Semicnd Bear 3X				
DSB	-8.34	-31.77		
ProShs II Ult DJ-UBS NG				
DL	-7.01	-12.62		
Team Asset Strategy Inst				
Flexible	-6.88	-32.05		
Dreyfus India Fund A				
INR	-6.43	-11.49		
FctrShs Gld Bl S&P500 Br				
DL	-6.39	-19.16		

THE LARGEST 10

Fund	Net Assets (billions)	3-Year* Investment Objective	1-Week Return	YTD Return	YTD Return
PIMCO Tot Rtn Inst	\$175.942	Intmd Inv Grade	7.18%	0.05%	-0.17%
SPDR S&P 500 ETF	125.631	S&P 500 Funds	14.41	0.86	6.94
Vanguard T StMk Idx Inv	84.464	Multi Cap Core	14.92	0.95	7.38
Vanguard Instl Indx Inst	71.743	S&P 500 Funds	14.51	0.87	6.96
SPDR Gold	71.054	CMP	14.71	-1.33	-1.13
Vanguard T StMk Idx Adm	63.872	Multi Cap Core	15.04	0.95	7.38
Vanguard 500 Index Adm	63.187	S&P 500 Funds	14.50	0.87	6.97
Vanguard FTSE Em Mkt ETF	61.434	Emerging Markets	6.98	0.66	0.29

Fidelity Contrafund

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61.014 Large Cap Growth 14.10 0.54 5.51

American Funds CIB A
59.765 MTAG 9.82 -0.04 2.52

*Annualized. Through Thursday.

Source: Lipper

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DOW JONES NEWSWIRES

DJ Barron's: The Trader: Stocks Flat On Week, But Animal Spirits Rise

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2013 年 2 月 16 日 05:10

Dow Jones Institutional News

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(From BARRON'S 2/18/13)

By Vito J. Racanelli

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A positive outcome to the sequestration talks is the next hurdle, adds Liz Ann Sonders, chief investment strategist at Charles Schwab. Still, a good sign last week was the rise in "animal spirits," or M&A on Wall Street, she adds. Companies are using their own money and bringing in partners, even if banks aren't participating as much as in the past, she says. "Companies have a ton of cash but it's more likely to be spent on share buybacks and M&A than capital expenditures before the sequestration issue is resolved," she says.

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NYSEMKTComp.	2388.24	-21.70	-0.90

S&P500	1519.79	+1.86	+0.12
S&PMidCap	1115.75	+6.66	+0.60
S&PSmallCap	516.43	+4.19	+0.82
Nasdaq	3192.03	-1.84	-0.06
ValueLine(arith.)	3445.92	+22.04	+0.64
Russell2000	923.15	+9.48	+1.04
DJUSTSM	16024.45	+30.60	+0.19

Last Week Week Earlier

NYSE			
Advances	1,735	1,671	
Declines	1,437	1,467	
Unchanged	52	74	
NewHighs	688	580	
NewLows	47	37	
AvDailyVol(mil)	3,351.9	3,366.0	
Dollar (Finexspotindex)	80.48	80.25	
T-Bond (CBTnearbyfutures)	131-170	131-235	
Crude Oil (NYMlightsweetcrude)	95.86	95.72	
Inflation KR-CRB (FuturesPriceIndex)	298.45	301.06	
Gold (CMXnearbyfutures)	1608.80	1666.00	

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Dow Jones Institutional News

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DJ CFA SOURCE: SEC 13F-HR

FILER:

Millennium Management LLC

QUARTER ENDED: 12/31/2012

SEC RECEIVED: 02/14/2013

The following sets forth up to 200 of the largest holdings of Millennium Management LLC as of Dec. 31, according to a Form 13F filed with the Securities and Exchange Commission.

As of Dec. 31, Millennium Management LLC held 2,297 positions valued at \$13,353,404,332.

Up to 200 of the largest holdings of Millennium Management LLC are listed below in order of dollar value as of Dec. 31.

Company Name	Value	Holdings	Change
NRG ENERGY INC COM	\$107,522,069	4,676,906	1,425,319
OCWEN FINANCIAL CORP COM	\$84,598,562	2,445,752	969,267
EDISON INTERNATIONAL COM	\$82,019,579	1,814,994	252,583
NEXTERA ENERGY INC COM	\$77,905,449	1,125,964	648,450
TEVA PHARMACEUTICAL INDUSTRIES	\$76,716,262	2,054,533	1,661,764
MARATHON OIL CORP COM	\$76,710,124	2,501,961	267,229
HOME DEPOT INC COM	\$72,783,534	1,176,775	879,401
SOUTHWESTERN ENERGY CO COM	\$63,211,687	1,891,999	(154,264)
PPL CORP COM	\$62,152,581	2,170,890	48,648
FOREST LABORATORIES INC COM	\$61,619,661	1,744,611	1,240,568
EQT CORP COM	\$61,049,077	1,035,081	(316,906)
WARNACO GROUP INC CL A	\$60,110,212	839,880	817,917
CAMERON INTERNATIONAL CORP CO	\$58,101,575	1,029,075	369,400
US BANCORP/DE COM	\$57,867,231	1,811,748	1,495,496
AMEREN CORP COM	\$53,774,438	1,750,470	1,572,014
NORTHEAST UTILITIES COM	\$52,276,573	1,337,681	383,826
NISOURCE INC COM	\$51,940,228	2,086,791	947,029
CMS ENERGY CORP COM	\$51,496,899	2,112,260	(1,209,054)
DUKE ENERGY CORP COM	\$47,927,581	751,216	281,811
ANADARKO PETROLEUM CORP COM	\$47,835,725	643,732	(766)
SIMON PROPERTY GROUP INC COM	\$47,768,474	302,160	129,049
CHEVRON CORP COM	\$47,430,528	438,603	342,782
SEMGROUP CORP CL A	\$47,390,284	1,212,648	418,050
AMERICAN ELECTRIC POWER INC C	\$46,123,380	1,080,679	90,193
HOME LOAN SERVICING SOLUTIONS	\$45,743,462	2,420,289	1,273,314
CABOT OIL & GAS CORP CL A	\$45,306,127	910,859	445,356
CITIGROUP INC COM	\$44,982,291	1,137,065	480,375
SCHLUMBERGER NV COM	\$44,688,985	644,872	(9,121)
EXPRESS SCRIPTS HOLDING CO CO	\$43,598,682	807,383	516,410
EAGLE MATERIALS INC COM	\$43,525,814	744,031	(91,653)
ADT CORP COM	\$42,692,046	918,306	918,306 *

MERCK & CO INC	COM	\$42,446,060	1,036,787	570,364
PENN NATIONAL GAMING INC	COM	\$42,345,834	862,265	490,746
EOG RESOURCES INC	COM	\$42,058,595	348,196	128,817
EBAY INC	COM	\$41,464,536	813,062	499,276
TOLL BROTHERS INC	COM	\$41,411,626	1,280,904	559,670
XCEL ENERGY INC	COM	\$40,667,978	1,522,575	690,778
SEMPRA ENERGY	COM	\$40,329,035	568,495	(62,437)
BAKER HUGHES INC	COM	\$40,326,698	987,238	942,388
EQUINIX INC	COM	\$40,106,106	194,501	22,801
ROSS STORES INC	COM	\$40,070,197	740,806	139,664
FREEPORT MCMORAN COPPER	CL B	\$39,968,411	1,168,667	(458,275)
ALLERGAN INC	COM	\$39,965,935	435,691	360,691
TARGET CORP	COM	\$39,947,265	675,127	(171,988)
CISCO SYSTEMS INC	COM	\$37,890,542	1,928,370	454,855
OASIS PETROLEUM INC	COM	\$37,838,820	1,189,900	(27,881)
GULFPORT ENERGY CORP	COM	\$37,429,228	979,310	748,443
OCCIDENTAL PETROLEUM CORP	COM	\$37,022,242	483,256	(385,785)
VISA INC	CL A	\$36,973,090	243,918	144,333
CHENIERE ENERGY INC	COM	\$36,837,195	1,961,512	290,590
FACEBOOK INC	CL A	\$36,578,329	1,374,092	1,371,292
SYMANTEC CORP	COM	\$36,443,462	1,936,422	208,565
PULTEGROUP INC	COM	\$36,363,984	2,002,422	105,360
STARBUCKS CORP	COM	\$36,169,413	674,425	389,675
PHILLIPS 66	COM	\$35,829,756	674,760	(147,811)
UNITED RENTALS INC	COM	\$35,754,868	785,476	(377,079)
YAHOO INC	COM	\$35,425,801	1,780,191	(279,735)
KODIAK OIL & GAS CORP	COM	\$34,929,118	3,946,793	140,891
TRANSOCEAN LTD	COM	\$34,850,252	780,346	38,003
LYONDELLBASELL INDUSTRIES	ORD	\$34,743,604	608,576	(37,706)
WEYERHAEUSER CO	COM	\$34,657,182	1,245,765	556,086
PRICELINE COM INC	COM	\$34,555,103	55,699	6,035
KILROY REALTY CORP	COM	\$34,510,229	728,525	132,672
ORACLE CORP	COM	\$33,786,014	1,013,986	894,259
SUPERIOR ENERGY SERVICES INC		\$33,604,483	1,621,838	1,596,806
ELI LILLY & CO	COM	\$33,293,022	675,041	358,013
PHILIP MORRIS INTERNATIONAL	IN	\$32,615,836	389,955	143,105
NOBLE CORP	ORD REG	\$32,423,444	931,173	(307,083)
ARCH COAL INC	COM	\$32,349,415	4,419,319	3,252,451
CSX CORP	COM	\$32,041,796	1,624,014	1,618,214
WHITING PETROLEUM CORP	COM	\$31,642,318	729,590	206,255
UNITED PARCEL SERVICE INC	CL	\$31,508,442	427,349	116,533
JOY GLOBAL INC	COM	\$31,441,308	492,965	276,890
GENERAL ELECTRIC CO	COM	\$31,342,688	1,493,220	(747,107)
FMC TECHNOLOGIES INC	COM	\$31,121,948	726,639	307,288
PROCTER & GAMBLE CO	COM	\$31,098,440	458,071	289,268
NATIONSTAR MORTGAGE HOLDINGS I		\$31,000,385	1,000,658	972,687
FIDELITY NATIONAL FINANCIAL	C	\$30,900,096	1,312,106	(703,916)
NATIONAL OILWELL VARCO INC	CO	\$30,829,609	451,055	245,566
COVENTRY HEALTH CARE INC	COM	\$30,478,572	679,870	(145,300)
MEDTRONIC INC	COM	\$30,050,965	732,593	607,449
PFIZER INC	COM	\$30,023,024	1,197,138	357,736
MOHAWK INDUSTRIES INC	COM	\$29,537,550	326,490	80,263
ESSEX PROPERTY TRUST INC	COM	\$29,479,730	201,021	198,429
ISHARES LEHMAN 1-3 YR TREASURY		\$29,103,795	344,750	(11,592)
OGE ENERGY CORP	COM	\$29,095,321	516,699	(59,660)
PLAINS EXPLORATION & PRODUCTIO		\$28,866,598	614,968	(320,754)
TYCO INTERNATIONAL LTD	COM	\$28,832,924	985,741	(1,237,793)
SMITHFIELD FOODS INC	COM	\$28,809,604	1,335,633	882,247
CVS CAREMARK CORP	COM	\$28,665,941	592,884	572,884
COBALT INTERNATIONAL ENERGY	IN	\$28,570,009	1,163,274	1,163,274 *
CELGENE CORP	COM	\$28,382,991	361,705	111,805
CENTERPOINT ENERGY INC	COM	\$28,334,710	1,471,933	280,578
CAMDEN PROPERTY TRUST	SBI	\$28,030,558	410,945	(42,866)
ONEOK INC	COM	\$27,691,697	647,759	31,296
MCDONALDS CORP	COM	\$27,560,244	312,439	79,635
AKAMAI TECHNOLOGIES INC	COM	\$27,497,575	672,148	167,600

KRAFT FOODS GROUP INC COM	\$27,443,373	603,549	603,549 *
ILLINOIS TOOL WORKS INC COM	\$26,753,785	439,957	426,279
REALOGY HOLDINGS CORP COM	\$26,746,731	637,434	637,434 *
COLGATE PALMOLIVE CO COM	\$26,505,908	253,548	238,723
KROGER CO COM	\$26,440,015	1,016,142	1,001,631
VODAFONE GROUP PLC ADR	\$26,419,751	1,048,819	924,513
LAS VEGAS SANDS CORP COM	\$26,401,812	571,963	91,112
SPDR GOLD TRUST GOLD SHS	\$26,331,328	162,519	51,201
TIVO INC COM	\$26,313,068	2,137,536	708,453
COMCAST CORP CL A	\$26,275,587	703,308	158,901
GOLAR LNG LTD ORD	\$26,237,013	713,350	155,525
TJX COMPANIES INC COM	\$26,196,829	617,122	254,344
T ROWE PRICE GROUP INC COM	\$26,141,675	401,457	302,411
NEWFIELD EXPLORATION CO COM	\$26,017,681	971,534	488,561
REALTY INCOME CORP COM	\$25,914,541	644,480	(399,015)
MGM RESORTS INTERNATIONAL COM	\$25,871,274	2,222,618	570,741
FOOT LOCKER INC COM	\$25,812,820	803,637	792,028
ALLIANCE DATA SYSTEMS CORP CO	\$25,786,967	178,136	(85,928)
GILEAD SCIENCES INC COM	\$25,770,887	701,726	191,726
TOTAL SYSTEMS SERVICES INC CO	\$25,555,945	1,193,088	930,744
BIOGEN IDEC INC COM	\$25,519,756	174,351	(64,146)
REGIONS FINANCIAL CORP COM	\$25,330,829	3,552,711	1,826,078
CF INDUSTRIES HOLDINGS INC CO	\$25,309,470	124,579	60,621
WESTLAKE CHEMICAL CORP COM	\$25,122,716	316,806	316,737
SCRIPPS NETWORKS INTERACTIVE	\$25,005,049	431,717	223,451
GEOSPACE TECHNOLOGIES CORP CO	\$25,001,353	281,325	281,325 *
DST SYSTEMS INC COM	\$24,995,440	412,466	140,730

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CINCINNATI BELL INC COM	\$24,658,493	4,499,725	1,356,924
OCEANEERING INTERNATIONAL INC	\$24,405,384	453,716	117,187
QUALCOMM INC COM	\$24,218,190	391,500	(195,164)
GOLDCORP INC COM	\$24,161,188	658,343	589,979
ALLIANT ENERGY CORP COM	\$24,148,788	549,961	241,604
SUNCOR ENERGY INC COM	\$23,963,202	726,598	(212,087)
PPG INDUSTRIES INC COM	\$23,913,503	176,679	(185,391)
DANAHER CORP COM	\$23,902,784	427,599	378,074
MONSANTO CO COM	\$23,885,495	252,356	(34,036)
HOLLYFRONTIER CORP COM	\$23,860,646	512,581	484,231
HELIX ENERGY SOLUTIONS GROUP	\$23,786,217	1,152,433	1,122,392
GENERAL MOTORS CO COM	\$23,729,944	823,099	672,247
HONEYWELL INTERNATIONAL INC C	\$23,704,966	373,483	(285,020)
TRAVELERS COS INC CL A	\$23,533,978	327,680	238,844
FIRST REPUBLIC BANK/CA COM	\$23,511,291	717,245	672,788
VENTAS INC COM	\$23,489,088	362,934	78,717
CONAGRA FOODS INC COM	\$23,487,015	796,170	(393,935)
INVESCO LTD COM	\$23,370,509	895,765	34,027
CONTINENTAL RESOURCES INC /OK	\$23,245,842	316,313	(292,080)
ROPER INDUSTRIES INC COM	\$23,199,768	208,107	208,067
EXTRA SPACE STORAGE INC COM	\$22,978,247	631,444	521,985
VALERO ENERGY CORP COM	\$22,862,072	670,049	(1,425,404)
MCKESSON CORP COM	\$22,840,673	235,568	(173,666)
BOSTON PROPERTIES INC COM	\$22,584,086	213,440	163,031
HERSHEY CO COM	\$22,327,246	309,156	(85,286)
COCA COLA CO COM	\$22,236,983	613,434	351,752
TRIPADVISOR INC COM	\$22,103,326	527,274	200,473
WILLIAMS COMPANIES INC COM	\$22,005,340	672,124	619,079
HCA HOLDINGS INC COM	\$22,002,166	729,273	488,465
BRE PROPERTIES INC CL A COM	\$21,764,034	428,173	(135,015)
RENAISSANCERE HOLDINGS LTD CO	\$21,589,726	265,687	196,386
SUNSTONE HOTEL INVESTORS INC	\$21,402,918	1,998,405	1,201,432
CONCHO RESOURCES INC COM	\$21,365,237	265,209	2,781
LEAR CORP COM	\$21,206,388	452,741	(194,282)
FRANKLIN RESOURCES INC COM	\$21,010,001	167,144	137,944
HCP INC COM	\$20,973,343	464,423	360,764

AVAGO TECHNOLOGIES LTD	COM	\$20,860,035	659,064	595,276
AMC NETWORKS INC	CL A	\$20,852,271	421,258	352,169
CAPITAL ONE FINANCIAL CORP	CO	\$20,831,628	359,600	(649,728)
AGILENT TECHNOLOGIES INC	COM	\$20,827,120	508,723	(126,729)
UNION PACIFIC CORP	COM	\$20,822,752	165,628	54,692
HALLIBURTON CO	COM	\$20,816,636	600,076	307,379
LIBERTY INTERACTIVE CORP	INT	\$20,692,438	1,051,445	696,318
VIROPHARMA INC	COM	\$20,621,812	906,055	85,770
BROOKDALE SENIOR LIVING INC	C	\$20,511,276	810,082	(454,100)
ALLSTATE CORP	COM	\$20,185,987	502,514	502,514 *
COVIDIEN PLC	COM	\$20,094,502	348,017	229,040
PRUDENTIAL FINANCIAL INC	COM	\$20,074,212	376,415	222,198
LOUISIANA PACIFIC CORP	COM	\$20,060,748	1,038,341	(421,493)
ABERCROMBIE & FITCH CO	CL A	\$19,910,236	415,056	307,918
WAL MART STORES INC	COM	\$19,875,194	291,297	193,898
NORTHWESTERN CORP	COM	\$19,801,414	570,153	282,883
LOCKHEED MARTIN CORP	COM	\$19,773,594	214,255	176,017
AMERICA MOVIL SAB DE CV	ADR L	\$19,699,799	851,331	466,958
WISCONSIN ENERGY CORP	COM	\$19,696,767	534,512	26,779
EARTHLINK INC	COM	\$19,662,942	3,043,799	592,746
WELLS FARGO & CO	COM	\$19,620,106	574,023	310,853
PANERA BREAD CO	CL A	\$19,551,655	123,098	121,131
CROWN HOLDINGS INC	COM	\$19,460,416	528,672	318,838
HERTZ GLOBAL HOLDINGS INC	COM	\$19,414,096	1,193,245	899,227
TESORO CORP	COM	\$19,398,387	440,372	35,371
STATE STREET CORP	COM	\$19,379,731	412,247	(187,156)
FLOTEK INDUSTRIES INC	COM	\$19,306,280	1,582,482	(571,507)
CORNING INC	COM	\$19,227,782	1,523,596	1,523,596 *
OMNICOM GROUP INC	COM	\$19,221,311	384,734	197,487
HERBALIFE LTD	COM	\$19,196,543	582,773	502,951
ADOBE SYSTEMS INC	COM	\$19,190,462	509,301	466,906
PENNYMAC MORTGAGE INVESTMENT T		\$19,101,411	755,295	(764,980)
MUELLER WATER PRODUCTS INC	CL	\$19,098,039	3,404,285	2,355,123
WHIRLPOOL CORP	COM	\$19,064,796	187,369	79,011
BIOMARIN PHARMACEUTICAL INC	C	\$18,977,916	385,730	298,461
PDC ENERGY INC	COM	\$18,894,730	568,947	120,367
PROLOGIS INC	COM	\$18,845,589	516,459	(4,711)
INFORMATICA CORP	COM	\$18,839,271	621,348	234,735
UNDER ARMOUR INC	CL A	\$18,758,786	386,540	277,345
XL GROUP PLC	ORD	\$18,566,378	740,877	(491,626)

* New holding 13F data provided by: FactSet Research Systems Inc.; Please send questions to lionsharesinfo@factset.com. Copyright, FactSet Research Systems , 2013. All Rights Reserved.

15 Feb 2013 07:06 EDT DJ Millennium Mgmt 4Q 13F: Largest Purchases

DJ CFA SOURCE: SEC 13F-HR

FILER:

Millennium Management LLC

QUARTER ENDED: 12/31/2012

SEC RECEIVED: 02/14/2013

Up to 200 of the largest purchases of Millennium Management LLC are listed below, ordered by the number of shares bought during the three months ended Dec. 31.

Company Name	Value	Holdings	Change
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SIRIUS XM RADIO INC	COM	\$11,831,949	4,094,100	3,336,668
ARCH COAL INC	COM	\$32,349,415	4,419,319	3,252,451
MUELLER WATER PRODUCTS INC	CL	\$19,098,039	3,404,285	2,355,123
OI SA ADR PFD		\$12,523,182	3,122,988	2,234,195
RITE AID CORP	COM	\$6,384,500	4,694,485	2,150,535

REGIONS FINANCIAL CORP	COM	\$25,330,829	3,552,711	1,826,078
ZYNGA INC CL A		\$4,225,323	1,790,391	1,790,391
TEVA PHARMACEUTICAL INDUSTRIES		\$76,716,262	2,054,533	1,661,764
SCORPIO TANKERS INC	COM	\$12,819,714	1,803,054	1,653,054
CSX CORP	COM	\$32,041,796	1,624,014	1,618,214
SUPERIOR ENERGY SERVICES INC		\$33,604,483	1,621,838	1,596,806
AMEREN CORP	COM	\$53,774,438	1,750,470	1,572,014
BROCADE COMMUNICATIONS SYSTEMS		\$14,450,190	2,711,105	1,544,946
CORNING INC	COM	\$19,227,782	1,523,596	1,523,596
US BANCORP/DE	COM	\$57,867,231	1,811,748	1,495,496
RF MICRO DEVICES INC	COM	\$10,056,588	2,244,774	1,479,905
ATHERSYS INC	COM	\$1,517,568	1,431,668	1,431,668
NRG ENERGY INC	COM	\$107,522,069	4,676,906	1,425,319
FACEBOOK INC CL A		\$36,578,329	1,374,092	1,371,292
CINCINNATI BELL INC	COM	\$24,658,493	4,499,725	1,356,924
MEMC ELECTRONIC MATERIALS INC		\$4,254,364	1,325,347	1,325,347
HOME LOAN SERVICING SOLUTIONS		\$45,743,462	2,420,289	1,273,314
FOREST LABORATORIES INC	COM	\$61,619,661	1,744,611	1,240,568
SUNSTONE HOTEL INVESTORS INC		\$21,402,918	1,998,405	1,201,432
COBALT INTERNATIONAL ENERGY IN		\$28,570,009	1,163,274	1,163,274
GERDAU SA ADR PFD		\$10,209,044	1,135,600	1,135,600
HELIX ENERGY SOLUTIONS GROUP		\$23,786,217	1,152,433	1,122,392
XOMA CORP	COM	\$2,581,219	1,075,508	1,075,508
WARNER CHILCOTT PLC CL A		\$15,490,098	1,286,553	1,043,583
MGIC INVESTMENT CORP (WI)	COM	\$2,769,518	1,041,172	1,026,457
KROGER CO	COM	\$26,440,015	1,016,142	1,001,631
VITESSE SEMICONDUCTOR CORP CO		\$2,230,000	1,000,000	1,000,000
BANCO SANTANDER BRASIL SA ADR		\$8,675,496	1,191,689	989,796
BGC PARTNERS INC CL A		\$4,129,766	1,193,574	980,433
NATIONSTAR MORTGAGE HOLDINGS I		\$31,000,385	1,000,658	972,687
OCWEN FINANCIAL CORP	COM	\$84,598,562	2,445,752	969,267
VRINGO INC	COM	\$3,352,975	1,168,284	951,959
NISOURCE INC	COM	\$51,940,228	2,086,791	947,029
BAKER HUGHES INC	COM	\$40,326,698	987,238	942,388
TOTAL SYSTEMS SERVICES INC CO		\$25,555,945	1,193,088	930,744
VODAFONE GROUP PLC ADR		\$26,419,751	1,048,819	924,513
DCT INDUSTRIAL TRUST INC	COM	\$5,981,288	921,616	921,616
ADT CORP	COM	\$42,692,046	918,306	918,306
HERTZ GLOBAL HOLDINGS INC	COM	\$19,414,096	1,193,245	899,227
CIA SIDERURGICA NACIONAL (CSN)		\$5,278,146	894,601	894,601
ORACLE CORP	COM	\$33,786,014	1,013,986	894,259
SMITHFIELD FOODS INC	COM	\$28,809,604	1,335,633	882,247
HOME DEPOT INC	COM	\$72,783,534	1,176,775	879,401
ALCOA INC	COM	\$11,177,896	1,287,776	845,180
PENN VIRGINIA CORP	COM	\$4,015,314	910,502	841,083
MANNKIND CORP	COM	\$1,923,288	832,592	832,592
WARNACO GROUP INC CL A		\$60,110,212	839,880	817,917
FOOT LOCKER INC	COM	\$25,812,820	803,637	792,028
JUNIPER NETWORKS INC	COM	\$15,649,137	795,584	791,271
CAPITALSOURCE INC	COM	\$5,975,738	788,356	788,356
TURQUOISE HILL RESOURCES LTD		\$14,969,030	1,967,021	780,821
GENWORTH FINANCIAL INC CL A		\$6,291,285	837,721	774,860
FLEXTRONICS INTERNATIONAL LTD		\$8,303,037	1,337,043	760,842
USA TECHNOLOGIES INC	COM	\$1,322,400	760,000	760,000
MERITOR INC	COM	\$5,469,446	1,156,331	756,907
NOVABAY PHARMACEUTICALS INC C		\$847,500	750,000	750,000
GULFPORT ENERGY CORP	COM	\$37,429,228	979,310	748,443
CEMEX SAB ADR REP 10 PC 2A/1B		\$7,115,638	720,936	720,936
TIVO INC	COM	\$26,313,068	2,137,536	708,453
ENERGYSOLUTIONS INC	COM	\$2,208,208	707,759	707,759
PRECISION DRILLING CORP	COM	\$8,119,252	980,586	703,596
SERVICE CORP INTERNATIONAL CO		\$10,901,987	789,427	702,048
LIBERTY INTERACTIVE CORP INT		\$20,692,438	1,051,445	696,318
XCEL ENERGY INC	COM	\$40,667,978	1,522,575	690,778
ITAU UNIBANCO HOLDING SA ADR		\$12,127,382	736,779	679,898
FOREST OIL CORP	COM	\$4,761,581	711,746	673,739

FIRST REPUBLIC BANK/CA COM	\$23,511,291	717,245	672,788
GENERAL MOTORS CO COM	\$23,729,944	823,099	672,247
CNO FINANCIAL GROUP INC COM	\$6,994,673	749,697	672,216
CROSSTEX ENERGY INC COM	\$9,992,886	696,854	668,319
PMC SIERRA INC COM	\$3,509,357	673,581	658,321
ACTIVE NETWORK INC COM	\$3,462,773	705,249	657,751
D R HORTON INC COM	\$16,679,010	843,226	655,350
NEXTERA ENERGY INC COM	\$77,905,449	1,125,964	648,450
REALOGY HOLDINGS CORP COM	\$26,746,731	637,434	637,434
VIMPELCOM LTD ADR	\$6,638,198	632,812	632,812
WILLIAMS COMPANIES INC COM	\$22,005,340	672,124	619,079
LLOYDS BANKING GROUP PLC ADR	\$2,811,162	878,488	618,626
MEDTRONIC INC COM	\$30,050,965	732,593	607,449
E COMMERCE CHINA DANGDANG ADR	\$2,635,503	635,061	605,725
KRAFT FOODS GROUP INC COM	\$27,443,373	603,549	603,549
MITSUBISHI UFJ FINANCIAL GROUP	\$4,326,753	798,294	600,530
BELO CORP CL A	\$4,720,992	615,514	596,875
AVAGO TECHNOLOGIES LTD COM	\$20,860,035	659,064	595,276
EARTHLINK INC COM	\$19,662,942	3,043,799	592,746
GOLDCORP INC COM	\$24,161,188	658,343	589,979
GENCO SHIPPING & TRADING LTD	\$2,053,694	588,451	588,451
FERRO CORP COM	\$2,477,804	592,776	587,593
GLOBAL CASH ACCESS HOLDINGS C	\$6,919,302	882,564	582,278
CVS CAREMARK CORP COM	\$28,665,941	592,884	572,884
MGM RESORTS INTERNATIONAL COM	\$25,871,274	2,222,618	570,741
MERCK & CO INC COM	\$42,446,060	1,036,787	570,364
TOLL BROTHERS INC COM	\$41,411,626	1,280,904	559,670
WEYERHAEUSER CO COM	\$34,657,182	1,245,765	556,086
AMERICAN EAGLE OUTFITTERS INC	\$13,546,178	660,467	551,844
COMSTOCK RESOURCES INC COM	\$8,142,150	538,502	538,469
RAMBUS INC (DEL) COM	\$6,030,380	1,238,271	537,267
US AIRWAYS GROUP INC COM	\$7,233,233	535,795	535,795
SEADRILL PARTNERS LLC COM	\$13,709,797	534,495	534,495
STAPLES INC COM	\$6,031,535	529,082	529,082
EXTRA SPACE STORAGE INC COM	\$22,978,247	631,444	521,985
QUANTUM CORP DSSG COM	\$674,938	544,305	519,305
EXPRESS SCRIPTS HOLDING CO CO	\$43,598,682	807,383	516,410
BOISE INC COM	\$6,586,853	828,535	516,104
JAGUAR MINING INC COM	\$326,740	516,993	504,814
HERBALIFE LTD COM	\$19,196,543	582,773	502,951
ALLSTATE CORP COM	\$20,185,987	502,514	502,514
ELETROBRAS ADR	\$1,723,987	552,560	501,857
ALCATEL LUCENT SA ADR A	\$695,000	500,000	500,000
EBAY INC COM	\$41,464,536	813,062	499,276
MISSION WEST PROPERTIES COM	\$4,519,289	496,080	496,080
PENN NATIONAL GAMING INC COM	\$42,345,834	862,265	490,746
UNITED STATES OIL FUND LP UNI	\$16,362,646	490,340	490,340
NEWFIELD EXPLORATION CO COM	\$26,017,681	971,534	488,561
HCA HOLDINGS INC COM	\$22,002,166	729,273	488,465
HOLLYFRONTIER CORP COM	\$23,860,646	512,581	484,231
CITIGROUP INC COM	\$44,982,291	1,137,065	480,375
NEWELL RUBBERMAID INC COM	\$12,066,420	541,824	476,640
NABORS INDUSTRIES LTD ORD	\$7,246,603	501,495	475,320
HERSHA HOSPITALITY TRUST SBI	\$4,426,010	885,202	472,889
EMMIS COMMUNICATIONS CORP CL	\$930,262	472,214	472,214
ARRAY BIOPHARMA INC COM	\$4,194,676	1,127,601	471,907
INTERNATIONAL GAME TECHNOLOGY	\$11,874,871	838,029	471,326
AMERICA MOVIL SAB DE CV ADR L	\$19,699,799	851,331	466,958

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ADOBE SYSTEMS INC COM \$19,190,462 509,301 466,906

ACADIA PHARMACEUTICALS INC CO	\$2,341,345	503,515	464,553
CREXUS INVESTMENT CORP COM	\$7,839,302	639,943	462,976
MASTEC INC COM	\$15,989,205	641,364	461,364
CISCO SYSTEMS INC COM	\$37,890,542	1,928,370	454,855

GAFISA SA ADR	\$2,084,883	448,362	448,362	
CHIMERA INVESTMENT CORP	COM	\$1,168,377	447,654	447,654
CABOT OIL & GAS CORP	CL A	\$45,306,127	910,859	445,356
POLYCOM INC	COM	\$5,224,864	499,509	444,031
STONE ENERGY CORP	COM	\$9,091,817	443,071	443,011
RENREN INC ADR A		\$1,511,652	438,160	438,160
CUBIST PHARMACEUTICALS INC	CO	\$18,526,263	440,577	435,577
OCLARO INC	COM	\$767,837	489,068	433,891
WISDOMTREE INVESTMENTS INC	CO	\$2,619,427	428,011	428,011
ILLINOIS TOOL WORKS INC	COM	\$26,753,785	439,957	426,279
HUNTSMAN CORP	COM	\$8,522,352	535,997	418,564
SEMGROUP CORP	CL A	\$47,390,284	1,212,648	418,050
RESOURCE CAPITAL CORP	COM	\$3,504,418	625,789	412,144
FIFTH THIRD BANCORP	COM	\$16,193,001	1,065,329	409,756
LKQ CORP	COM	\$15,487,885	734,023	408,969
JABIL CIRCUIT INC	COM	\$9,314,813	482,883	399,929
BROADCOM CORP	CL A	\$13,840,400	416,754	395,309
BOYD GAMING CORP	COM	\$2,600,815	391,689	391,689
SAPIENT CORP	COM	\$4,577,401	433,466	391,440
STARBUCKS CORP	COM	\$36,169,413	674,425	389,675
VANTAGE DRILLING CO	COM	\$4,210,566	2,300,856	389,171
NORTHEAST UTILITIES	COM	\$52,276,573	1,337,681	383,826
CYPRESS SEMICONDUCTOR CORP	CO	\$6,435,155	593,649	383,179
THRESHOLD PHARMACEUTICALS INC		\$1,612,586	383,037	383,037
DANAHER CORP	COM	\$23,902,784	427,599	378,074
CLOVIS ONCOLOGY INC	COM	\$6,021,632	376,352	376,352
GRAPHIC PACKAGING HOLDING	COM	\$4,307,108	666,735	374,079
WMS INDUSTRIES INC	COM	\$6,478,448	370,197	370,197
CAMERON INTERNATIONAL CORP	CO	\$58,101,575	1,029,075	369,400
UNITED STATES STEEL CORP	COM	\$12,323,677	516,716	368,349
LOEWS CORP	COM	\$15,848,409	388,918	367,244
WEATHERFORD INTERNATIONAL LTD		\$13,960,409	1,247,579	367,009
AVANIR PHARMACEUTICALS INC	CL	\$960,122	366,879	366,879
KRISPY KREME DOUGHNUTS INC	CO	\$3,420,914	364,703	364,703
HCP INC	COM	\$20,973,343	464,423	360,764
ALLERGAN INC	COM	\$39,965,935	435,691	360,691
ELI LILLY & CO	COM	\$33,293,022	675,041	358,013
VANTIV INC	CL A	\$10,750,640	526,476	357,765
PFIZER INC	COM	\$30,023,024	1,197,138	357,736
METROPCS COMMUNICATIONS INC	C	\$4,578,543	460,618	355,954
ELOQUA INC	COM	\$8,395,681	355,900	355,900
FELCOR LODGING TRUST INC	COM	\$2,816,430	603,090	355,190
PROGRESSIVE CORP	COM	\$7,448,005	352,986	352,986
BRINKER INTERNATIONAL INC	COM	\$15,689,028	506,261	352,925
AMC NETWORKS INC	CL A	\$20,852,271	421,258	352,169
CLEVELAND BIOLABS INC	COM	\$468,027	351,900	351,900
COCA COLA CO	COM	\$22,236,983	613,434	351,752
BRANDYWINE REALTY TRUST	SBI	\$4,261,088	349,556	349,523
EDUCATION REALTY TRUST INC	CO	\$4,883,420	458,968	348,490
COLONIAL PROPERTIES TRUST	SBI	\$9,159,332	428,607	347,190
STANDARD PACIFIC CORP	COM	\$2,849,691	387,713	344,431
INVESTMENT TECHNOLOGY GROUP	IN	\$3,096,576	344,064	344,064
WPX ENERGY INC	CL A	\$5,794,733	389,431	344,051
CHEVRON CORP	COM	\$47,430,528	438,603	342,782
GLOBAL PAYMENTS INC	COM	\$17,433,750	384,851	339,806
GIANT INTERACTIVE GROUP	INC A	\$1,829,283	338,130	338,130
ENTEGRIS INC	COM	\$4,255,196	463,529	336,463
OFFICEMAX INC	COM	\$3,278,833	335,946	335,946
CAPITOL FEDERAL FINANCIAL	COM	\$4,428,733	378,848	333,616
HALOZYME THERAPEUTICS INC	COM	\$7,627,445	1,136,728	329,491
MCGRAW HILL COS INC	COM	\$17,912,626	327,650	327,650
CTRI.P.COM INTERNATIONAL LTD	A	\$7,597,399	335,278	321,872
CAI INTERNATIONAL INC	COM	\$7,348,597	334,788	320,920
CHEM TURA CORP	COM	\$12,815,060	602,778	319,465
CROWN HOLDINGS INC	COM	\$19,460,416	528,672	318,838
AMERICAN CAPITAL AGENCY CORP		\$10,071,534	348,496	318,496

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15 Feb 2013 07:06 EDT DJ Millennium Mgmt 4Q 13F: Largest Sales

DJ CFA SOURCE: SEC 13F-HR

FILER:

Millennium Management LLC

QUARTER ENDED: 12/31/2012

SEC RECEIVED: 02/14/2013

Up to 200 of the largest sales of Millennium Management LLC are listed below, ordered by the number of shares sold during the three months ended Dec. 31.

Company Name	Value	Holdings	Change
EXCO RESOURCES INC COM	\$2,489,742	367,761	(3,777,400)
SYNOVUS FINANCIAL CORP COM	\$36,738	14,995	(3,164,355)
ULTRA PETROLEUM CORP COM	\$10,983,462	605,817	(2,134,608)
TD AMERITRADE HOLDING CORP CO	\$11,004,179	654,621	(2,118,550)
BOSTON SCIENTIFIC CORP COM	\$17,440,836	3,043,776	(1,879,770)
HOVNANIAN ENTERPRISES INC CL	\$413,700	59,100	(1,689,153)
GENERAL GROWTH PROPERTIES INC	\$431,976	21,762	(1,677,641)
CEMIG ENERGETICA MINAS GER AD	\$124,532	11,467	(1,464,949)
VALERO ENERGY CORP COM	\$22,862,072	670,049	(1,425,404)
DENBURY RESOURCES INC COM	\$1,620,000	100,000	(1,312,070)
DELTA AIR LINES INC COM	\$4,404	371	(1,308,551)
TYCO INTERNATIONAL LTD COM	\$28,832,924	985,741	(1,237,793)
CMS ENERGY CORP COM	\$51,496,899	2,112,260	(1,209,054)
CHESAPEAKE ENERGY CORP COM	\$4,029,253	242,434	(1,187,446)
NEXEN INC COM	\$6,034,129	223,984	(1,161,615)
JANUS CAPITAL GROUP INC COM	\$162,689	19,095	(1,149,167)
FORD MOTOR CO COM	\$1,772,855	136,900	(1,132,917)
AL EATON CORP PLC COM	\$15,137,296	279,389	(1,094,600)
KINROSS GOLD CORP COM	\$3,060,760	314,893	(991,631)
GOODYEAR TIRE & RUBBER CO COM	\$3,741,129	270,900	(987,048)
ZOGENIX INC COM	\$1,550,378	1,165,698	(986,282)
CENTURYLINK (CENTURYTEL) INC	\$1,962,807	50,174	(947,277)
CBS CORP CL B	\$1,017,229	26,734	(933,630)
LSI CORP COM	\$16,902,263	2,390,702	(864,926)
METLIFE INC COM	\$15,474,553	469,780	(856,164)
ABBOTT LABS COM	\$5,672,300	86,600	(849,469)
HARTFORD FINANCIAL SERVICES GR	\$14,508,066	646,527	(841,895)
GRAFTECH INTERNATIONAL LTD CO	\$1,767,264	188,207	(823,182)
SANDRIDGE ENERGY INC COM	\$2,176,831	342,808	(821,157)
SONUS NETWORKS INC COM	\$790,068	464,746	(815,860)
TWO HARBORS INVESTMENT CORP C	\$3,684,078	332,498	(805,325)
SLM CORP COM	\$11,802,330	688,986	(790,905)
PENNIMAC MORTGAGE INVESTMENT T	\$19,101,411	755,295	(764,980)
DELL INC COM	\$12,794,074	1,261,743	(762,783)
GENERAL ELECTRIC CO COM	\$31,342,688	1,493,220	(747,107)
DEAN FOODS CO COM	\$2,403,790	145,596	(741,134)
PNC FINANCIAL SERVICES GROUP	\$5,822,545	99,855	(717,613)
FIDELITY NATIONAL FINANCIAL C	\$30,900,096	1,312,106	(703,916)
ACTIVISION BLIZZARD INC COM	\$872,221	82,130	(688,965)
ALPHA NATURAL RESOURCES INC C	\$8,542	877	(681,782)
CHICOS FAS INC COM	\$1,616,764	87,582	(661,782)
VONAGE HOLDINGS CORP COM	\$978,490	412,865	(659,591)
HOLOGIC INC COM	\$3,870,694	193,438	(654,280)
CAPITAL ONE FINANCIAL CORP CO	\$20,831,628	359,600	(649,728)
LENNAR CORP CL A	\$17,781,007	459,814	(645,945)

MOSAIC CO COM	\$7,135,663	126,005	(638,603)
LENDER PROCESSING SERVICES INC	\$2,786,048	113,162	(638,207)
MASCO CORP COM	\$4,723,593	283,529	(593,867)
HEALTH CARE REIT INC COM	\$6,063,910	98,938	(591,552)
NEWS CORP LTD CL B	\$7,398,762	281,965	(577,594)
KEY ENERGY SERVICES INC COM	\$4,308,166	619,880	(575,571)
FLOTEK INDUSTRIES INC COM	\$19,306,280	1,582,482	(571,507)
URBAN OUTFITTERS INC COM	\$3,178,438	80,753	(567,234)
AES CORP COM	\$12,213,141	1,141,415	(554,493)
TIBCO SOFTWARE INC COM	\$3,969,456	180,594	(553,483)
ROBERT HALF INTERNATIONAL INC	\$24,756	778	(531,029)
FIRST NIAGARA FINANCIAL GROUP	\$312,609	39,421	(516,777)
WALGREEN CO COM	\$11,593,494	313,253	(513,979)
NATIONAL RETAIL PROPERTIES INC	\$5,306,246	170,072	(511,491)
PEPSICO INC COM	\$4,251,077	62,123	(511,083)
MAGNUM HUNTER RESOURCES CORP	\$2,326,872	583,176	(509,561)
ALKERMES PLC ORD	\$4,852,444	262,011	(505,089)
ADVANCED MICRO DEVICES INC CO	\$510,180	212,575	(498,551)
PENN WEST PETROLEUM LTD COM	\$386,616	35,600	(497,287)
XL GROUP PLC ORD	\$18,566,378	740,877	(491,626)
BEAM INC COM	\$1,324,431	21,680	(485,273)
TEXAS ROADHOUSE INC CL A	\$515,626	30,692	(481,954)
THOMPSON CREEK METALS CO INC	\$67,960	16,376	(478,949)
AMERICAN INTERNATIONAL GROUP	\$7,399,268	209,611	(475,473)
MARATHON PETROLEUM CORP COM	\$11,478,537	182,199	(469,484)
COMPUTER SCIENCES CORP COM	\$7,275,723	181,666	(467,329)
GEVO INC COM	\$259,776	168,686	(466,680)
EXELON CORP COM	\$14,570,042	489,914	(459,589)
FREEPORT MCMORAN COPPER CL B	\$39,968,411	1,168,667	(458,275)
HARLEY DAVIDSON INC COM	\$2,367,474	48,484	(454,822)
BROOKDALE SENIOR LIVING INC C	\$20,511,276	810,082	(454,100)
ALTERA CORP COM	\$2,309,701	67,162	(447,849)
SPIRIT AEROSYSTEMS HOLDINGS C	\$6,655,617	392,199	(441,835)
WABCO HOLDINGS INC COM	\$6,550,356	100,481	(438,913)
LINEAR TECHNOLOGY CORP COM	\$17,630	514	(438,261)
WESTERN ASSET MORTGAGE CAPITAL	\$10,525,647	532,405	(430,285)
WENDYS CO COM	\$2,063,070	438,951	(428,899)
INTERNATIONAL PAPER CO COM	\$14,100,133	353,919	(425,082)
TIME WARNER INC COM	\$7,756,256	162,163	(424,278)
TETRA TECHNOLOGIES INC /DE COM	\$1,280,395	168,695	(423,420)
LOUISIANA PACIFIC CORP COM	\$20,060,748	1,038,341	(421,493)
NEKTAR THERAPEUTICS COM	\$7,099,884	958,149	(417,650)
TALISMAN ENERGY INC COM	\$10,832,284	956,071	(414,732)
KULICKE & SOFFA INDUSTRIES INC	\$2,660,101	221,860	(408,599)
ARQULE INC COM	\$52,273	18,736	(404,397)
VANDA PHARMACEUTICALS INC COM	\$2,064,637	558,010	(402,944)
REALTY INCOME CORP COM	\$25,914,541	644,480	(399,015)
CONAGRA FOODS INC COM	\$23,487,015	796,170	(393,935)
HEALTH NET INC COM	\$16,279,542	669,940	(393,397)
WEIGHT WATCHERS INTERNATIONAL	\$3,255,169	62,169	(388,021)
OCCIDENTAL PETROLEUM CORP COM	\$37,022,242	483,256	(385,785)
TRANSATLANTIC PETROLEUM LTD C	\$894,005	1,077,114	(382,895)
SEQUENOM INC COM	\$1,366,286	290,082	(382,117)
EMC CORP /MA COM	\$5,505,533	217,610	(381,412)
CARPENTER TECHNOLOGY CORP COM	\$9,702,516	187,924	(381,247)
FOSTER WHEELER AG COM	\$4,774,527	196,321	(378,679)
BARRICK GOLD CORP COM	\$7,205,653	205,817	(378,484)
UNITED RENTALS INC COM	\$35,754,868	785,476	(377,079)
CH ROBINSON WORLDWIDE INC COM	\$650,471	10,289	(374,746)
STARWOOD HOTELS & RESORTS COM	\$16,487,960	287,447	(374,666)
PIONEER NATURAL RESOURCES CO	\$10,125,410	94,994	(371,435)
WESTERN REFINING INC COM	\$12,411,155	440,268	(371,203)
CROCS INC COM	\$720,320	50,057	(369,855)
HILLSHIRE BRANDS CO COM	\$12,391,702	440,359	(366,302)
PEPCO HOLDINGS INC COM	\$1,582,939	80,721	(365,970)
HERCULES OFFSHORE INC COM	\$13,686,053	2,218,161	(359,616)

FLOWERS FOODS INC	COM	\$13,971,797	600,421	(358,163)
RIO TINTO PLC	ADR	\$6,516,885	112,186	(356,471)
DOMINION RESOURCES INC/VA	COM	\$15,733,628	303,738	(353,725)
VERIZON COMMUNICATIONS INC	CO	\$9,716,928	224,565	(352,086)
ELAN CORP PLC	ADR	\$8,572,622	839,630	(349,881)
QLIK TECHNOLOGIES INC	COM	\$1,466,122	67,501	(347,290)
ORIENTAL FINANCIAL GROUP INC		\$8,059,382	603,699	(342,721)
KEYCORP	COM	\$10,452,445	1,241,383	(338,812)
SAFEWAY INC	COM	\$511,947	28,300	(326,949)
MOODYS CORP	COM	\$6,022,549	119,685	(326,188)
PLAINS EXPLORATION & PRODUCTIO		\$28,866,598	614,968	(320,754)
HARMONY GOLD MINING CO LTD	AD	\$453,806	50,648	(320,367)
EQT CORP	COM	\$61,049,077	1,035,081	(316,906)
LOWES COS INC	COM	\$1,024,290	28,837	(314,887)
JAMBA INC	COM	\$483,329	215,772	(314,236)
15 Feb 2013 07:06 EDT DJ Millennium Mgmt 4Q 13F: Largest Sales -2-				

SEALED AIR CORP	COM	\$6,356,655	363,030	(311,162)
COLONY FINANCIAL INC	COM	\$394,134	20,212	(309,875)

NOBLE CORP	ORD REG	\$32,423,444	931,173	(307,083)
ROYAL CARIBBEAN CRUISES LTD	C	\$10,278,778	302,317	(307,019)
MICROSOFT CORP	COM	\$14,153,549	529,897	(305,417)
ONYX PHARMACEUTICALS INC	COM	\$446,005	5,905	(304,095)
ATMEL CORP	COM	\$544,502	83,130	(303,124)
ASSURED GUARANTY LTD	COM	\$1,442,310	101,357	(302,394)
EAST WEST BANCORP INC	COM	\$797,816	37,125	(300,835)
CARNIVAL CORP	PAIRED CTF	\$2,455,280	66,774	(296,252)
MICROCHIP TECHNOLOGY INC	COM	\$413,632	12,692	(295,432)
CONTINENTAL RESOURCES INC	/OK	\$23,245,842	316,313	(292,080)
PG&E CORP	COM	\$6,021,415	149,861	(288,188)
EQUITY LIFESTYLE PROPERTIES IN		\$10,959,388	162,868	(286,586)
YAMANA GOLD INC	COM	\$4,925,760	286,215	(285,548)
HONEYWELL INTERNATIONAL INC	C	\$23,704,966	373,483	(285,020)
SALLY BEAUTY HOLDINGS INC	COM	\$2,585,393	109,690	(284,118)
EMERSON ELECTRIC CO	COM	\$529,600	10,000	(284,035)
FIDELITY NATIONAL INFO SERVICE		\$15,908,971	457,023	(281,964)
TAKE TWO INTERACTIVE SOFTWARE		\$646,749	58,742	(281,201)
YAHOO INC	COM	\$35,425,801	1,780,191	(279,735)
GREEN DOT CORP	CL A	\$316,212	25,919	(276,303)
CATAMARAN CORP	COM	\$3,125,368	66,356	(275,760)
VCA ANTECH INC	COM	\$4,947,445	235,033	(275,067)
SCICLEONE PHARMACEUTICALS INC		\$2,166,361	502,636	(274,535)
RENTECH INC	COM	\$5,217,018	1,983,657	(270,611)
HAIN CELESTIAL GROUP INC	COM	\$11,158,042	205,792	(270,317)
HOT TOPIC INC	COM	\$1,064,683	110,559	(268,552)
ACORDA THERAPEUTICS INC	COM	\$10,198,368	410,232	(268,068)
ENERGEN CORP	COM	\$1,845,083	40,920	(267,867)
TIM PARTICIPACOES SA	ADR	\$1,475,876	74,464	(267,214)
MACYS INC	COM	\$16,906,898	433,288	(267,042)
VALEANT PHARMACEUTICALS INTL		\$4,183,900	70,000	(266,278)
PINNACLE ENTERTAINMENT INC	CO	\$299,519	18,921	(265,454)
AMERIPRISE FINANCIAL INC	COM	\$1,765,978	28,197	(263,966)
PTC INC	COM	\$3,235,835	143,751	(263,890)
HELMERICH & PAYNE INC	COM	\$2,284,088	40,780	(257,722)
CURIS INC	COM	\$228,287	66,556	(256,413)
URS CORP	COM	\$1,903,914	48,495	(254,927)
LUFKIN INDUSTRIES INC	COM	\$2,950,272	50,753	(249,848)
ACTAVIS INC	COM	\$2,897,856	33,696	(248,988)
ELDORADO GOLD CORP	COM	\$2,297,187	178,353	(248,776)
CNA FINANCIAL CORP	COM	\$1,761,857	62,901	(248,567)
WESTERN DIGITAL CORP	COM	\$1,565,757	36,850	(248,320)
VERISIGN INC	COM	\$3,866,860	99,610	(248,098)
KELLOGG CO	COM	\$6,154,279	110,193	(247,612)
COMERICA INC	COM	\$3,034,000	100,000	(243,416)
NPS PHARMACEUTICALS INC	COM	\$1,092,346	120,038	(241,617)

UNS ENERGY CORP COM	\$1,303,355	30,725	(241,028)
MARVELL TECHNOLOGY GROUP LTD	\$4,363,011	600,883	(238,073)
BP PLC ADR	\$9,917,066	238,162	(237,298)
TANGER FACTORY OUTLET CTRS CO	\$9,244,910	270,319	(233,533)
SYNACOR INC COM	\$402,652	73,611	(228,042)
VIVUS INC COM	\$463,218	34,517	(226,615)
ENDEAVOUR SILVER CORP COM	\$1,616,038	204,821	(224,992)
DISH NETWORK CORP CL A	\$7,497,199	205,967	(223,774)
ACTUATE CORP COM	\$496,782	88,711	(223,105)
EXELIS INC COM	\$1,816,668	161,195	(221,484)
DOLLAR GENERAL CORP COM	\$11,881,814	269,490	(221,151)
CLEARWIRE CORP NEW CL A	\$249,748	86,418	(220,699)
INTERNATIONAL FLAVORS & FRAGRA	\$1,556,304	23,389	(216,712)
ADVANCE AUTO PARTS INC COM	\$72	1	(216,696)
AVG TECHNOLOGIES NV COM	\$364,090	23,000	(215,594)
BOEING CO COM	\$11,517,646	152,835	(214,590)
TANGOE INC COM	\$2,098,058	176,753	(212,258)
SUNCOR ENERGY INC COM	\$23,963,202	726,598	(212,087)
IDACORP INC COM	\$1,540,962	35,547	(210,156)
TESCO CORP COM	\$4,491,954	394,377	(205,623)
SILICON MOTION TECHNOLOGY CORP	\$15,586,883	1,096,124	(205,465)
QUANTA SERVICES INC COM	\$16,343,353	598,877	(204,270)
KNIGHT CAPITAL GROUP INC COM	\$114,451	32,607	(204,260)
INGERSOLL RAND PLC ORD	\$6,465,488	134,810	(204,137)
CLOUD PEAK ENERGY INC COM	\$8,325,044	430,680	(203,487)
OFFICE DEPOT INC COM	\$2,949,878	899,353	(198,484)

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15 Feb 2013 07:06 EDT DJ Millennium Mgmt 4Q 13F: Largest Eliminations

DJ CFA SOURCE: SEC 13F-HR
FILED:
Millennium Management LLC
QUARTER ENDED: 12/31/2012
SEC RECEIVED: 02/14/2013

Up to 200 of the largest eliminated positions of Millennium Management LLC are listed below, ordered by the number of shares sold during the three months ended Dec. 31.

Company Name	Ticker	Change
ENERGY TRANSFER PARTNERS LP U ETP		(1,444,609)
CANADIAN NATURAL RESOURCES LTD CNQ		(1,343,866)
QUICKSILVER RESOURCES INC COM KWK		(1,224,159)
LIGAND PHARMACEUTICALS INC CL LGND		(1,164,800)
GOLD FIELDS LTD ADR GFI		(1,142,667)
MONDELEZ INTERNATIONAL INC CL MDLZ		(1,091,338)
CUBESMART COM CUBE		(914,199)
JEFFERIES GROUP INC COM JEF		(900,089)
TEREX CORP COM TEX		(757,832)
MIDSTATES PETROLEUM CO INC CO MPO		(713,267)
ENTRAVISION COMMUNICATIONS CL EVC		(700,000)
ZIONS BANCORPORATION COM ZION		(669,062)
MANULIFE FINANCIAL CORP COM MFC		(650,813)
DELPHI AUTOMOTIVE PLC COM DLPH		(621,394)
SMITH & WESSON HOLDING CORP C SWHC		(618,881)
VERIFONE SYSTEMS INC COM PAY		(517,364)
TECK RESOURCES LTD CL B SUB-V TCK		(505,604)
ABB LTD ADR ABB		(500,420)
MOBILE TELESYSTEMS ADR MBT		(495,189)

LEAPFROG ENTERPRISES INC	CL A	LF	(486,939)
WET SEAL INC	CL A	WTSLA	(476,549)
H&R BLOCK INC	COM	HRB	(461,255)
SILICON IMAGE INC	COM	SIMG	(455,035)
FRANCE TELECOM	ADR	FTE	(444,869)
NANOSPHERE INC	COM	NSPH	(444,508)
ROYAL BK SCOTLAND GRP	PFD 6.6	RBS.PRS	(442,672)
CIRRUS LOGIC INC	COM	CRUS	(424,705)
ENTROPIC COMMUNICATIONS INC	C ENTR		(423,902)
FREESCALE SEMICONDUCTOR	HLDGS	FSL	(403,788)
INTERPUBLIC GROUP OF COMPANIES	IPG		(398,830)
FULTON FINANCIAL CORP /PA	COM	FULT	(397,041)
BANKRATE INC	COM	RATE	(392,681)
ASTEX PHARMACEUTICALS INC	COM	ASTX	(378,054)
COSTCO WHOLESALE CORP	COM	COST	(359,544)
TRINITY INDUSTRIES INC	COM	TRN	(354,558)
WASTE CONNECTIONS INC	COM	WCN	(346,194)
WELLPOINT INC	COM	WLP	(336,875)
BRUNSWICK CORP	COM	BC	(321,941)
QIHOO 360 TECHNOLOGY CO LTD	A	QIHU	(318,270)
WESTERN UNION CO	COM	WU	(305,864)
CBRE GROUP INC	COM	CBG	(289,096)
IAC INTERACTIVECORP	COM	IACI	(285,203)
MBIA INC	COM	MBI	(282,932)
MENTOR GRAPHICS CORP	COM	MENT	(282,910)
ROYAL DUTCH SHELL PLC	ADR A	RDS.A	(280,284)
ANWORTH MORTGAGE ASSET CORP	C ANH		(276,193)
MINDRAY MEDICAL INTL LTD	ADR	MR	(272,510)
MACERICH CO	COM	MAC	(271,857)
OWENS ILLINOIS INC	COM	OI	(271,149)
MCEWEN MINING INC	COM	MUX	(270,520)
COMMONWEALTH REIT	COM	CWH	(263,734)
FRONTIER COMMUNICATIONS CORP	FTR		(252,192)
TOTAL SA	ADR	TOT	(248,802)
RYLAND GROUP INC	COM	RYL	(248,605)
TESARO INC	COM	TSRO	(243,100)
TEMPUR PEDIC INTERNATIONAL INC	TPX		(238,245)
LEXICON PHARMACEUTICALS INC	C	LXRX	(233,605)
CONSOLIDATED EDISON INC	COM	ED	(229,872)
LIVE NATION ENTERTAINMENT INC	LYV		(218,354)
SUMMIT HOTEL PROPERTIES INC	C INN		(217,800)
NOVAVAX INC	COM	NVAX	(216,316)
DEERE & CO	COM	DE	(215,000)
GLU MOBILE INC	COM	GLUU	(214,543)
SUSQUEHANNA BANCSHARES INC	CO SUSQ		(214,360)
FLUOR CORP	COM	FLR	(210,272)
RADIAN GROUP INC	COM	RDN	(209,154)
THERMO FISHER SC (ELECTRON) IN	TMO		(207,213)
TELEFONICA BRASIL SA	ADR PFD	VIV	(204,154)
8X8 INC	COM	EIGHT	(202,406)
ONLINE RESOURCES CORP	COM	ORCC	(200,080)
ALTERRA CAPITAL HOLDINGS LTD	ALTE		(200,000)
NEUTRAL TANDEM INC	COM	IQNT	(199,313)
FIRST HORIZON NATIONAL CORP	C FHN		(198,054)
LIONS GATE ENTERTAINMENT CORP	LGF		(197,056)
COVANCE INC	COM	CVD	(196,531)
CALPINE CORP	COM NEW	CPN	(192,046)
REX ENERGY CORP	COM	REXX	(190,031)
CONN'S INC	COM	CONN	(186,548)
EMERALD OIL INC	COM	EOX	(185,722)
NEW YORK MORTGAGE TRUST INC	C NYMT		(184,109)
SILVER WHEATON CORP	COM	SLW	(183,983)
DARLING INTERNATIONAL INC	COM DAR		(182,173)
LONE PINE RESOURCES INC	COM	LPR	(180,000)
GOODRICH PETROLEUM CORP	COM	GDP	(176,164)
BLYTH INC	COM	BTH	(175,254)

HB FULLER CO	COM	FUL	(175,000)
SPECTRA ENERGY CORP	COM	SE	(173,000)
IMMUNOMEDICS INC	COM	IMMU	(172,360)
COPA HOLDINGS SA	CL A	CPA	(170,906)
FIRSTENERGY CORP	COM	FE	(162,935)
WAUSAU PAPER CORP	COM	WPP	(155,536)
CREDIT SUISSE GROUP	ADR	CS	(153,087)
BOULDER BRANDS INC	COM	BDBD	(151,666)
LINCOLN ELECTRIC HOLDINGS INC	LECO		(151,488)
EMBRAER SA	ADR	ERJ	(150,000)
ARCOS DORADOS HOLDINGS INC	CL	ARCO	(147,929)
CONSTANT CONTACT INC	COM	CTCT	(147,341)
FIRST COMMONWEALTH FINANCIAL		FCF	(146,463)
NTT DOCOMO	ADR	DCM	(146,255)
ENERSYS COM		ENS	(145,023)
EXACT SCIENCES CORP	COM	EXAS	(143,827)
VISTAPRINT NV	COM	VPRT	(143,683)
VERISK ANALYTICS INC	CL A	VRSK	(143,277)
CITY NATIONAL CORP	COM	CYN	(140,774)
QUALITY SYSTEMS INC	COM	QSII	(140,012)
3M CO	COM	MMM	(137,937)
YUM BRANDS INC	COM	YUM	(137,896)
MARKET VECTORS ETF JR GOLD MIN	GDXJ		(137,527)
JIVE SOFTWARE INC	COM	JIVE	(134,193)
EPL OIL & GAS INC	COM	EPL	(133,903)
EXPRESS INC	COM	EXPR	(132,044)
MADISON SQUARE GARDEN CO	CL A	MSG	(131,974)
ASSOCIATED BANC CORP	COM	ASBC	(131,158)
PORTLAND GENERAL ELECTRIC CO	POR		(129,676)
FLOWSERVE CORP	COM	FLS	(128,295)
ZUMIEZ INC	COM	ZUMZ	(128,255)
GEOEYE INC	COM	GEOY	(126,821)
TEEKAY TANKERS LTD	CL A	TNK	(126,407)
SNYDERS LANCE INC	COM	LNCE	(124,623)
ARTIO GLOBAL INVESTORS INC	CL	ART	(124,074)
TELETECH HOLDINGS INC	COM	TTEC	(123,917)
EXIDE TECHNOLOGIES	COM	XIDE	(123,370)
INTEGRATED DEVICE TECHNOLOGY		IDTI	(120,700)
NET 1 UEPS TECHNOLOGIES INC	C	UEPS	(118,274)
SEABRIGHT HOLDINGS INC	COM	SBX	(117,600)
ULTRAPAR PARTICIPACOES SA	ADR	UGP	(116,936)
ENI SPA	ADR	E	(114,822)
INTERMEC	COM	IN	(114,689)
VANGUARD INTL EQUITY IND	MSCI	VWO	(114,500)
PREMIUM RESOURCES INC	COM	PVG	(112,700)
HANCOCK HOLDING CO	COM	HBHC	(110,087)
DISCOVERY LABORATORIES INC	CO	DSCO	(109,970)
HARRIS TEETER SUPERMARKETS INC		HTSI	(108,730)
ZIOPHARM ONCOLOGY INC	COM	ZIOP	(108,337)
FRESH DEL MONTE PRODUCE INC	O	FDP	(106,054)
SECTOR SPDR CONSUMER STAPLES		XLP	(104,868)
TRANZYME INC	COM	TZYM	(103,896)
WORTHINGTON INDUSTRIES INC	CO	WOR	(102,730)
CAREER EDUCATION CORP	COM	CECO	(100,898)
PROSHARES TR ULTRA S&P 500	SSO		(100,000)
SYMETRA FINANCIAL CORP	COM	SYA	(98,949)
OBAGI MEDICAL PRODUCTS INC	CO	OMPI	(98,887)
VIRGIN MEDIA INC	COM	VMED	(97,987)
EXPEDITORS INTERNATIONAL (WA)		EXPD	(96,752)
GREENHILL & CO INC	COM	GHL	(95,000)
BOX SHIPS INC	COM	TEU	(94,469)
ASHFORD HOSPITALITY TRUST INC	AHT		(91,046)
SPLUNK INC	COM	SPLK	(88,441)
GERON CORP	COM	GERN	(88,347)
INFINITY PROPERTY & CASUALTY		IPCC	(86,989)
SECTOR SPDR TECHNOLOGY		XLK	(86,699)

GENERAL MILLS INC	COM	GIS	(86,484)
ATWOOD OCEANICS INC	COM	ATW	(86,235)
RESOLUTE FOREST PRODUCTS INC	RFP		(85,877)
REALPAGE INC	COM	RP	(85,328)
CANTEL MEDICAL CORP	COM	CMN	(84,662)
ANALOGIC CORP	COM	ALOG	(84,076)
SUPER MICRO COMPUTER INC	COM	SMCI	(83,682)
SURMODICS INC	COM	SRDX	(83,439)
MYERS INDUSTRIES INC	COM	MYE	(83,026)
GLOBECOMM SYSTEMS INC	COM	GCOM	(82,341)
BRIDGEPOINT EDUCATION INC	COM	BPI	(82,243)
PEP BOYS MANNY MOE & JACK	COM	PBY	(81,954)
LHC GROUP INC	COM	LHCG	(81,687)
BOB EVANS FARMS INC	COM	BOBE	(81,251)
MULTIMEDIA GAMES HOLDING CO IN	MGAM		(79,176)
ORBITAL SCIENCES CORP	COM	ORB	(77,558)
BANK OF HAWAII CORP	COM	BOH	(77,096)
PACWEST BANCORP	COM	PACW	(76,731)

15 Feb 2013 07:06 EDT DJ Millennium Mgmt 4Q 13F: Largest Eliminations -2-

CRACKER BARREL OLD COUNTRY CO CBRL (75,835)

SUPERVALU INC	COM	SVU	(75,499)
DEALERTRACK TECHNOLOGIES INC	TRAK		(75,197)
GENESCO INC	COM	GCO	(74,886)
UTSTARCOM HOLDINGS CORP	COM	UTSI	(74,473)
SOHU.COM INC	COM	SOHU	(73,131)
ALLIANCE ONE INTERNATIONAL INC	AOI		(72,927)
SAKS INC	COM	SKS	(70,791)
ELLIE MAE INC	COM	ELLI	(70,246)
CANADIAN PACIFIC RAILWAY LTD	CP		(69,647)
SCHWEITZER-MAUDUIT INTERNATION	SWM		(67,902)
MITCHAM INDUSTRIES INC	COM	MIND	(67,704)
QLOGIC CORP	COM	QLGC	(67,463)
PERFICIENT INC	COM	PRFT	(67,034)
CIENA CORP	COM	CIEN	(66,563)
CNH GLOBAL NV	ORD	CNH	(66,503)
HOST HOTELS & RESORTS (MARRIOT	HST		(66,263)
CREE INC	COM	CREE	(66,235)
CBEYOND INC	COM	CBEY	(66,182)
TIME WARNER CABLE INC	COM	TWC	(65,285)
PACKTERA TECHNOLOGY INTL LTD A	PACT		(64,958)
HCC INSURANCE HOLDINGS INC	CO	HCC	(64,410)
RENEWABLE ENERGY GROUP INC	CO	REGI	(63,538)
KENNAMETAL INC	COM	KMT	(63,301)
TRANSCANADA CORP	COM	TRP	(61,368)
GENERAL DYNAMICS CORP	COM	GD	(61,169)
BENCHMARK ELECTRONICS INC	COM	BHE	(61,164)
INTERNAP NETWORK SERVICES COM	INAP		(60,569)
CASEYS GENERAL STORES INC	COM	CASY	(59,832)
ORITANI FINANCIAL CORP	COM	ORIT	(59,491)
EMPLOYERS HOLDINGS INC	COM	EIG	(59,439)

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BARRON'S

Home

Does the Stock Rally Still Have Steam?

By David Kelly

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2013 年 2 月 13 日

Barron's Online

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In theory, the continued strong rally in U.S. and global stocks in early 2013 should be regarded as a very positive development for investors.

In practice, emotions are more mixed, ranging from the regret felt by those who missed out on much of the rally by being overweight fixed income and cash, to distrust in the minds of those who have seen markets rise to these levels twice before in the last dozen years, only to be followed by two huge bear markets.

However, investing should always be based on logic rather than emotion and a first logical step in deciding on how to invest from here is to understand what has driven the markets higher to this point.

First, it must be said that it has been an impressive move. As this is being written, just since the start of this year, the Standard & Poor's 500 is up by 5.8%, which represents most of the gains that could have been expected for an entire year.

While eurozone markets are generally flat, other global markets have also seen gains with the FTSE up 5.6%, year-to-date, the Nikkei up 9.3% and the Shanghai Composite up 6.6%. At the same time, government bond yields have drifted up, with the U.S. 10-year bond yield rising from 1.76% to 1.95%.

This is not a rally driven by economic momentum. The U.S. saw real GDP growth turn negative in the fourth quarter of 2012, and while that number overstates economic weakness there is little reason to expect a sharp bounce in output in early 2013, particularly because of the fiscal drag inflicted on the economy by the New Year's Day compromise in Congress. The January employment report, by contrast showed solid job growth entering the first quarter.

The earnings season has been uninspiring, with a few large write-offs reducing the year-over-year gain in **S&P500** earnings per share to almost nothing. Moreover, first-quarter economic momentum still looks suspect, with clear weakness in chainstore sales numbers and a slight month-to-month decline in light vehicle sales.

Housing activity continues to improve, but overall, the U.S. economy can at best be described as expanding rather than accelerating. Meanwhile, January purchasing index data from around the world show shrinking manufacturing activity in the Euro Zone, Japan and Australia with only a mild pickup of economic momentum in Emerging Markets.

Nor should the rally be ascribed to more enlightened monetary and fiscal policies. In the U.S., a tighter-than-optimal tax agreement on New Year's Day leaves the economy with significant fiscal drag with the distinct danger of more to come should the parties fail to agree on an alternative way to cut long-term spending to replace the long-dreaded "sequester" now scheduled to kick in on March 1.

Meanwhile the Fed's continued balance sheet expansion appears to be generating more debate than lending activity. The new Japanese government has proposed more monetary and fiscal expansion, but this cannot inspire confidence given the track record of these tools in achieving a Japanese revival over the last 20 years.

Finally in Europe, while the ECB has successfully convinced markets that the banks are safe and that it will protect the sovereign debt market, the governments themselves remain on a relentless path of deficit reduction through austerity, which, in a recessionary economy, is normally both painful and ineffective.

What has happened is that "tail risks" have fallen.

Over the course of the past year, the danger of a financial collapse in Europe has clearly receded, a "hard landing" in China has been avoided, continued gains in U.S. energy production have reduced our vulnerability

to a Middle East oil shock and the New Year's Day agreement, combined with a three-month suspension of the debt ceiling, has reduced the danger of a Washington-produced crisis.

As these tail risks have fallen, the "tail valuations", that is to say the cheapness of stocks relative to the extremely expensive global fixed income markets, has induced investors to move money from bonds into stocks.

One sign of this is that, based on preliminary data, January saw a bigger inflow into stock mutual funds than any month in the past five years. While the pace of these flows is likely to abate, the trend may well continue.

The bottom line is that, even with slow global growth, until the world gets a little scarier, equities are likely to continue to outperform fixed income investments. This being the case, it probably still makes sense for long-term investors to still be a little over-weight equities relative to their "normal" appropriately balanced portfolio.

Kelly is chief global strategist for JPMorgan Funds. A version of this article is also printed on a JPMorgan Website.

Comments? E-mail us at editors@barrons.com

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Looking for a Pause -- or a Pullback

By Vito J. Racanelli

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2013 年 2 月 11 日

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Investors took a breather as January's stock-market festivities gave way to a quiet first week of trading in February. But equities did rise slightly, bringing the broad market to its sixth straight week of gains.

Megacaps were the exception, with the Dow Jones Industrial Average inching down, though it flirted with 14,000 several times before closing below that level. There was little market-moving earnings, economic or political news. So, without an obvious cue, equities orbited tightly around the closing levels of the prior week.

Last week, the Dow lost 0.1%, or 17 points, to 13,992.97. It remains about 172 points from the all-time high. The Standard and Poor's 500 index added five points, or 0.3%, to 1517.93, and a 52-week high. It is off 3% from its all-time highs. The Nasdaq Composite rose 15, or 0.5%, to 3193.87.

With the Dow unable to punch through to record heights last week, as many were hoping it would, two trading camps have developed: those who expect this to be a pause, versus those who are looking for a temporary pullback in coming weeks after January's furious 5%-to-6% rise.

"Everyone is still trying to figure out if that was for real," says Doreen Mogavero, CEO of broker-dealer Mogavero. "There's been a lot of money on the sidelines for a long time and those investors -- whether they believe the rally or not -- know they have to do something with the money."

Many money managers are "behind the eight-ball" after January's big jump caught them unaware, says Darren Chevitz, research director at Jacob Asset Management. "They are praying for a pullback, so they can get in." Given the market psychology, a pullback could be dramatic but short-lived, he adds.

Because the market is nearing all-time highs, says Mogavero, the mostly quiescent volatility probably will increase in coming weeks: "People will be nervous about getting in at new highs." The tug of war between the two camps will intensify.

Friday, McDonald's (ticker: MCD) said that global same-store sales dropped a worse-than-expected 1.9% in January on slowing demand overseas. Mickey D's stock managed a small rise of 0.2%, to 94.87, despite that bad news, notes Mark Lehmann, president of JMP Securities in San Francisco. More importantly, that the market shrugged off such news from a Dow member is a measure of the strength of the 2013 rally, he says, adding that the path of least resistance appears to be higher.

Long-suffering Merck shareholders couldn't be blamed for using Zegerid, the firm's over-the-counter heartburn medicine. Since February 2008, the pharmaceutical giant's stock is down 14%, while the market is up 12%. Worse still, Merck's performance lately has been bested by those of Pfizer (PFE) and Abbott Laboratories (ABT). Over the past 12 months, Pfizer is up 28% and Abbott 29%, compared with just 7% for Merck (MRK).

A good deal of the market's more recent ardor for its rivals can be traced to decisions the two made in 2012 to hive off various parts of their businesses to enhance shareholder value. That came in response to market restlessness over what businesses are strategic fits for a pharma company.

This month, Zoetis (ZTS), the animal-health unit spun off from Pfizer, began trading; Zoetis has risen to \$33.05 from \$26. One month earlier, Abbott Labs completed the separation of AbbVie (ABBV). AbbVie, which holds Abbott's traditional pharma business, has climbed about 6% since Dec. 31. Abbott, which now focuses on diagnostics, medical devices, nutritionals, and branded generic drugs, is up 10%.

Both Pfizer and Abbott are viewed by institutional money managers as more willing than Merck to entertain major moves to increase shareholder value. Merck's chairman and CEO, Kenneth C. Frazier, so far doesn't seem amenable to making such changes.

Merck's reticence might weaken by the end of this year, however, particularly if its pipeline challenges worsen. With a stock that hasn't done much while rival stocks have galloped ahead, it wouldn't be a surprise if shareholders start to agitate for things like a spinoff of Merck's own animal-health business, or its consumer-health division, which sells well-known brands like Claritin and Coppertone.

If the comments in a recent survey of 167 money managers conducted by ISI Group -- after Merck's fourth-quarter results were released Feb. 1 -- are any indication, the clamor for the company to do something is going to rise.

ISI pharma and biotech analyst Mark Schoenebaum says the survey suggests that many investors are contrasting Pfizer's moves with Merck's lack of similar ones. "There seems to be an emerging group of investors who'd like Merck to follow Pfizer," he observes.

Here's one survey response: "Zoetis showed the market's appetite for animal health. Merck's the No. 2 player. Significant value creation potential for a company in desperate need of some positive actionable catalysts."

The company has made it clear, adds the ISI analyst, that such changes aren't on the agenda. "I don't expect it to happen quickly. . ." Schoenebaum says, adding that if Merck's pipeline doesn't deliver, it will follow Pfizer and Abbott.

Both Merck's fourth-quarter results and Feb. 1 earnings call brought mostly bad news. The company announced a possible year-long delay in seeking regulatory approval for odanacatib, a potential blockbuster osteoporosis drug, to 2014 from the first-half 2013 target. That, combined with plunging sales of newly off-patent Singulair, is increasing uncertainty about Merck's pipeline. Since the news, the stock is down 5%. It closed at \$41 Friday.

In response, a Merck spokesman said that the animal-health and consumer divisions complement its core business. The company intends to grow these businesses to enhance its overall performance.

Merck expects 2013 earnings per share to fall almost 6%, to \$3.60-to-\$3.70. The stock is relatively cheap at a price/earnings ratio of 11 times. Given its substantial underperformance, the cheaper it gets, the more likely an activist investor or two will show up at Merck's doorway.

Shares of HCA (HCA), the country's biggest publicly traded hospital operator, have soared almost 70% since 2011, and 23% this year alone. They've been boosted partly by the broad market's big rally, but HCA also has advanced on recent bullish Wall Street analysts' remarks that the Affordable Care Act, or Obamacare, will add substantially to its earnings in 2014.

At Friday's close of \$37.22, however, the stock looks stretched, given the uncertainties of Obamacare reimbursement for hospitals, and HCA's fourth-quarter results, which were more checkered than they seem at first blush. EPS -- excluding extraordinary items -- beat expectations, but organic revenue growth may be weaker than it looks. Leverage is rising; profit margins are falling; and earnings before interest, depreciation, and amortization fell from year-earlier levels.

Meanwhile, HCA continues to fund special dividends, a total of \$4.50 per share last year, nearly \$2 billion, mainly through debt, giving big gains to Bain Capital Partners and KKR (KKR), part of the private-equity group that brought HCA public in March 2011, after taking it private in 2006. That group sold about 32 million shares in December for around \$1 billion, but Bain and KKR still own about 40% of HCA.

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DJ65Stocks	4787.31	+10.36	+0.22
DJUSMarket	382.29	+1.39	+0.36
NYSEComp.	8935.23	-29.89	-0.33
NYSEMKTComp.	2409.94	-20.49	-0.84

S&P500	1517.93	+4.76	+0.31
S&PMidCap	1109.09	+7.50	+0.68
S&PSmallCap	512.24	+2.81	+0.55
Nasdaq	3193.87	+14.77	+0.46
ValueLine(arith.)	3423.88	+12.23	+0.36
Russell2000	913.67	+2.47	+0.27
DJUSTSM	15993.85	+58.59	+0.37

Last Week Week Earlier

NYSE		
Advances	1,671	1,764
Declines	1,467	1,384
Unchanged	74	61
NewHighs	580	725
NewLows	37	48
AvDailyVol(mil)	3,366.0	3,724.6
Dollar		
(Finexspotindex)	80.21	79.13
T-Bond		
(CBTnearbyfutures)	131-235	131-040
Crude Oil		

(NYMlightsweetcrude) 95.72 97.77
Inflation KR-CRB
(FuturesPriceIndex) 301.06 305.07
Gold
(CMXnearbyfutures) 1666.00 1669.40
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Heard on the Street

European Markets Show Lingering Lack of Faith

By Richard Barley

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Dow Jones Top Global Market Stories

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The start of 2013 has seen stock markets surge higher in the U.S., Japan and the U.K. -- but not the euro zone. That's odd: one of the reasons for increased investor optimism has been better news from Europe. Economic data has been stronger than expected, bond-market tensions have declined and the European Central Bank has even exited some of its emergency lending. Why are European markets not joining the party?

True, Europe had a good run last year, with Italian and Spanish stocks rising more than 30% off their July lows. But now the rally appears to be flagging. While the **S&P500** is up 6.3% year-to-date, Germany's Dax is up just 0.4%, Italy's FTSE MIB 2.1% and Spain's Ibex 35 is flat. In credit markets, the cost of insuring European corporate debt via the Markit iTraxx index has risen to 1.15% of the principal insured, versus 0.88% for the comparable U.S. CDX IG index, with the gap between the two widening sharply since late January. Safe-haven German Bunds have rallied impressively in February and the Swiss franc has strengthened again.

There are some concerns about the rising euro damaging the European economy, but given the lags involved, that seems unlikely to be the main cause of poor market performance. There have been jitters, too, about Italian elections and Spanish politics -- but not the same kind of fears as dominated markets last year, making it difficult to ascribe all of the underperformance to these worries.

The problem may simply be that euro-zone markets have come a long way since the ECB promised to intervene to keep the euro intact. The fear of a decline now may simply be greater than the hunger for incremental returns. That helps to explain why German yields are still very low: capital preservation is still high on investors' list of priorities. At UBS, clients of its wealth management division are holding 28% of their assets in cash.

Investors may have come round to the idea that the darkest days of the sovereign crisis are past. But they can't be sure the euro zone is out of the woods yet. Caution could trump optimism for a while yet.

Richard Barley is a writer for Heard on the Street. He has covered the European corporate credit market in one form or another since 1998. He can be reached at +44-20-7842-9406 or richard.barley@dowjones.com; follow him on Twitter at @RichardBarley1

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DOW JONES NEWSWIRES

Barron's: The Trader: Looking For A Pause -- Or A Pullback

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2013 年 2 月 9 日 05:07

Dow Jones Institutional News

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(From BARRON'S 2/11/13)

By Vito J. Racanelli

Investors took a breather as January's stock-market festivities gave way to a quiet first week of trading in February. But equities did rise slightly, bringing the broad market to its sixth straight week of gains.

Megacaps were the exception, with the Dow Jones Industrial Average inching down, though it flirted with 14,000 several times before closing below that level. There was little market-moving earnings, economic or political news. So, without an obvious cue, equities orbited tightly around the closing levels of the prior week.

Last week, the Dow lost 0.1%, or 17 points, to 13,992.97. It remains about 172 points from the all-time high. The Standard and Poor's 500 index added five points, or 0.3%, to 1517.93, and a 52-week high. It is off 3% from its all-time highs. The Nasdaq Composite rose 15, or 0.5%, to 3193.87.

With the Dow unable to punch through to record heights last week, as many were hoping it would, two trading camps have developed: those who expect this to be a pause, versus those who are looking for a temporary pullback in coming weeks after January's furious 5%-to-6% rise.

"Everyone is still trying to figure out if that was for real," says Doreen Mogavero, CEO of broker-dealer Mogavero. "There's been a lot of money on the sidelines for a long time and those investors -- whether they believe the rally or not -- know they have to do something with the money."

Many money managers are "behind the eight-ball" after January's big jump caught them unaware, says Darren Chevitz, research director at Jacob Asset Management. "They are praying for a pullback, so they can get in." Given the market psychology, a pullback could be dramatic but short-lived, he adds.

Because the market is nearing all-time highs, says Mogavero, the mostly quiescent volatility probably will increase in coming weeks: "People will be nervous about getting in at new highs." The tug of war between the two camps will intensify.

Friday, McDonald's (ticker: MCD) said that global same-store sales dropped a worse-than-expected 1.9% in January on slowing demand overseas. Mickey D's stock managed a small rise of 0.2%, to 94.87, despite that bad news, notes Mark Lehmann, president of JMP Securities in San Francisco. More importantly, that the market shrugged off such news from a Dow member is a measure of the strength of the 2013 rally, he says, adding that the path of least resistance appears to be higher.

Long-suffering Merck shareholders couldn't be blamed for using Zegerid, the firm's over-the-counter heartburn medicine. Since February 2008, the pharmaceutical giant's stock is down 14%, while the market is up 12%. Worse still, Merck's performance lately has been bested by those of Pfizer (PFE) and Abbott Laboratories (ABT). Over the past 12 months, Pfizer is up 28% and Abbott 29%, compared with just 7% for Merck (MRK).

A good deal of the market's more recent ardor for its rivals can be traced to decisions the two made in 2012 to hive off various parts of their businesses to enhance shareholder value. That came in response to market restlessness over what businesses are strategic fits for a pharma company.

This month, Zoetis (ZTS), the animal-health unit spun off from Pfizer, began trading; Zoetis has risen to \$33.05 from \$26. One month earlier, Abbott Labs completed the separation of AbbVie (ABBV). AbbVie, which holds Abbott's traditional pharma business, has climbed about 6% since Dec. 31. Abbott, which now focuses on diagnostics, medical devices, nutritionals, and branded generic drugs, is up 10%.

Both Pfizer and Abbott are viewed by institutional money managers as more willing than Merck to entertain major moves to increase shareholder value. Merck's chairman and CEO, Kenneth C. Frazier, so far doesn't seem amenable to making such changes.

Merck's reticence might weaken by the end of this year, however, particularly if its pipeline challenges worsen. With a stock that hasn't done much while rival stocks have galloped ahead, it wouldn't be a surprise if shareholders start to agitate for things like a spinoff of Merck's own animal-health business, or its consumer-health division, which sells well-known brands like Claritin and Coppertone.

If the comments in a recent survey of 167 money managers conducted by ISI Group -- after Merck's fourth-quarter results were released Feb. 1 -- are any indication, the clamor for the company to do something is going to rise.

ISI pharma and biotech analyst Mark Schoenebaum says the survey suggests that many investors are contrasting Pfizer's moves with Merck's lack of similar ones. "There seems to be an emerging group of investors who'd like Merck to follow Pfizer," he observes.

Here's one survey response: "Zoetis showed the market's appetite for animal health. Merck's the No. 2 player. Significant value creation potential for a company in desperate need of some positive actionable catalysts."

The company has made it clear, adds the ISI analyst, that such changes aren't on the agenda. "I don't expect it to happen quickly. . ." Schoenebaum says, adding that if Merck's pipeline doesn't deliver, it will follow Pfizer and Abbott.

Both Merck's fourth-quarter results and Feb. 1 earnings call brought mostly bad news. The company announced a possible year-long delay in seeking regulatory approval for odanacatib, a potential blockbuster osteoporosis drug, to 2014 from the first-half 2013 target. That, combined with plunging sales of newly off-patent Singulair, is increasing uncertainty about Merck's pipeline. Since the news, the stock is down 5%. It closed at \$41 Friday.

In response, a Merck spokesman said that the animal-health and consumer divisions complement its core business. The company intends to grow these businesses to enhance its overall performance.

Merck expects 2013 earnings per share to fall almost 6%, to \$3.60-to-\$3.70. The stock is relatively cheap at a price/earnings ratio of 11 times. Given its substantial underperformance, the cheaper it gets, the more likely an activist investor or two will show up at Merck's doorway.

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9 Feb 2013 00:07 EDT Barron's: The Trader: Looking For A Pause -- Or A -2-

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NewLows	37	48
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Dollar (Finexspotindex)	80.21	79.13
T-Bond (CBTnearbyfutures)	131-235	131-040
Crude Oil (NYMlightsweetcrude)	95.72	97.77
Inflation KR-CRB (FuturesPriceIndex)	301.06	305.07
Gold (CMXnearbyfutures)	1666.00	1669.40

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DOW JONES NEWSWIRES

DJ HEARD ON THE STREET: Daily Digest

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Dow Jones Institutional News

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HEARD ON THE STREET: European Markets Show Lingering Lack of Faith

By Richard Barley

The start of 2013 has seen stock markets surge higher in the U.S., Japan and the U.K. but not the euro zone. That's odd: one of the reasons for increased investor optimism has been better news from Europe. Economic data has been stronger than expected, bond-market tensions have declined and the European Central Bank has even exited some of its emergency lending. Why are European markets not joining the party?

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HEARD ON THE STREET: Saipem Should Fly Eni Nest

By Andrew Peaple

Saipem isn't doing Eni any good.

The Italian oil major's shares have fallen nearly 10% in the last week thanks to its 43%-owned oil services subsidiary. First Saipem warned its earnings could fall by 50% this year. Now Eni and its chief executive Paolo Scaroni have been drawn into an investigation into alleged bribes paid indirectly by Saipem to Algerian government officials since 2007. Eni denies Mr. Scaroni or any of its management were involved, but the issue highlights its problem with Saipem - it has ownership without control. Getting free from this mess will take a change of heart from the Italian government.

The sell-off in Eni shares looks overdone. The company has lost nearly EUR7 billion of value since January 29, implying the full EUR4.1 billion market value of its Saipem stake should be written off. That looks an extreme scenario: Saipem still expects to make EUR450 million in earnings this year.

Yet the uncertainty surrounding Mr. Scaroni isn't helping. The bribery probe is centered on payments allegedly made to Algerian government officials via a Dubai-based company, which in turn received a 2%-3%

cut from contracts a Saipem subsidiary signed with Algerian state-owned oil company Sonatrach. But Eni says it is not involved with Saipem's management beyond having one representative on its nine member board. It never discusses Saipem with other oil companies because it, too, is a Saipem customer, it says.

That leaves Eni apparently treating Saipem as a passive investment, but one whose earnings it consolidates and whose reputational risk it bears. The solution would be for Eni to sell its Saipem stake and focus on its main exploration and production business, a step Mr. Scaroni has long backed, according to a senior company official. In the past year Eni has sold down non-core assets, such as a 30% stake in gas network Snam. But Eni's own 30% owner, the Italian government, is keen to ensure Saipem stays in Italian hands, so has resisted a sale to date.

Any more bad news from Saipem might encourage the government to let go.

HEARD ON THE STREET: KPN Shouldn't Count on Slim Pickings

By Renee Schultes

Just when many companies are raising cheap debt to buy back shares and pay dividends, KPN (KPN.AE) is doing the opposite. Not surprisingly, the Dutch telecom operator's decision to launch a EUR4 billion rights issue - equivalent to two-thirds of its pre-announcement market value - this week has gone down badly with shareholders: the stock has lost 22% of its value. But investors shouldn't count on imminent salvation from 28% shareholder America Movil (AMX), controlled by Mexican tycoon Carlos Slim.

KPN has been in trouble for some time: its shares have dropped by more than 70% since chief executive Eelco Blok took the helm in April 2011. Blame that on his predecessor who handed cash back to shareholders but skimped on necessary investments. KPN says it needs to spend EUR7 billion over the next three years at a time when operating cash flow is falling. Without new equity, credit rating agencies would have downgraded its debt to junk status, pushing up borrowing costs. The rights issue will reduce net debt to below 2.5 times Ebitda at the end of next year from a current four times when soon to be consolidated commitments and spectrum costs are included.

Mr. Slim has yet to say whether he will take up his rights. Even if he does, it will cost him EUR1.1 billion. But if he doesn't, he could face more than 50% dilution, assuming the new shares are issued at a 40% discount to the pre-announcement price. Some shareholders may be hoping Mr. Slim takes advantage of the share price weakness to mount a full bid: although a mandatory offer triggered by any increase in his stake above 30% would need to be pitched at EUR8 a share, there is nothing to stop him making a voluntary offer.

But that may depend on whether he believes KPN can halt the slide in its cash flow. Its strategy is to sacrifice margins in an attempt to grow market share in the Netherlands, Germany and Belgium. But the market seems unconvinced given growing competition, particularly in Germany and Belgium. Ebitda fell by 12% last year to EUR4.5 billion and could fall at least another 15% this year, estimates Bernstein Research. Even if Mr. Slim does want to take full control of KPN, he may prefer to bide his time.

HEARD ON THE STREET: Italy's Bank Scandal Warning to Draghi

By Christopher Emsden

The recent trouble at Banca Monte dei Paschi di Siena (BMPS.MI), which last week had to be bailed out for a second time amid allegations of accounting irregularities that have embroiled the Italian government, the Bank of Italy and its former chief Mario Draghi, is more than just a domestic political scandal. The ruckus highlights potential vulnerabilities in plans for a new single European bank supervisor.

The Tuscan lender, which bills itself as the world's oldest bank, used complex derivatives to tweak its balance sheet that have now triggered massive losses contributing to a EUR3.9 billion black hole to be filled by taxpayers. Many of these derivative schemes are now the subject of judicial probes. The Bank of Italy admitted its supervisors were aware of the schemes, fuelling demands for a wider investigation.

In reality, the BOI's freedom for maneuver was limited. One problem was that the derivative deals did not violate accounting rules. While international accounting standards require that a seller of credit default swaps mark their position to market, that's not the case for "structured repos" -an innovative transaction that achieves the same effect - for which historical costs can be used.

Monte dei Paschi took advantage of this loophole to issue structured repos, thereby spreading out accrued losses over a longer period even though the bank remained fully exposed to fluctuating liquidity risks. Thanks

to this ruse, the bank posted a profit in 2009, enabling it to pay a dividend - which it had secretly promised to creditors that had subscribed to preferred shares used to bolster the capital base. Although the BOI was critical of the structured repos, it was hamstrung because no rule was broken.

In fact, the BOI did eventually evict Monte dei Paschi's management and force a clean sweep of its board of directors. But the way in which it has handled the affair has led to allegations of subterfuge that have pulled in Mr. Draghi, now president of the European Central Bank.

Those charges may be wide of the mark, but the political fuss is a timely reminder that bank supervision is a highly charged activity requiring delicate judgments to balance competing interests. Mr. Draghi will be fully aware just how much more politically sensitive banking regulation will become when conducted cross-border by the ECB as part of the euro zone's proposed banking union.

Indeed, the discretion required for bank supervision sits uncomfortably with the transparency the ECB deploys in the conduct of monetary policy where clear communication is essential to the management of expectations. All the more reason for Mr. Draghi to ensure the new supervisory body is ring-fenced to minimize the risk that some future scandal undermines the independence of the entire ECB.

HEARD ON THE STREET: Peeling Cash off Apple

By Rolfe Winkler

Can a new breed of irrationally exuberant investor light a fire under Apple's shares? David Einhorn thinks so. That is why he is picking a fight with the company.

Since May 2012, the hedge-fund investor, whose firm Greenlight Capital holds a stake in Apple valued at about \$610 million, has been trying to sell the company on a novel idea. Namely, to issue a new class of high-yielding preferred stock to existing investors.

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8 Feb 2013 12:44 EDT DJ HEARD ON THE STREET: Daily Digest -2-

His theory is that such shares would receive a higher multiple than Apple's existing common shares and so, abracadabra, shareholders would see a pop in the total value of their Apple holdings. The alchemy lies in creating a security tailor-made for income-oriented investors who want a steady stream of secure payouts with less exposure to the volatility of earnings.

Mr. Einhorn's math works like this: Apple would commit to paying, say, \$2 billion a year in preferred dividends on the new security. The security's senior claim on Apple's huge stream of earnings would make it more like a perpetual fixed-income security than a share of common stock. For added comfort, there is Apple's sovereign-like balance sheet, currently fortified with \$137 billion of cash.

It isn't unreasonable to think that such a security might yield a bit more than, say, Microsoft's 30-year bonds, which offer about 4%. Assuming a 5% yield, a preferred security from Apple that paid \$2 billion in total annual income would have an implied market value of \$40 billion. Thought of another way, it would sport an earnings multiple of 20 times.

Today, Apple has a market capitalization of \$443 billion, about 10 times expected net income for the year ending in September 2013. If a different class of investors is willing to pay 20 times for a relatively secure slice of earnings, then for every \$2 billion that Apple promises them, regular shareholders would in theory see a \$20 billion increase in the market value of their total Apple holdings. The risk is that if Apple were to pay out too much in preferred dividends, it could crimp its room to maneuver in the volatile handset business although \$2 billion is nowhere near such a level. Another important question in setting total payouts to shareholders is how much cash Apple earns in the U.S. versus what it takes in overseas cash that is subject to tax if repatriated.

Why doesn't Mr. Einhorn press Apple to simply raise the dividend for common shareholders? Because his goal isn't simply to get his hands on Apple's cash pile. Rather, he wants to exploit the fact that some investors particularly pension funds are willing to overpay for higher-yielding, long-term securities.

His proposal is very much in keeping with the zeitgeist engineered by Federal Reserve Chairman Ben Bernanke. In financial markets that take many cues from quantitative easing, yield is today's dot-com. U.S. "junk" bonds now pay about five percentage points more than comparable U.S. government debt. Only last summer, that spread was north of seven percentage points.

Mr. Einhorn's proposal echoes the fever for master limited partnerships. MLPs are tax-advantaged structures that many energy companies have used to spin off steady-paying assets like pipelines. Many investors have been attracted to MLPs because of their superior yields: The Alerian MLP yields about 6%, compared with 2.1% for the S&P 500.

The result is that assets are generally ascribed higher valuations in MLPs than within regular corporations. The Alerian index is up about 140% since the end of 2008, more than double the S&P 500's gain. Little wonder that MLP IPOs have spiked. They raised \$4.75 billion in 2012, according to Dealogic, more than the prior two years combined.

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Ireland will still repay the debt taken on to support Anglo Irish and Irish Nationwide, but on better terms. The original debt was made up of EUR31 billion of promissory notes, now reduced to EUR25 billion, that required hefty payments: Ireland was due to pay EUR3.1 billion, or around 1.8% of GDP, in March this year. They will now be replaced with EUR25 billion of long-term government bonds that mature between 2038 and 2053. They will carry a floating interest rate that the Irish government pegs at around 3% initially, versus 8% on the previous notes.

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The ultimate result should be lower government-bond issuance in coming years which should help Ireland continue its already successful return to market and a reduction in the budget deficit by 0.6 percentage point of GDP in 2014 and 2015. That will help the Irish government meet the target of cutting the deficit to 3% of GDP by 2015.

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HEARD ON THE STREET: European Markets Show Lingering Lack of Faith

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True, Europe had a good run last year, with Italian and Spanish stocks rising more than 30% off their July lows. But now the rally appears to be flagging. While the **S&P500** is up 6.3% year-to-date, Germany's Dax is up just 0.4%, Italy's FTSE MIB 2.1% and Spain's Ibex 35 is flat. In credit markets, the cost of insuring European corporate debt via the Markit iTraxx index has risen to 1.15% of the principal insured, versus 0.88% for the comparable U.S. CDX IG index, with the gap between the two widening sharply since late January. Safe-haven German Bunds have rallied impressively in February and the Swiss franc has strengthened again.

There are some concerns about the rising euro damaging the European economy, but given the lags involved, that seems unlikely to be the main cause of poor market performance. There have been jitters, too, about Italian elections and Spanish politics - but not the same kind of fears as dominated markets last year, making it difficult to ascribe all of the underperformance to these worries.

The problem may simply be that euro-zone markets have come a long way since the ECB promised to intervene to keep the euro intact. The fear of a decline now may simply be greater than the hunger for incremental returns. That helps to explain why German yields are still very low: capital preservation is still high on investors' list of priorities. At UBS, clients of its wealth management division are holding 28% of their assets in cash.

Investors may have come round to the idea that the darkest days of the sovereign crisis are past. But they can't be sure the euro zone is out of the woods yet. Caution could trump optimism for a while yet.

HEARD ON THE STREET: Saipem Should Fly Eni Nest

By Andrew Peaple

Saipem isn't doing Eni any good.

The Italian oil major's shares have fallen nearly 10% in the last week thanks to its 43%-owned oil services subsidiary. First Saipem warned its earnings could fall by 50% this year. Now Eni and its chief executive Paolo Scaroni have been drawn into an investigation into alleged bribes paid indirectly by Saipem to Algerian government officials since 2007. Eni denies Mr. Scaroni or any of its management were involved, but the issue highlights its problem with Saipem - it has ownership without control. Getting free from this mess will take a change of heart from the Italian government.

The sell-off in Eni shares looks overdone. The company has lost nearly EUR7 billion of value since January 29, implying the full EUR4.1 billion market value of its Saipem stake should be written off. That looks an extreme scenario: Saipem still expects to make EUR450 million in earnings this year.

Yet the uncertainty surrounding Mr. Scaroni isn't helping. The bribery probe is centered on payments allegedly made to Algerian government officials via a Dubai-based company, which in turn received a 2%-3% cut from contracts a Saipem subsidiary signed with Algerian state-owned oil company Sonatrach. But Eni

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That leaves Eni apparently treating Saipem as a passive investment, but one whose earnings it consolidates and whose reputational risk it bears. The solution would be for Eni to sell its Saipem stake and focus on its main exploration and production business, a step Mr. Scaroni has long backed, according to a senior company official. In the past year Eni has sold down non-core assets, such as a 30% stake in gas network Snam. But Eni's own 30% owner, the Italian government, is keen to ensure Saipem stays in Italian hands, so has resisted a sale to date.

Any more bad news from Saipem might encourage the government to let go.

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By Renee Schultes

Just when many companies are raising cheap debt to buy back shares and pay dividends, KPN (KPN.AE) is doing the opposite. Not surprisingly, the Dutch telecom operator's decision to launch a EUR4 billion rights issue - equivalent to two-thirds of its pre-announcement market value - this week has gone down badly with shareholders: the stock has lost 22% of its value. But investors shouldn't count on imminent salvation from 28% shareholder America Movil (AMX), controlled by Mexican tycoon Carlos Slim.

KPN has been in trouble for some time: its shares have dropped by more than 70% since chief executive Eelco Blok took the helm in April 2011. Blame that on his predecessor who handed cash back to shareholders but skimped on necessary investments. KPN says it needs to spend EUR7 billion over the next three years at a time when operating cash flow is falling. Without new equity, credit rating agencies would have downgraded its debt to junk status, pushing up borrowing costs. The rights issue will reduce net debt to below 2.5 times Ebitda at the end of next year from a current four times when soon to be consolidated commitments and spectrum costs are included.

Mr. Slim has yet to say whether he will take up his rights. Even if he does, it will cost him EUR1.1 billion. But if he doesn't, he could face more than 50% dilution, assuming the new shares are issued at a 40% discount to the pre-announcement price. Some shareholders may be hoping Mr. Slim takes advantage of the share price weakness to mount a full bid: although a mandatory offer triggered by any increase in his stake above 30% would need to be pitched at EUR8 a share, there is nothing to stop him making a voluntary offer.

But that may depend on whether he believes KPN can halt the slide in its cash flow. Its strategy is to sacrifice margins in an attempt to grow market share in the Netherlands, Germany and Belgium. But the market seems unconvinced given growing competition, particularly in Germany and Belgium. Ebitda fell by 12% last year to EUR4.5 billion and could fall at least another 15% this year, estimates Bernstein Research. Even if Mr. Slim does want to take full control of KPN, he may prefer to bide his time.

HEARD ON THE STREET: Italy's Bank Scandal Warning to Draghi

By Christopher Emsden

The recent trouble at Banca Monte dei Paschi di Siena (BMPS.MI), which last week had to be bailed out for a second time amid allegations of accounting irregularities that have embroiled the Italian government, the Bank of Italy and its former chief Mario Draghi, is more than just a domestic political scandal. The ruckus highlights potential vulnerabilities in plans for a new single European bank supervisor.

The Tuscan lender, which bills itself as the world's oldest bank, used complex derivatives to tweak its balance sheet that have now triggered massive losses contributing to a EUR3.9 billion black hole to be filled by taxpayers. Many of these derivative schemes are now the subject of judicial probes. The Bank of Italy admitted its supervisors were aware of the schemes, fuelling demands for a wider investigation.

In reality, the BOI's freedom for maneuver was limited. One problem was that the derivative deals did not violate accounting rules. While international accounting standards require that a seller of credit default swaps mark their position to market, that's not the case for "structured repos" -an innovative transaction that achieves the same effect - for which historical costs can be used.

Monte dei Paschi took advantage of this loophole to issue structured repos, thereby spreading out accrued losses over a longer period even though the bank remained fully exposed to fluctuating liquidity risks. Thanks to this ruse, the bank posted a profit in 2009, enabling it to pay a dividend - which it had secretly promised to

creditors that had subscribed to preferred shares used to bolster the capital base. Although the BOI was critical of the structured repos, it was hamstrung because no rule was broken.

In fact, the BOI did eventually evict Monte dei Paschi's management and force a clean sweep of its board of directors. But the way in which it has handled the affair has led to allegations of subterfuge that have pulled in Mr. Draghi, now president of the European Central Bank.

Those charges may be wide of the mark, but the political fuss is a timely reminder that bank supervision is a highly charged activity requiring delicate judgments to balance competing interests. Mr. Draghi will be fully aware just how much more politically sensitive banking regulation will become when conducted cross-border by the ECB as part of the euro zone's proposed banking union.

Indeed, the discretion required for bank supervision sits uncomfortably with the transparency the ECB deploys in the conduct of monetary policy where clear communication is essential to the management of expectations. All the more reason for Mr. Draghi to ensure the new supervisory body is ring-fenced to minimize the risk that some future scandal undermines the independence of the entire ECB.

HEARD ON THE STREET: Peeling Cash off Apple

By
Rolfe Winkler

Can a new breed of irrationally exuberant investor light a fire under Apple's shares? David Einhorn thinks so. That is why he is picking a fight with the company.

Since May 2012, the hedge-fund investor, whose firm Greenlight Capital holds a stake in Apple valued at about \$610 million, has been trying to sell the company on a novel idea. Namely, to issue a new class of high-yielding preferred stock to existing investors.

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In fact, the BOI did eventually evict Monte dei Paschi's management and force a clean sweep of its board of directors. But the way in which it has handled the affair has led to allegations of subterfuge that have pulled in Mr. Draghi, now president of the European Central Bank.

Those charges may be wide of the mark, but the political fuss is a timely reminder that bank supervision is a highly charged activity requiring delicate judgments to balance competing interests. Mr. Draghi will be fully aware just how much more politically sensitive banking regulation will become when conducted cross-border by the ECB as part of the euro zone's proposed banking union.

Indeed, the discretion required for bank supervision sits uncomfortably with the transparency the ECB deploys in the conduct of monetary policy where clear communication is essential to the management of expectations. All the more reason for Mr. Draghi to ensure the new supervisory body is ring-fenced to minimize the risk that some future scandal undermines the independence of the entire ECB.

HEARD ON THE STREET: Peeling Cash off Apple

By
Rolfe Winkler

Can a new breed of irrationally exuberant investor light a fire under Apple's shares? David Einhorn thinks so. That is why he is picking a fight with the company.

Since May 2012, the hedge-fund investor, whose firm Greenlight Capital holds a stake in Apple valued at about \$610 million, has been trying to sell the company on a novel idea. Namely, to issue a new class of high-yielding preferred stock to existing investors.

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His theory is that such shares would receive a higher multiple than Apple's existing common shares and so, abracadabra, shareholders would see a pop in the total value of their Apple holdings. The alchemy lies in creating a security tailor-made for income-oriented investors who want a steady stream of secure payouts with less exposure to the volatility of earnings.

Mr. Einhorn's math works like this: Apple would commit to paying, say, \$2 billion a year in preferred dividends on the new security. The security's senior claim on Apple's huge stream of earnings would make it more like a perpetual fixed-income security than a share of common stock. For added comfort, there is Apple's sovereign-like balance sheet, currently fortified with \$137 billion of cash.

It isn't unreasonable to think that such a security might yield a bit more than, say, Microsoft's 30-year bonds, which offer about 4%. Assuming a 5% yield, a preferred security from Apple that paid \$2 billion in total annual income would have an implied market value of \$40 billion. Thought of another way, it would sport an earnings multiple of 20 times.

Today, Apple has a market capitalization of \$443 billion, about 10 times expected net income for the year ending in September 2013. If a different class of investors is willing to pay 20 times for a relatively secure slice of earnings, then for every \$2 billion that Apple promises them, regular shareholders would in theory see a \$20 billion increase in the market value of their total Apple holdings. The risk is that if Apple were to pay out too much in preferred dividends, it could crimp its room to maneuver in the volatile handset business although \$2 billion is nowhere near such a level. Another important question in setting total payouts to shareholders is how much cash Apple earns in the U.S. versus what it takes in overseas cash that is subject to tax if repatriated.

Why doesn't Mr. Einhorn press Apple to simply raise the dividend for common shareholders? Because his goal isn't simply to get his hands on Apple's cash pile. Rather, he wants to exploit the fact that some investors particularly pension funds are willing to overpay for higher-yielding, long-term securities.

His proposal is very much in keeping with the zeitgeist engineered by Federal Reserve Chairman Ben Bernanke. In financial markets that take many cues from quantitative easing, yield is today's dot-com. U.S. "junk" bonds now pay about five percentage points more than comparable U.S. government debt. Only last summer, that spread was north of seven percentage points.

Mr. Einhorn's proposal echoes the fever for master limited partnerships. MLPs are tax-advantaged structures that many energy companies have used to spin off steady-paying assets like pipelines. Many investors have

been attracted to MLPs because of their superior yields: The Alerian MLP yields about 6%, compared with 2.1% for the S&P 500.

The result is that assets are generally ascribed higher valuations in MLPs than within regular corporations. The Alerian index is up about 140% since the end of 2008, more than double the S&P 500's gain. Little wonder that MLP IPOs have spiked. They raised \$4.75 billion in 2012, according to Dealogic, more than the prior two years combined.

With regards to Apple, Mr. Einhorn isn't proposing spinning off a separate operating company. But he does want Apple to issue a separately traded security whose defining characteristic is that it pays a dependable income stream that, right now, could make it the most popular kid in class.

The other lesson to draw from MLPs, however, is that you can have too much of a good thing. Signs of a bubble in the sector are emerging in the form of lower yields, high acquisition premiums and IPOs of less-suitable, more-volatile assets like refineries. When an increase in interest rates looks near, the popularity of such investments would likely wane, hitting those holding MLP stocks. The same is likely to hold true for anyone buying preferred stock in Apple.

Though Mr. Einhorn presented his preferred plan nine months ago, Apple brought matters to a head last month, when it put a proposal in its annual shareholder proxy that would make preferred-share issuance harder. And, in an effort to secure support for the change, Apple combined it with other, potentially popular changes to its bylaws like adopting majority voting for directors. Shareholders have to vote to support all the proposed bylaw changes or none at all.

Ironically, in trying to cut off discussion of Mr. Einhorn's idea with its proxy proposal, Apple has brought more attention to it than it ever received previously. The idea is clever enough to merit discussion. And that is why Apple owes it to its shareholders to separate its proposed bylaw changes.

Apple may come up with a compromise, by simply giving more cash to shareholders through dividends or share buybacks. In fact, it said late Thursday that it is considering a return of more cash.

But if Mr. Einhorn's preferred shares ever did get issued, there would be two important take-aways. For Apple investors more interested in the company's ability to make the next must-have gadget, they should flip the preferred stock to yield-hungry investors pretty quickly. For the rest of us, Mr. Einhorn's move might be the clearest signal yet that the bull market in fixed-income and high-yielding securities is well into bubble territory.

--Liam Denning contributed to this article.

HEARD ON THE STREET: A Good Day for Ireland

By Richard Barley

Ireland has won a key victory in renegotiating an onerous debt package used to fund its most broken banks.

It wasn't a smooth process. The deal involved an emergency midnight parliamentary debate and an odd European Central Bank news conference at which President Mario Draghi could only say he "took note" of an operation in Ireland without saying what it was. But the Irish government says the move reduces borrowing needs by 20 billion euros (\$27 billion) over the next 10 years and the deficit by EUR1 billion a year in the near term. That should help Ireland exit from its bailout program smoothly.

The key to the deal was a move to liquidate Irish Bank Resolution Corp., the umbrella entity for defunct lenders Anglo Irish Bank and Irish Nationwide, triggering the unwinding of the current expensive debt package. That was carried out via emergency legislation after the government feared news of the liquidation was about to leak. Technically, this is a deal between the Irish government and the Irish central bank, explaining Mr. Draghi's reticence. But the ECB's tacit approval is vital.

Ireland will still repay the debt taken on to support Anglo Irish and Irish Nationwide, but on better terms. The original debt was made up of EUR31 billion of promissory notes, now reduced to EUR25 billion, that required hefty payments: Ireland was due to pay EUR3.1 billion, or around 1.8% of GDP, in March this year. They will now be replaced with EUR25 billion of long-term government bonds that mature between 2038 and 2053. They will carry a floating interest rate that the Irish government pegs at around 3% initially, versus 8% on the previous notes.

Since the bonds will be held by the Irish central bank, which plans to drip-feed them into the market over an extended period, some of that interest payment will return to the government when the bank hands over its profits. The average maturity of the debt will be raised to 34 years from seven to eight years.

The ultimate result should be lower government-bond issuance in coming years which should help Ireland continue its already successful return to market and a reduction in the budget deficit by 0.6 percentage point of GDP in 2014 and 2015. That will help the Irish government meet the target of cutting the deficit to 3% of GDP by 2015.

Markets welcomed the deal, driving the yield on Ireland's bond due 2020 below 4%. But it isn't just good news for Ireland a successful exit from its bailout program will be good news for the euro zone, too. After all, Europe still needs as many good news stories as it can get

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MarketWatch

Paul B. Farrell

News & Commentary

10 signs Wall Street's soul sickness grows worse; Commentary: Rally hides dangerous moral pathology

Paul B. Farrell, MarketWatch

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MarketWatch

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SAN LUIS OBISPO, Calif. (MarketWatch) — Yes, the Dow and **S&P500** hit new highs. But the rally's hiding huge risks: "GDP turns negative as U.S. economic recovery stalls," screams one headline. Another hears a "Ticking Time Bomb."

World's central bankers at Davos warn cheap money's blowing a new asset bubble. Dr. Doom, Marc Faber, "loves the high odds of a 'big-time' market crash." Another, Nouriel Roubini, says "prepare for a perfect storm," while Bond King Bill Gross sees a "credit supernova" dead ahead.

Rally? Bubble? Crash? Global? Is the economy "peaking?" Are we on a long, slow-growth downhill slide to a 1% GDP? Is our banking system infested with a soul-sickness virus? Is Adam Smith's capitalist ideal turning against our markets and economy, accelerating the odds of more brutal competitive wars over an ever-shrinking, low-margin profits pool?

The answers became obvious in a disturbing new comment from Seth Godin, best-selling author of "Unleashing the Idea Virus" and one of America's leading minds: "If, 70 years ago, you asked Henry Luce, 'What is Time magazine for?' he'd probably talk about setting society's agenda, capturing the attention of the educated and powerful and most of all, delivering the best weekly news package he could. Today, the answer is clear. The purpose of the magazine is to make as much money as possible. Everything else is in service of that goal. It used to be that the profit enabled the magazine to reach its goals. Today, the goal is to reach the profit."

Profits, profits, profits: Godin warns that our obsession with profits is infecting the entire American culture. Godin is onto something. Ask yourself: Has the decline of America's GDP something to do with our addiction to profits backfiring? Has our obsession with profits come at the expense of our nation's humanity? Are GDP, profits and capitalism now America's "moral compass," the false god Jack Bogle, Vanguard's founder, wrote about several years ago in his classic, "The Battle for the Soul of Capitalism"?

How Wall Street amputated Adam Smith's 'invisible hand'

Godin's perspective echo the predictions Bogle made near the 2008 crash: Adam Smith's "invisible hand" is no longer driving "capitalism in a healthy, positive direction." A "happy conspiracy" of Wall Street, Washington and Corporate America is spreading a "pathological mutation of capitalism," driven by the many profit-addicted "invisible hands" of this new "mutant capitalism," replacing Adam Smith's ideal from 1776, the original soul of democracy and capitalism.

Today as we stare at these three macro trends — the declining GDP, America's all-consuming obsession with profits and Bogle's diagnosis of a "pathological mutation" driving the American economy — and we can easily see that Godin "profits virus" has become a pandemic the last five years, spreading way beyond our banking system, undermining the American and global economies.

Unfortunately, most investors are in denial, blind to the symptoms, refusing to listen, dismissing critics like Godin and Bogle.

10 symptoms of Wall Street's metastasizing soul sickness

Shortly after the 2008 Wall Street bank credit meltdown we identified the symptoms of this mutation of capitalism, profits virus, and soul sickness. With the new SEC chairman appointment of a prosecutor this is a perfect time to update, reexamine what government missed exposing the past five years.

Take a moment to diagnose our bank culture through these 10 symptoms of moral pathology, focused on Goldman Sachs in 2009 because of its conflicts of interest with the Treasury secretary. Since then, however, that toxic culture has metastasized, spreading deep into our banking system, economy and democracy.

Look with fresh eyes and ask yourself if America's "profits virus" obsession made us better place since 2008:

1. Narcissistic self-interest: with an extreme God complex

Narcissists are self-centered, power-driven, myopic. When I was at Morgan Stanley in the 1970s we ran an ad: "If God Wanted To Do a Financing, He Would Call Morgan Stanley." Goldman's boss Lloyd Blankfein not only paid himself \$68 million in the hot 2007 market but also, after Wall Street's 2008 meltdown, bragged to the London Times he was a "blue-collar guy," that banking had a "social purpose," he was just a banker "doing God's work."

2. Pathological liars: incapable of honesty even with own investors

No too-greedy-to-fail bank bosses have gone to jail. Reagan prosecuted 1,800. In 2008 the bosses sold \$40 billion of high-risk mortgages. Secretly shorted them. Never told investors. Even our Treasury Secretary knew. Stayed silent. Sin of omission. Main Street lost trillions. That's fraud. That's "mutant capitalism." That's soulless. Nothing's changed.

3. Paranoid obsessive: about secrecy, guilt and non-disclosure

The New York Fed was in on this massive Ponzi scheme. Negotiated in secret. Later taxpayers learned they paid \$13 billion too much in secret deals to buy \$62 billion of AIG credit-default swaps. Bottom line: the Treasury and Fed covered \$180 billion in AIG's toxic CDOs. No disclosure, just fraud.

4. Borderline split personalities: ignoring conflicts of interest

The New York Times: "Before becoming Treasury secretary in 2006, Hank Paulson agreed to hold himself to a higher ethical standard than his predecessors ... said he'd avoid his old buddies at Goldman where he was CEO. Later Congress saw many conflicts of interest, not just meetings but favorable treatment for his buddies at Goldman."

5. Power-mad egomaniacs: running government for personal profits

"For a year Goldman said it wouldn't have suffered damage if AIG collapsed," but a later report proved otherwise, said the Wall Street Journal: TARP inspector general said the New York Fed Chair Tim Geithner did pay too much. "If AIG had collapsed, Goldman would have had to cover the losses itself," couldn't collect, would go bankrupt.

6. Total denial: of own greed, corruption, damage to economy

Rolling Stone's Matt Taibbi called Goldman "a giant vampire squid wrapped around the face of humanity." Banks triggered a global collapse. Main Street suffered. Greedy bank CEOs raided the U.S. Treasury, still got \$30 billion in bonuses, year-over-year 60% increase. And nothing's changed. We're on track to repeat the 2008 meltdown again.

7. No fiduciary duty: only to insiders, conspired to defraud investors

New York Examiner: "Goldman was at the heart of the subprime market, selling subprime junk as no-risk AAA bonds, then gambling, hedging, shorting their investors. Goldman traded like Enron. That set up the meltdown." The Fed and Goldman's ex-CEO at Treasury saved Goldman. Taxpayers got stuck with the bill.

8. Moral failures: Just a PR problem, don't get caught next time

The year after the 2008 crash Goldman Sachs awarded huge bonuses. The public went ballistic. USA Today said Goldman went "on a PR blitz in a bid to undo the damage," canceled its Christmas party. Amid tens of billions in bonuses they "also launched a \$500 million program for small businesses." Banks treat moral issues as PR problems.

9. Charitable donations: tax and PR opportunities, not moral issues

The New York Times dug into Goldman's charitable deductions: Money to their foundation was dwarfed by insiders' bonuses. Their foundation got \$400 million, gave away \$22 million. Insider bonuses were 20 times more. Even the New York Post said "Goldman's Born Again Image is Laughable."

10. Conspiracies cover-up fraud: Feign humility and fake apologies

If caught, just fake it. Blankfein told CBS “he’s sorry for the role Goldman played in the housing crisis: We participated in things that were clearly wrong.” Clearly wrong? No, “clearly criminal.” He was admitting to a fraud. Cheated millions of homeowners, investors. Then he laughs at us with bogus “restitution” claims. A fund of \$100 million annually for five years to small-business owners? The Financial Times said “\$100 million is the profits from one good trading day. In 3Q ‘09 they had 36 days better than that.” It’s time to turn the clock back, prosecute, get a pound of flesh from the vampire squids.

Powerful biblical lesson ... ‘Jesus threw them out ...’

Back then, New York Times columnist Maureen Dowd wrote: “Goldman’s trickle-down catechism isn’t working. We have two economies. In the past decade Wall Street’s shared little with society. Their culture is totally money-obsessed.”

Dowd echoes Godin and Bogle. Dowd saw capitalism run amuck: For them “there’s always room for a bigger house, bigger boat. If not, you’re falling behind. It’s an addiction. And Washington’s done little to quell it.” And in a clear dig at Goldman’s boss: “And as far as doing God’s work: The bankers who took taxpayer money, pocketing obscene bonuses: They’re the same greedy types Jesus threw out of the temple.”

In all 10 areas, ask yourself: Has Wall Street improved since the 2008 crash? Or has it torn our great nation down further, made America worse in the past five years? Blowing another bubble? Is Wall Street’s addiction to profits pushing us closer to another, bigger market and economic meltdown, driving America closer to the Second Great Depression?

Take a moment to diagnose our bank culture through these 10 symptoms of moral pathology, focused on Goldman Sachs in 2009 because of its conflicts of interest with the Treasury secretary. Since then, however, that toxic culture has metastasized, spreading deep into our banking system, economy and democracy.|103

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BARRON'S

MARKET WEEK

Stocks --- The Trader: Friday Surge Boosts Dow's Gain This Year to 6%

By Vito J. Racanelli

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The Dow Jones Industrial Average didn't hit an all-time high last week, as many investors had hoped, but who's going to argue with another weekly gain of nearly 1%? The broad stock market is up a blistering 6% already this year.

Last week, the rally came mostly on Friday, when the Dow finished above 14,000 for the first time since Oct. 12, 2007. The market drove higher on good fourth-quarter earnings reports and more data suggesting that the individual investor is returning to stocks.

The market also ignored Wednesday's surprise fourth-quarter report of a 0.1% contraction in gross domestic product and instead concentrated on the Federal Reserve's policy statement, released the same day, that its monetary easing would continue until the employment outlook "improves substantially."''

The GDP data were discounted almost immediately as a one-off event, says Dan Greenhaus, chief global strategist at BTIG. The big move Friday is explained by the day's broadly encouraging employment, consumer-sentiment, manufacturing, and construction-spending figures. "Nobody sees the fourth quarter as the start of a contraction," he says, adding that the December construction data alone should change the final fourth-quarter number to a positive.

The Dow rose 0.8%, or 114 points, to 14,009.79 last week, and jumped 6% in January. It's just 155 points from its all-time high. The Standard & Poor's 500 index gained 0.7%, or 10, to 1513.17, and rose 5% last month. The Nasdaq Composite added 29.4 points, or 0.9%, to 3179.10. Prices of 10-year U.S. Treasuries, meanwhile, fell for the second straight week.

The rally is partly being powered by fourth-quarter profits that are topping expectations, observes Michael Yoshikami, CEO of Destination Wealth Management. Of the 234 companies in the S&P 500 that have reported, 70% posted profits and 67% revenue above mean forecasts, FactSet says. The quarter's 4% earnings growth rate is higher than the expected 1% to 2%.

Now that the market has risen more than 120% from its 2009 lows, the individual investor finally seems to be returning, Yoshikami says. What could dampen the party, near-term, are the talks in Washington about government spending and the March 1 sequestration deadline. Though he says there's a 75% chance that the market will hit record highs before that deadline, "we have to be aware of it."

Dan Morgan, a portfolio manager at Synovus Trust, concurs. For now, the market isn't being held hostage by action, or lack of it, in Washington, he says. Can it go higher? Morgan notes that the S&P 500 is just slightly below its all-time high of 2007, even as the index's trailing annual earnings per share are about \$100, versus \$85 in 2007. From a market-multiple perspective, "there is room, but there is Washington," too, Morgan observes. Corporate America is healthy, but lower unemployment would help.

The prediction for the Super Bowl: Ravens 24; 49ers, 20.

With equities up 38% in the past 16 months, some institutional investors grouse that it's hard to find companies offering good stock value, as well as strong business prospects.

There are cheap shares out there whose issuers' fundamentals aren't very good. And there are plenty of stocks with strong fundamentals, but many of them aren't cheap, sitting at, or near, 52-week highs.

Then there's Wal-Mart Stores (ticker: WMT), whose shares had a pretty good 2012, but have fallen 9% from a record \$77.60 in mid-October to \$70.49 at Friday's close.

Part of that slide derives from disappointing revenue and same-store sales in the fiscal third quarter, ended October. Moreover, since last spring, Wal-Mart has grappled with bribery allegations in Mexico. In a November filing with the Securities and Exchange Commission, the big retailer said that it is looking into potential U.S. bribery-law violations in Brazil, China, and India, too.

The spirited market rally has encouraged investors to move into riskier smaller-cap stocks with more upside potential than the slower-growing mega-cap Wal-Mart. With the market already soaring by more than 5% in January alone, pressure is building on institutional investors to swing for home runs, in order to beat the market this year.

But the patient, long-term investor knows that wins can be made of singles and doubles, too, and at the current price Wal-Mart is a good bet to generate a 10%-15% total return over the next 12 months.

That might or might not beat the market in 2013, but a double-digit return shouldn't be dismissed, particularly if furnished by a stable, steadily growing, dividend-paying quality stock like Wal-Mart.

"It's good value here," says John Wells, who co-runs the Christopher Weil & Co. Core Investment fund (CWCFX), which owns a stake in the company. Wal-Mart is a formidable retail competitor that makes profits, as opposed to Amazon (AMZN), "where I'm surprised how little money is made." There's a lot of hope that Amazon will become more profitable in the future, but Wal-Mart is making hay now.

Track records count for a lot in these pages, and Wal-Mart has produced a long skein of higher revenue, earnings, and dividends, through good years and bad. Its annual EPS growth rate is an expected 8% to 10%. Granted, some of that comes from the reduction of shares outstanding by repurchases. But it's impressive, given Wal-Mart's size: It's expected to have nearly \$500 billion in sales this year.

The online threat shouldn't be ignored, but Wal-Mart is also one of the biggest Internet retailers out there. It gets most of its sales domestically, but will benefit from global growth. Already, 25% of its sales and revenue come from abroad. That's up from 20% a few years ago.

Wal-Mart shares are trading at a price/earnings ratio of less than 13 times consensus analyst expectations of \$5.40 for this fiscal year, which ends next January. The P/E is not far off its historical low, and the stock is relatively inexpensive by other valuation metrics, as well.

Compared with the market and its history, the discount retailer is as cheap as it was back in 2007, adds Cameron Clement, a fund manager at Cornerstone Investment Partners, which has recently increased its longstanding position in Wal-Mart.

"It surprises me" that the market could react so negatively to one quarter for a company of this size and history, Clement says of the third-quarter results. All Wal-Mart has done over the past five years is consistently provide 5% revenue and 9% EPS growth, he adds.

Though Wal-Mart's dividend yield is average, at 2.2%, the stock could also benefit from a continued shift out of bonds and into equities. And the stock's safety and quality will appeal to conservative investors.

The giant retailer's stock is the kind of ballast that works in any diversified portfolio. For an investor who doesn't own Wal-Mart, it seems a propitious time to start buying.

Exploration and production company Hess (HES) Wednesday reported \$1.66 a share in earnings for the fourth quarter and a 10% sales rise to \$9.7 billion. The results were a welcome improvement from a loss a year earlier, but they were about as expected.

More important, they probably didn't satisfy activist investor Elliott Management, which recently took a 4% stake in Hess and is agitating for sweeping changes to increase shareholder value, such as a break-up of its assets.

This column pointed out last May 21, when Hess' stock was at \$44.60, that the New York-based E&P outfit was greatly undervalued. We noted then that Hess's biggest problems were self-inflicted but fixable: too much capital spending and not enough production from what are good assets, such as fields in the Bakken Shale in North Dakota.

Investors were unhappy with the continual production disruptions and with Hess's habit of missing analyst earnings expectations, and had pushed the shares down to near all-time lows. Last Friday, however, the stock closed at \$68.21, 53% above its quote when our bullish item ran.

Elliott Management's beef appears to be similar. In a recent SEC filing, Elliott attributed the stock's underperformance over the years to an unfocused portfolio and poor management. It is proposing five new

board members at the coming shareholders meeting to help bring about a substantial restructuring, including the spinoff of the Bakken properties, among other changes.

Elliott, which declined to comment beyond the filing, has said that the shares could be worth more than \$126.

Investors who bought the stock last May fatare sitting on a fat gain and a nice decision: What do they do now?

Hess's public response has been polite, but suggests that management lacks ardor for the massive changes that Elliott is suggesting. No surprise there. In a conference call Wednesday, CEO John Hess broadly indicated that management opposes a radical breakup of Hess's operations. Through a spokesman, the company declined to comment, but it is preparing a response to Elliott's proposals.

In recent years, a number of energy-sector companies, including ConocoPhilips (COP), Marathon Petroleum (MPC), and Tesoro (X), have spun off assets. Post-spinoff stock performance has generally enhanced the overall value to shareholders.

Elliott's proposals would likely do the same for Hess, though its \$126 valuation seems a stretch. The price would value Hess' current assets at 19 times analysts' consensus estimates of about \$6.50 next year, double the firm's long-term P/E.

Moreover, a breakup could be a long and bruising way off. It remains uncertain, given management's present attitude and John Hess' 10% stake in the company.

Additionally, the executive team, which already has its hands full with improving operations, will be distracted as it battles Elliott. Since mid-July of 2012, when Hess announced a strategy change, the energy producer has been cutting costs, boosting production, and divesting assets. And that was before Elliott showed up.

Given the 50%-plus rise in the shares since our item was published, it's time to take some money off the table. A breakup of Hess would bring a price substantially higher than \$66, perhaps \$90 to \$100, if perfectly executed. But there's significant risk that Elliott Management's activism will fail.

The conservative -- and smart -- course would be to sell a portion, say half, of one's Hess stake, and then play with house money. A big gain would be locked in, but an investor would still have a chance to participate in further advances if management continues to improve operations or if Elliott is ultimately successful.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14009.79	+113.81	+0.82
DJTransportation	5857.23	-12.82	-0.22
DJUtilities	474.53	+4.48	+0.95
DJ65Stocks	4776.95	+24.93	+0.52
DJUSMarket	380.90	+2.42	+0.64
NYSEComp.	8965.12	+60.60	+0.68
NYSEMKTComp.	2430.43	+17.50	+0.73

S&P500	1513.17	+10.21	+0.68
S&PMidCap	1101.59	+4.89	+0.45
S&PSmallCap	509.43	+0.96	+0.19
Nasdaq	3179.10	+29.39	+0.93
ValueLine(arith.)	3411.65	+23.05	+0.68
Russell2000	911.20	+5.96	+0.66
DJUSTSM	15935.26	+96.37	+0.61

Last Week Week Earlier

NYSE		
Advances	1,764	2,181
Declines	1,384	957
Unchanged	61	63
NewHighs	725	794
NewLows	48	32
AvDailyVol(mil)	3,724.6	3,516.9

Dollar
(Finexspotindex) 79.21 79.75
T-Bond
(CBTnearbyfutures) 131-040 131-130
Crude Oil
(NYMlightsweetcrude) 97.77 95.88
Inflation KR-CRB
(FuturesPriceIndex) 305.07 299.31
Gold
(CMXnearbyfutures) 1669.40 1656.40

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DOW JONES NEWSWIRES

Barron's: The Trader: Friday Surge Boosts Dow's Gain This Year To 6%

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Dow Jones Institutional News

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(From BARRON'S 2/4/13)

By Vito J. Racanelli

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The Dow rose 0.8%, or 114 points, to 14,009.79 last week, and jumped 6% in January. It's just 155 points from its all-time high. The Standard & Poor's 500 index gained 0.7%, or 10, to 1513.17, and rose 5% last month. The Nasdaq Composite added 29.4 points, or 0.9%, to 3179.10. Prices of 10-year U.S. Treasuries, meanwhile, fell for the second straight week.

The rally is partly being powered by fourth-quarter profits that are topping expectations, observes Michael Yoshikami, CEO of Destination Wealth Management. Of the 234 companies in the S&P 500 that have reported, 70% posted profits and 67% revenue above mean forecasts, FactSet says. The quarter's 4% earnings growth rate is higher than the expected 1% to 2%.

Now that the market has risen more than 120% from its 2009 lows, the individual investor finally seems to be returning, Yoshikami says. What could dampen the party, near-term, are the talks in Washington about government spending and the March 1 sequestration deadline. Though he says there's a 75% chance that the market will hit record highs before that deadline, "we have to be aware of it."

Dan Morgan, a portfolio manager at Synovus Trust, concurs. For now, the market isn't being held hostage by action, or lack of it, in Washington, he says. Can it go higher? Morgan notes that the S&P 500 is just slightly below its all-time high of 2007, even as the index's trailing annual earnings per share are about \$100, versus \$85 in 2007. From a market-multiple perspective, "there is room, but there is Washington," too, Morgan observes. Corporate America is healthy, but lower unemployment would help.

The prediction for the Super Bowl: Ravens 24; 49ers, 20.

With equities up 38% in the past 16 months, some institutional investors grouse that it's hard to find companies offering good stock value, as well as strong business prospects.

There are cheap shares out there whose issuers' fundamentals aren't very good. And there are plenty of stocks with strong fundamentals, but many of them aren't cheap, sitting at, or near, 52-week highs.

Then there's Wal-Mart Stores (ticker: WMT), whose shares had a pretty good 2012, but have fallen 9% from a record \$77.60 in mid-October to \$70.49 at Friday's close.

Part of that slide derives from disappointing revenue and same-store sales in the fiscal third quarter, ended October. Moreover, since last spring, Wal-Mart has grappled with bribery allegations in Mexico. In a November filing with the Securities and Exchange Commission, the big retailer said that it is looking into potential U.S. bribery-law violations in Brazil, China, and India, too.

The spirited market rally has encouraged investors to move into riskier smaller-cap stocks with more upside potential than the slower-growing mega-cap Wal-Mart. With the market already soaring by more than 5% in January alone, pressure is building on institutional investors to swing for home runs, in order to beat the market this year.

But the patient, long-term investor knows that wins can be made of singles and doubles, too, and at the current price Wal-Mart is a good bet to generate a 10%-15% total return over the next 12 months.

That might or might not beat the market in 2013, but a double-digit return shouldn't be dismissed, particularly if furnished by a stable, steadily growing, dividend-paying quality stock like Wal-Mart.

"It's good value here," says John Wells, who co-runs the Christopher Weil & Co. Core Investment fund (CWCFX), which owns a stake in the company. Wal-Mart is a formidable retail competitor that makes profits, as opposed to Amazon (AMZN), "where I'm surprised how little money is made." There's a lot of hope that Amazon will become more profitable in the future, but Wal-Mart is making hay now.

Track records count for a lot in these pages, and Wal-Mart has produced a long skein of higher revenue, earnings, and dividends, through good years and bad. Its annual EPS growth rate is an expected 8% to 10%. Granted, some of that comes from the reduction of shares outstanding by repurchases. But it's impressive, given Wal-Mart's size: It's expected to have nearly \$500 billion in sales this year.

The online threat shouldn't be ignored, but Wal-Mart is also one of the biggest Internet retailers out there. It gets most of its sales domestically, but will benefit from global growth. Already, 25% of its sales and revenue come from abroad. That's up from 20% a few years ago.

Wal-Mart shares are trading at a price/earnings ratio of less than 13 times consensus analyst expectations of \$5.40 for this fiscal year, which ends next January. The P/E is not far off its historical low, and the stock is relatively inexpensive by other valuation metrics, as well.

Compared with the market and its history, the discount retailer is as cheap as it was back in 2007, adds Cameron Clement, a fund manager at Cornerstone Investment Partners, which has recently increased its longstanding position in Wal-Mart.

"It surprises me" that the market could react so negatively to one quarter for a company of this size and history, Clement says of the third-quarter results. All Wal-Mart has done over the past five years is consistently provide 5% revenue and 9% EPS growth, he adds.

Though Wal-Mart's dividend yield is average, at 2.2%, the stock could also benefit from a continued shift out of bonds and into equities. And the stock's safety and quality will appeal to conservative investors.

The giant retailer's stock is the kind of ballast that works in any diversified portfolio. For an investor who doesn't own Wal-Mart, it seems a propitious time to start buying.

Exploration and production company Hess (HES) Wednesday reported \$1.66 a share in earnings for the fourth quarter and a 10% sales rise to \$9.7 billion. The results were a welcome improvement from a loss a year earlier, but they were about as expected.

More important, they probably didn't satisfy activist investor Elliott Management, which recently took a 4% stake in Hess and is agitating for sweeping changes to increase shareholder value, such as a break-up of its assets.

This column pointed out last May 21, when Hess' stock was at \$44.60, that the New York-based E&P outfit was greatly undervalued. We noted then that Hess's biggest problems were self-inflicted but fixable: too much capital spending and not enough production from what are good assets, such as fields in the Bakken Shale in North Dakota.

Investors were unhappy with the continual production disruptions and with Hess's habit of missing analyst earnings expectations, and had pushed the shares down to near all-time lows. Last Friday, however, the stock closed at \$68.21, 53% above its quote when our bullish item ran.

Elliott Management's beef appears to be similar. In a recent SEC filing, Elliott attributed the stock's underperformance over the years to an unfocused portfolio and poor management. It is proposing five new

board members at the coming shareholders meeting to help bring about a substantial restructuring, including the spinoff of the Bakken properties, among other changes.

Elliott, which declined to comment beyond the filing, has said that the shares could be worth more than \$126.

Investors who bought the stock last May fatare sitting on a fat gain and a nice decision: What do they do now?

Hess's public response has been polite, but suggests that management lacks ardor for the massive changes that Elliott is suggesting. No surprise there. In a conference call Wednesday, CEO John Hess broadly indicated that management opposes a radical breakup of Hess's operations. Through a spokesman, the company declined to comment, but it is preparing a response to Elliott's proposals.

In recent years, a number of energy-sector companies, including ConocoPhilips (COP), Marathon Petroleum (MPC), and Tesoro (X), have spun off assets. Post-spinoff stock performance has generally enhanced the overall value to shareholders.

Elliott's proposals would likely do the same for Hess, though its \$126 valuation seems a stretch. The price would value Hess' current assets at 19 times analysts' consensus estimates of about \$6.50 next year, double the firm's long-term P/E.

Moreover, a breakup could be a long and bruising way off. It remains uncertain, given management's present attitude and John Hess' 10% stake in the company.

Additionally, the executive team, which already has its hands full with improving operations, will be distracted as it battles Elliott. Since mid-July of 2012, when Hess announced a strategy change, the energy producer has been cutting costs, boosting production, and divesting assets. And that was before Elliott showed up.

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Given the 50%-plus rise in the shares since our item was published, it's time to take some money off the table. A breakup of Hess would bring a price substantially higher than \$66, perhaps \$90 to \$100, if perfectly executed. But there's significant risk that Elliott Management's activism will fail.

The conservative -- and smart -- course would be to sell a portion, say half, of one's Hess stake, and then play with house money. A big gain would be locked in, but an investor would still have a chance to participate in further advances if management continues to improve operations or if Elliott is ultimately successful.

Vital Signs

Friday's Close Week's Change Week's % Chg.

DJIndustrials	14009.79	+113.81	+0.82
DJTransportation	5857.23	-12.82	-0.22
DJUtilities	474.53	+4.48	+0.95
DJ65Stocks	4776.95	+24.93	+0.52
DJUSMarket	380.90	+2.42	+0.64
NYSEComp.	8965.12	+60.60	+0.68
NYSEMKTComp.	2430.43	+17.50	+0.73

S&P500	1513.17	+10.21	+0.68
S&PMidCap	1101.59	+4.89	+0.45
S&PSmallCap	509.43	+0.96	+0.19
Nasdaq	3179.10	+29.39	+0.93
ValueLine(arith.)	3411.65	+23.05	+0.68
Russell2000	911.20	+5.96	+0.66
DJUSTSM	15935.26	+96.37	+0.61

Last Week Week Earlier

NYSE		
Advances	1,764	2,181
Declines	1,384	957
Unchanged	61	63
NewHighs	725	794

NewLows	48	32
AvDailyVol(mil)	3,724.6	3,516.9
Dollar (Finexspotindex)	79.21	79.75
T-Bond (CBTnearbyfutures)	131-040	131-130
Crude Oil (NYMlightsweetcrude)	97.77	95.88
Inflation KR-CRB (FuturesPriceIndex)	305.07	299.31
Gold (CMXnearbyfutures)	1669.40	1656.40

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