



## TODAY 20-02-12

**NL** (a.o.): Ageas;

**NL Tomorrow** (a.o.): TNT Express, Unit4, CSM ;

**AEX Rest of the week:** Wedn.: Wolters Kluwer; Thur. Philips publishes annual report;

**EUR** (a.o.): Carlsberg

**EUR Tomorrow** (a.o.): Fresenius, Kerry Group ;

## FINANCE Credit / CDS HF

- **Banks question 'credit easing' policy** -- Several of the UK's biggest banks have raised doubts as to whether a flagship government scheme aimed at boosting demand for credit will result in cheaper loans for small and medium-sized enterprises. The Treasury is hammering out the details of its much-vaunted "credit easing" policy, which is intended to bring down the cost of loans for SMEs by offering lenders access to cheaper state-backed funding. But a month before the final structure is due to be announced, the plans are under fire as banks including HSBC, Barclays and Santander UK are unconvinced the scheme will provide cheaper funding than they can obtain elsewhere. The lack of enthusiasm from the banks will be a blow to the government as it seeks new ways to revitalise lending to the SME sector after criticism that its Merlin targets for last year did not do enough to unblock the supply of credit. Together the five biggest UK banks provided £74.9bn of SME loans in 2011, short of their £76bn target. (FT)
- **ALLIANZ** -- Handelsblatt reports Allianz may be preparing sale of Allianz Global or Pimco, citing unidentified experts. (BN)
- **Axa May Bid for ING Assets in Asia Expansion, Telegraph Says** -- Axa SA, Europe's second largest insurer, plans to expand in Asia and doesn't rule out bidding for ING Groep NV's Asian assets, The Sunday Telegraph said, citing Chief Executive Officer Henri de Castries. About 60 percent of the company's activities are in Europe, the U.S. and the rest of the world contributes about 20 percent each, de Castries told the newspaper in an interview. Axa plans to grow organically and doesn't need to do acquisitions, de Castries said, according to the Telegraph. (BN)
- **Ergo Plans to Expand Property, Casualty Insurance, Welt Reports** -- Ergo Versicherungsgruppe, the primary insurer of Munich Re, plans to expand its property and casualty-insurance business, Welt am Sonntag reported, citing an interview with Chief Executive Officer Torsten Oletzky. Oletzky said he is "optimistic" for 2012, the German newspaper reported. (BN)
- **Moody's: Proposed French Financial Transaction Tax Is Credit Negative For French Banks** -- France's unilateral plans for a transaction tax on the country's banks is credit negative because it would reduce profits without providing "material incentives" to reduce risk-taking, Moody's Investors Service said Monday. An article in the rating firm's Weekly Credit Outlook said that if the measures were taken across the European Union, it could help reduce types of risky trading that threaten banks' risk profiles, but acting alone was unlikely to achieve that. While the overall financial effect on French banks would be small, the imposition of such a cost would constrain capital generation, the rating firm said. (DJ)
- **IKB Says Nine-Month Net Loss Widened to 431 Million Euros** -- IKB Deutsche Industriebank AG's nine-month net loss widened to 431 million euros from a loss of 155 million euros in the year-ago period, the company said in an e-mailed statement today. (BN)
- **Ageas FY Net Loss EU578m, Keeps Div. 8c/Shr** -- Ageas 4Q net loss EU44.5m vs EU422.5m loss. \* Insurance net loss EU313m; results impacted by Greek holdings \* Says results affected by adverse financial mkts; sees strong operational improvement in non-life (BN)
- **Foreclosure Deal Still Short of Final Agreement** -- It looks like the US regulators are taking their cue from the robo-signers. More than a year after the scandal broke over the rapid signing of thousands of foreclosure documents without reviewing their accuracy, New York Attorney General Eric Schneiderman and his cohorts, along with the Justice Department and the Department of Housing and Urban Development, are crowing. They claim they've clinched a \$25 billion deal to punish five big banks for robo-signing and other wrongdoing in the foreclosure mess. Trouble is, the regulators don't have a final deal, just a provisional one. Important elements could change — likely for the worse for homeowners and investors — before the army of bank and government lawyers involved signs off. ([http://www.nypost.com/p/news/business/ags\\_foreclosure\\_deal\\_still\\_being\\_PhIgna2flsHJs6A0egzu2M#ixzz1mu2AMToF](http://www.nypost.com/p/news/business/ags_foreclosure_deal_still_being_PhIgna2flsHJs6A0egzu2M#ixzz1mu2AMToF))

## TECH/TELCO

- **Samsung to Spin Off LCD Business to Focus on New TV Technology** -- Samsung Electronics Co. said it will spin off its unprofitable liquid-crystal-display division as the company changes its focus to the next generation of TV displays. The new company, provisionally named Samsung Display Co., will be set up April 1, Samsung said in a filing today. Samsung may merge the unit into the Samsung Mobile Display venture that makes organic light-emitting diode, or OLED, panels, Nam Ki Yung, a Seoul-based spokesman, said by phone. (BN)
- **Google Violated Apple Users' Privacy, Stanford Study Finds** -- Google Inc. violated users' privacy on Apple Inc.'s Safari Web browser, Stanford University research found, adding to a drumbeat of criticism from consumer groups and lawmakers over how the search giant tracks people online. Using its DoubleClick ad network, Google has been dodging a privacy setting in Safari, the primary Web browser on the iPhone, iPad and Apple computers, according to a report today by Stanford's Security Lab and the Center for Internet and Society. The study named three other companies -- Vibrant Media Inc., Media Innovation Group LLC and PointRoll Inc. -- that also evaded privacy settings. (BN)
- **Apple Inc.** -- HTC Corp. lost a patent-infringement claim against the world's largest technology company at the U.S. International Trade Commission, the first of the Taiwanese handset maker's cases targeting the iPhone. (BN)
- **Hewlett-Packard Co** -- The outlook for the world's largest personal computer maker is still unclear as Chief Executive Officer Meg Whitman tries to turn it around by changing the corporate culture and boosting research and development expenditure, Barron's reported. (BN)
- **Transistor Made Using a Single Atom May Help Surpass Moore's Law** -- Scientists have taken an early step toward surpassing the limits of a technological principle called Moore's Law by creating a working transistor using a single phosphorus atom. The atom was etched into a silicon bed with "gates" to control electrical flow and metallic contacts to apply voltage, researchers reported in the journal Nature Nanotechnology. It is the first such device to be precisely positioned using a repeatable technology, they said, and may one day help ease the way toward creation of a so-called quantum computer that would be significantly smaller and faster than existing technology. Moore's law states that the number of transistors that can be placed on an integrated circuit doubles every 18 months to two years, and it's predicted to reach its limit with existing technology in 2020. Cutting the size of a transistor to a single atom may defeat that concept. (BN)



## **RESEARCH UPDATES**

RBC Capital upped **TNT Express** to Sector Perform; CS upped **TNT Express** to Neutral; SocGen upped **TNT Express** to Hold; JP Morgan upped **TF1** to Neutral; KBW cut **ZFS** to Market Perform; Citi upped **Clariant** to Buy; UBS cut **Randstad** to Neutral; CS upped **BBVA** to Outperform;

## **ENERGY, UTILITIES AND COMMODITIES**

- **Oil Rises to Nine-Month High on Iran Export Halt, Europe** -- Oil surged to the highest price in nine months in New York after Iran said it halted some crude exports and investors bet that fuel demand will rise as Europe moves closer to bailing out Greece. Futures climbed as much as 1.9 percent for a fourth day of gains. Iran will supply crude to "new customers" instead of companies in the U.K. and France. Prices also advanced before EU finance ministers meet today to discuss a 130 billion euro aid package for Greece. Crude for March delivery rose as much as \$1.97 to \$105.21 a barrel in electronic trading on the NYMEX. The contract, was at \$105.01 at 1:46 p.m. Singapore time. The more actively traded April future gained \$1.78 to \$105.38. Brent oil for April settlement on the ICE Futures Europe exchange climbed as much as \$1.57, or 1.3 percent, to \$121.15 a barrel. (BN)
- **Iran Halts Oil Sales To French, British Companies** --Iran said Sunday it stopped selling its crude oil to French and British companies Iranian spokesman Ali Reza Nikzad said, a escalation in its rhetoric that is unlikely to have any impact on European supplies. The U.K. doesn't import Iranian oil and Total SA stopped purchases from Tehran in late 2011. (DJ)
- **Iran struggles to find new oil customers** -- Iran is struggling to find a buyer for nearly a quarter of its annual oil exports as looming western sanctions targeting the country's nuclear programme start to bite the world's third-biggest crude exporter. Tehran is trying to sell an extra 500,000 barrels a day of oil, or nearly 23 per cent of what it exported last year, to Chinese and Indian refiners, according to two industry executives familiar with the talks. (FT)
- **Mitsui pays \$90m in Gulf spill penalty deal** -- Mitsui, which had a 10 per cent stake in the Macondo well that blew out in the Gulf of Mexico in April 2010, has become the first company involved in the oil spill to agree a settlement with the US authorities, paying \$90m in penalties and payments for environmental restoration. (FT)
- **[fri] Shell Spill-Plan Approval Advances Its U.S. Arctic Drilling** -- Royal Dutch Shell won U.S. approval for its oil-spill response plan in the Chukchi Sea, bringing the company closer to drilling off the north coast of Alaska after a five years of preparation. (BN)
- **Veolia To Post EUR200 Million Loss For 2011** -- Report -- French waste and water utility Veolia Environnement will post a loss of EUR200 million for 2011 on March 1, Le Parisien reported, citing unidentified sources. (DJ)
- **Transocean** says no dividend planned; company to take on a "substantial" portion of the goodwill associated with its contract drilling services reporting unit. (BN)
- **[fri] BP, Chevron, Conoco, RWE Among Interested in Med Drill** -- BP, Chevron., ConocoPhillips, Genel Energy, OMV AG, Perenco, RWE and Total applied to take part in Turkey's oil exploration project in eastern Mediterranean, Bloomberg reported, citing Energy Ministry officials who spoke on the condition of anonymity. (BN)
- **Son of Ex-FSB Chief May Head Russia Oil Company, Kommersant** -- Andrei Patrushev, son of the former head of Russia's security service, was appointed first deputy general director of a venture between state-owned OAO Zarubezhneft and Vietnam Oil & Gas Group, Kommersant reported. (BN)
- **Resource groups seek to dilute anti-corruption rules** -- Royal Dutch Shell and other natural resources companies have stepped up efforts to counteract planned anti-corruption rules that would force them to disclose payments to governments in countries where they operate. (FT)
- **Mining Initial Public Offering Pipeline 'Sizable,' BMO** -- BMO Capital Markets, which was an adviser on \$10.7 billion of mining deals last year, said there's a "sizable" global pipeline of mining-company initial public offerings. (BN)
- **Minmetals wins Anvil Mining for C\$1.3bn** --Minmetals on completed its C\$1.3bn acquisition of Anvil Mining, a Toronto-listed copper miner with assets in the Democratic Republic of Congo -- a move that emphasises China's increasing buying power for natural resources. (FT)
- **Cove Energy Bids Led by Indian Utilities, Sunday Times** -- Bids for Cove Energy Plc, the London-based oil and gas explorer which put itself up for sale last month, will be led by India's state-owned Oil & Natural Gas Corp Ltd. and GAIL India Ltd., the Sunday Times reported, without saying where it got the information.
- **LME Said to Attract Bids From CME, NYSE, ICE** -- The London Metal Exchange, got takeover bids from CME Group Inc., NYSE Euronext and Intercontinental Exchange Inc., according to three people with direct knowledge of the matter. (BN)
- **Hong Kong Bourse Bids for LME, SCMP** -- Hong Kong Exchanges & Clearing has bid for the London Metal Exchange in an attempt to diversify into commodities trading, the South China Morning Post reported, citing sources it didn't name. (BN)
- **Call for fresh push to trade water** -- Leaders of the water industry have urged a fresh push behind efforts to promote water trading between different regions amid mounting fears of a drought in parts of south-east England. Executives say regulatory reforms and investments are needed to make it easier to transfer water from areas with plentiful water to regions facing a shortage. (FT)

## **NETHERLANDS / AEX NEWS**

- **TNT Express Rejects Offer From UPS** -- TNT Express NV Friday said it remains in talks with United Parcel Service Inc. about a potential takeover after it rejected an unsolicited offer by its U.S. rival that would value the Dutch logistics company at near EUR5 billion, or about USD\$6.5 billion. UPS confirmed it made a "revised, increased and comprehensive" proposal of EUR9 a share for TNT on Feb. 11. A spokeswoman for the Atlanta-based shipping company declined to say when it first made the offer. (DJ)
- **TNT's Burgmans Cites Competition Concerns in UPS Talks, FD Says** -- TNT Express NV's Supervisory Board Chairman Antony Burgmans said he wonders how the European Union's competition commissioner would treat a takeover by United Parcel Service Inc., Het Financieele Dagblad reported. Talks between the companies are also proceeding with difficulty because of unresolved questions concerning staffing, the Dutch newspaper said on its website. Discussions are continuing with the aim of resolving all issues, it cited Burgmans as saying. (BN)
- **FedEx Will 'Certainly' Bid for TNT Express, De Telegraaf Says** -- FedEx "would be crazy not to bid for" TNT Express, Dutch newspaper De Telegraaf said today, citing unidentified person. \* UPS is big competitor, offer by FedEx would boost takeover price, person says (BN)
- **FedEx Not Likely to Bid for TNT Express, Deutsche Bank Says** -- FedEx is not likely to make a counter bid for TNT Express following UPS's EU9/shr offer TNT said today it rejected, Deutsche Bank analyst Justin Yagerman says in a note. \* FDX has been "adamant" about



an organic strategy in Europe, Deutsche Bank says UPS bid for TNT won't "materially" change that course \* UPS/TNT deal would "significantly" increase UPS's Europe presence (BN)

- **TNT EU9.5-EU10 Offer May Compel Boards to Accept: Credit Suisse** -- Credit Suisse expects holders to favour a deal, says EU9.50 to EU10 offer for TNT Express would see boards firmly compelled to accept. \* TNT Express should start trading between EU9 and EU10 on Feb. 20: Credit Suisse (BN)
- **TNT Express Faces Shareholder Pressure to Seal Improved UPS Deal** -- TNT Express NV, Europe's second- largest express-delivery service, is facing pressure to seal an improved sale agreement with United Parcel Service Inc. as investor confidence in its ability to improve margins flags. TNT Express, which on Feb. 17 rejected a 4.89 billion-euro (takeover offer from UPS, is seeking a bid higher than the current 9 euros per share, according to a person familiar with the negotiations who asked not to be identified because the talks are private. The bid represented a 42 percent premium on the stock's Feb. 17 closing price in Amsterdam. (BN)
- **Heineken bids for Brazilian brewer Petropolis-report** -- Heineken, the world's third-largest brewer, has bid for the Brazilian firm Grupo Petropolis, Dutch newspaper Het Financieele Dagblad reported on Monday, citing unnamed sources from a Brazilian weekend paper. No price or financial details were given for the deal. Heineken recently reported better-than-expected fourth-quarter earnings and said it expected to grow in emerging markets and boost revenue in developed ones by pushing premium brands. No one was available for comment at Heineken early on Monday. (R)
- **Heineken Ends Scottish & Newcastle Pension Talks, Telegraph Says** -- Heineken NV, the world's third- biggest brewer, ended negotiations over pensions with former employees at its Scottish & Newcastle unit, The Sunday Telegraph said, citing Chief Executive Officer Jean-Francois van Boxmeer. Scottish & Newcastle pensioners claim Heineken reneged on a promise made in 2008 when it bought the U.K. company to tie annual pension payouts to the rate of inflation, the newspaper said. Boxmeer said pensions increases had always been discretionary, according to the interview. (BN)
- **Grontmij FY Ebita EU33m, Below Forecast Range** -- Grontmij misses forecast on downward revision Ebita in France and additional one-time charges and writedowns on non-core assets. \* Profit miss reasons also include goodwill, brand name impairments, writedowns on tax assets. \* Underlying Ebita EU33m, below forecast range of EU36m-40m \* Net loss EU54m-56m \* Rev. EU1.04b vs EU922m in 2010 (BN)
- **[Fri] Dutch conglomerate Pon Holdings purchases Canadian bike company** -- Canadian bike company Cervelo Cycles has been sold to Dutch conglomerate Pon Holdings. Cervelo will continue to operate independently and co- founders Phil White and Gerard Vroomen will remain with the Toronto-based company, which will operate in the conglomerate's Pon Bicycle Group division. (CP)
- **Rabobank Plans to Centralize Mortgage Lending, Volkskrant Says** -- Rabobank Groep plans to begin evaluating mortgage loan applications at the corporate level rather than at the group's member banks, Volkskrant reported. The move announced yesterday by the bank is a consequence of a 2009 investigation of the country's four biggest mortgage lenders by the AFM, the Dutch financial markets regulator, which had fined Rabobank 150,000 euros over granting excessively high mortgage loans, the newspaper said. (BN)

#### **M&A and OTHER CORPORATE NEWS**

- **Asia Stocks, Metals Gain as China Cuts Reserve Ratio; Yen Drops** -- Asian stocks rallied, extending the longest run of weekly gains since 2005, and metals advanced after China's central bank cut reserve requirements for banks. Oil rose to a nine-month high as Iran said it halted crude exports to French and British companies. The MSCI Asia Pacific Index added 1.1 percent as of 12:54 p.m. in Tokyo. The Hang Seng China Enterprises Index climbed 1.1 percent and Standard & Poor's 500 Index futures increased 0.6 percent. The dollar lost 0.6 percent to \$1.3214 per euro. The yen weakened against all 16 major peers after Japan posted the biggest monthly trade deficit on record. Copper snapped six days of losses, gaining 1.6 percent, and oil rose 1.6 percent. The proportion of cash that Chinese lenders must set aside will be cut by half a percentage point from Feb. 24, according to a Feb. 18 statement from the central bank. Japan's trade deficit widened to 1.48 trillion yen (\$19 billion) as the yen's strength and weaker global demand eroded manufacturers' profits. European leaders will meet in Brussels today to discuss a 130 billion-euro Greek rescue. U.S. and Indian markets are closed today for public holidays. Economic reports may show an index of French business confidence was little changed in February compared with January, when it fell to the lowest in almost two years, according to a Bloomberg survey of economists. A separate index on the outlook for production probably stayed negative for a seventh month, economists predict. The Shanghai Composite Index added 0.9 percent. The Nikkei 225 Stock Average gained 1.3 percent and Australia's S&P/ASX 200 Index increased 1.2 percent. (BN)
- **[Fri] U.S. Stocks Little Changed as S&P 500 Fails to Exceed 2011 Peak** -- U.S. stocks were little changed as optimism among European leaders about a Greek bailout failed to drive the Standard & Poor's 500 Index above last year's peak. Banks had the biggest gain in the S&P 500 among 24 industries, rallying 1.4 percent. H.J. Heinz Co., the biggest ketchup maker, and Campbell Soup Co., the largest soup maker, climbed at least 2.9 percent as earnings beat projections. Gilead Sciences Inc. tumbled 15 percent as some patients relapsed on its hepatitis C drug. General Mills Inc., the maker of Cheerios cereal and YoPlait yogurt, slumped 4 percent after cutting its profit forecast amid weak demand. The S&P 500 rose 0.1 percent to 1,359.11 at 12:56 p.m. New York time. The gauge is near its April peak of 1,363.61, which was the highest level since June 2008. The Dow Jones Industrial Average added 29.26 points, or 0.2 percent, to 12,933.34. (BN)
- **EUROPE** -- European investors are likely to follow the Asian lead, with European stock markets set to start higher and bunds and gilts continuing lower. Spot gold and oil futures are higher. The rise in risk appetite is likely to see European markets add to Friday's gains, though there may be a certain amount of caution as investors await a definite decision on Greece. For Monday's opening, IG Markets is calling the FTSE up 52 at 5957, the DAX up 81 at 6929, and the CAC up 40 at 3480. (DJ)
- **Carlsberg Annual Profit Drops as Russia Sales Weaken, Costs Rise** -- Carlsberg AS, the owner of Russia's biggest brewer, said full-year profit declined 4.2 percent because of weaker sales in Russia and higher input costs. Operating profit, excluding some items, fell to 9.8 billion kroner in 2011 from 10.3 billion kroner in 2010, the Copenhagen- based company said today. The median estimate of eight analysts surveyed by Bloomberg was 9.78 billion kroner. Carlsberg had forecast profit on that basis of about 10 billion kroner. The company said today it expects to report operating profit "at the level of 2011" and a slight improvement in adjusted net income. The brewer also said today that it will make a voluntary offer for the remaining outstanding shares of Baltika, saying the move will be "immediately earnings-enhancing" and will give the group "greater operational flexibility." The company will de-list Baltika from trading "as soon as possible." Full-year net revenue at Carlsberg was 63.6 billion kroner, a so-called organic increase of 6 percent. That beat the average estimate for growth of 5.4 percent. Organic revenue excludes acquisitions, disposals and currency fluctuations. / \*CARLSBERG PROPOSES DK5.5 DIVIDEND/SHARE VS DK5 YEAR EARLIER \*CARLSBERG PROPOSES DK5.5 DIV/SHARE; BLOOMBERG PROJECTION DK6 (BN)



- **SMI: Transocean Says No Dividend Planned; Company to Take Charge** -- Transocean Ltd. said the company doesn't plan to propose a dividend at the annual shareholder meeting. . (BN)
- **Swiss Re, Schneider, Carlsberg May Increase Dividends This week** -- Swiss Re Ltd., Schneider Electric SA and Carlsberg A/S are among 11 companies in the benchmark Stoxx Europe 600 Index that may increase their dividends this week, according to data compiled by Bloomberg. Swiss Re, the world's second-biggest reinsurer, may boost its payout to shareholders by 9.1 percent to 3 Swiss francs a share, according to Bloomberg Dividend Forecasts that factor in earnings and options prices. Schneider Electric, the world's largest maker of low- and medium-voltage equipment, will raise its payment by 6.3 percent to 1.70 euros, the data show. Carlsberg, the world's fourth-biggest brewer, might increase its dividend by 20 percent to 6 kroner. Companies in the Stoxx Europe 600 Index may boost their shareholder payouts by 12 percent this year and their earnings per share by 20 percent, according to analyst estimates compiled by Bloomberg. BASF SE, the world's largest chemical manufacturer, Centrica Plc, the U.K.'s biggest supplier of gas and electricity, and Repsol YPF SA, Spain's largest oil company, are also among the companies that may raise dividends this week. Natixis SA, the investment-banking and asset-management unit of Groupe BPCE, may cut its dividend by 26 percent to 17 euro cents this week. (BN)

#### **MACRO / GEOPOLITICS**

- **Greece Aims To Wind Up Talks Monday, Make Bond Offer March 8** -- Greece expects to complete talks on the country's new economic program Monday at a meeting of euro-zone finance ministers, ahead of a planned bond swap offer to be completed by March 8. In a cabinet meeting lasting more than four hours Saturday, Greek Prime Minister Lucas Papademos said he expects also to wind up talks Monday on prior actions and "other related" issues needed to secure the country's EUR130 billion bailout. "[The issues] relate to the financing of the country during the period of 2012-2014 and for the eight year period," he said according to a transcript of his comments. Ministers from the 17 countries sharing the euro will meet in Brussels Monday and are expected to sign off on the funding package for Greece agreed upon by European leaders and the International Monetary Fund in October last year. (DJ)\_ EU Ministers Circle In on Greek **Rescue as Crisis Disputes Linger** -- European officials attempting to fend off the euro area's first sovereign default will try to settle remaining disputes today as they close in on a 130 billion-euro Greek bailout. Finance ministers meet in Brussels at 3:30 p.m., joining Greece's prime minister, Lucas Papademos, who arrived on the eve of the gathering. Their talks on his country's second bailout in two years will aim to reconcile demands made on Greek leaders, a debt swap among private creditors, the role of the European Central Bank and concerns the measures won't bear fruit. (BN)
- **EU to Make Euro States Seek Approval on Annual Budgets, FT Says** -- European Union rules set to be approved by ministers tomorrow would force euro-area countries to seek EU approval of their yearly tax and spending budgets before presenting them to their national parliaments for approval, the Financial Times reported, citing a draft of the regulations. The European Commission would also be granted the authority to send surveillance teams to euro-area countries receiving bailouts and to install technical officials in national ministries, the FT says, citing the draft. (BN)
- **Europe Faces Larger Bill For Greece** -- The International Monetary Fund is likely to offer minimal funds for a second Greek aid package that is expected to be approved by euro-zone finance ministers on Monday, leaving the bloc's governments to provide a much bigger share of the loans than they did in the euro zone's three earlier bailouts. The IMF's smaller contribution reflects fears from the fund's membership that it is becoming overexposed to the euro zone, officials said. But less IMF support heightens the political problems facing some euro-zone governments, which are desperately seeking ways to minimize the sums they will need to provide to Greece under a new loan package. The European Central Bank, one of Greece's largest creditors, on Friday completed an exchange of its Greek bonds aimed at protecting the central bank from being forced to write down the value of its bond holdings in the restructuring, in which Greece's private creditors will receive new bonds with half the value of their existing ones. Talks scheduled for Sunday and Monday are supposed, in part, to clarify how exactly the ECB, national central banks and the euro-zone governments will participate in the restructuring. Without debt relief provided by the official sector, the IMF now expects Greece's debt to reach 129% of gross domestic product in 2020, according to three people with direct knowledge of a draft debt-sustainability analysis put together by the IMF. That relief will therefore be needed to move Greece's debt toward an already agreed-upon target of 120% of GDP by 2020, they said. (DJ)
- **Greece Isn't Accepting German Help On Growth, Economy Ministry Warns – Report** -- Germany's Economy Ministry is concerned that Greece isn't accepting the support it has offered to help boost the country's growth and competitiveness, according to an internal working paper seen by German newspaper Welt am Sonntag. "A preliminary review of Germany's offer of support is sobering," economy ministry experts write in the working paper, Welt am Sonntag reports. "Implementation on the Greek side remains insufficient." German Economy Minister Philipp Roesler launched an "investment and growth initiative for Greece" last summer. The ministry considers it vital that Greece boost its competitiveness, but implementation on Greece's side "obviously isn't a priority," the working paper says. (DJ)
- **EU Reding Urges Greece To Focus On Solving Own Problems-Report** -- Greece should focus on solving its own problems rather than blaming others, EU Justice Commissioner Viviane Reding says in an interview Sunday, adding she thinks euro-zone finance ministers will likely agree Monday on paying out the second bailout package to the country. "I wish the Greeks would concentrate on rebuilding their state rather than blaming scapegoats outside Greece for their plight," Reding, who is also vice-president of the European Commission, tells the Austrian daily "Kurier".(DJ)
- **[Fri] Ifo's Sinn: In Greece's Interest To Leave Euro Zone** -- The head of a prominent German economics institute said it is in the interests of the Greeks themselves to leave the euro zone, because only then can the country regain competitiveness and prosperity. Hans-Werner Sinn, the head of the Ifo Institute, also said the EUR130 billion proposed second bailout package for Greece would be better used to help the embattled country recapitalize its banking system, while re-introducing its former currency, the drachma. "There is no way that Greece can become competitive in the euro zone," he told Dow Jones Newswires and the Wall Street Journal Deutschland in an interview Thursday. "It would need to cut its prices by 31% to get them to the level of Turkey, and that would bring the country to the brink of a civil war." (DJ)
- **Euro-Zone Finance Mins Want Greece To Remain Euro Member-Fekter** -- Euro-zone finance ministers are "united" in wanting Greece to stay within the currency bloc, but the country must meet the conditions of its new bailout package, Austria's finance minister said Sunday. Asked on Austrian television whether the finance ministers are likely to approve Greece's second bailout package at their meeting in Brussels Monday, Maria Fekter said: "I don't think there is a majority for another path." Euro-zone states will help Greece stay in the euro-zone if it wants to, she said. (DJ)



- **FDP's Schaeffler Against Rescue Fund Bank License, HB Says** -- Frank Schaeffler, a lawmaker for the German Free Democratic Party, warned against a future permanent European rescue fund with its own banking license, Handelsblatt reported, citing a guest editorial from the politician. A banking license would be a "door opener" for "high inflation," Handelsblatt said, citing Schaeffler. The FDP is part of German Chancellor Angela Merkel's governing coalition. Schaeffler has been a leading opponent of euro-area rescues. (BN)
- **ECB's Asmussen Warns Against Foreign Currency Reserves, FTD Says** -- European Central Bank Executive Board member Joerg Asmussen warned emerging countries against stockpiling large quantities of foreign currency, Financial Times Deutschland reported, citing an interview. The euro is not threatened as the second-most-important reserve currency after the U.S. dollar even as the euro region is facing a debt crisis, FTD cited Asmussen as saying. The Chinese renminbi could also gain importance as a reserve currency in the medium term if China liberalizes its movement of capital, Asmussen said. (BN)
- **ECB Said to Negotiate With Greece on Investment Portfolio Bonds** -- The European Central Bank is negotiating with Greece on behalf of its member central banks to exempt the Greek bonds in their investment portfolios from a debt restructuring, two euro-area officials said. The ECB wants to swap the investment portfolio bonds for debt that's exempt from collective action clauses, or CACs, to avoid losses in a private-sector debt restructuring, the officials said late yesterday. The central bank has already swapped Greek bonds it bought as part of its asset-purchase program for such securities, a third official with knowledge of the situation said. (BN)
- **ECB Asmussen: Greece No Threat To World Economy – Report** -- Greece is "thankfully not a threat to the world economy," European Central Bank Executive Board member Joerg Asmussen told German business daily Financial Times Deutschland in an interview Monday. He also expressed confidence that by the Eurogroup meeting Monday evening all conditions can be filled so that the Eurogroup can make a decision on Greece's second bailout deal. (DJ)
- **Japan, China to Help Europe Solve Crisis Via IMF, Azumi Says** -- Japanese Finance Minister Jun Azumi said that his nation and China are committed to help resolve the European debt crisis through the International Monetary Fund once euro region members take further steps themselves. "We shared the view that Europe needs to make more efforts to create a bigger firewall," Azumi told reporters in Beijing yesterday after meeting Chinese Vice Premier Wang Qishan. "We also agreed to act together as the IMF will probably ask the U.S., Japan and China" to help boost its lending capacity. (BN)
- **Geithner: US Will Encourage IMF To Support Greece Agreement** -- Treasury Secretary Timothy Geithner said Sunday the U.S. would encourage the International Monetary Fund to support the latest package of economic reforms agreed to by Greece's leaders. "This is a very strong and very difficult package of reforms, deserving of support of the international community and the IMF," Geithner said in a statement. (DJ)
- **China VP's Ireland Visit Delivers Vote Of Confidence In Euro** -- China's Vice President Xi Jinping attended cultural and sporting events Sunday in the Irish capital as the heir presumptive of the Communist powerhouse continued a three-day trade and investment visit, saying that the Chinese government would do all it could to help Ireland and Europe to emerge from the euro debt crisis. Ireland is one of three countries that Xi will visit--he arrived from an extensive trip to the U.S. last week during which he met President Barack Obama and signed trade agreements. He is due to travel to Turkey when he leaves Ireland on Monday. (DJ)
- **Greek Rescue Is Not The End Of The Story** -- After weeks of brinkmanship, bad blood and missed deadlines, a Greek debt deal may finally be within reach. European finance ministers will meet on Monday to decide whether to approve a 130 billion euro bailout package designed to bring Greece's debts down to 120% of GDP by 2020. At times in recent days, a deal had seemed impossible, given the near complete **collapse of euro-zone trust in the Greek political class in general and in opposition leader** -- and likely **next prime minister** -- Antonis Samaras in particular. Even now, a deal remains conditional on Greece agreeing to further humiliating sacrifices of sovereignty with bailout money ring-fenced to prioritize payment of debt interest and the euro zone given enhanced powers of scrutiny over Greek affairs. But a deal will be a relief for Greece, the euro zone and the markets: A hard default would almost certainly lead to Greece leaving the euro zone with unknowable but potentially catastrophic circumstances. Of course, Greece will still have to jump through plenty more hoops before it actually receives the money. The bailout depends on Athens successfully securing about 100 billion euros of debt relief from private-sector bondholders, whether through a voluntary deal or the triggering of collective-action clauses that will need to be retrospectively attached to the bonds. Greece also still has to comply with many outstanding conditions under its previous 110 billion euro bailout. Meanwhile the bailout will need to be ratified in a number of euro-zone national parliaments, including Germany, Finland and the Netherlands, all of which have reservations over the deal. (DJ)
- **Hundreds of thousands protest labour market reform in Spain** -- Hundreds of thousands of Spaniards on Sunday demonstrated against a labour market reform lowering severance pay, taking to the streets in 57 cities. The rallies had been called by the country's two main trade union confederations, CCOO and UGT. Demonstrators included members of the main opposition Socialist Party and of the far-left Izquierda Unida (IU). The reform makes it easier for companies to sack workers, to cut salaries, and reduces the power of unions in wage negotiations. Prime Minister Mariano Rajoy's conservative government says it will help to fight Spain's record unemployment of nearly 23 per cent by giving companies more favourable conditions for hiring workers. Critics say the reform only heeds the interests of companies, while undermining social rights. (DPA)
- **Spain Sinks Deeper Into Periphery as Debt Surges: Euro Credit** -- Spain's debt load is set to double from where it was when Europe's sovereign debt crisis began, eroding the economic advantages that distinguished it from the region's periphery and helped shield it from Greek contagion. Finance chiefs meet in Brussels today in the latest effort to save Greece from default. Spain went into the crisis with public debt of 40 percent of its gross domestic product, compared with an average ratio of 70 percent in the euro region. The European Union forecasts its debt will have almost doubled by next year, as Moody's Investors Service says Spain is losing one of its "key relative credit strengths." Investors give Spain a discount of just 31 basis points on borrowing for a decade compared with what they charge Italy, down from 200 basis points at the end of last year. Spain's 10- year yield is 5.25 percent, up 40 basis points since Feb. 1. (BN)
- **Bank Of Italy Governor Visco: GDP May Stabilize In 2H Of 2012** -- Italy's economy may stabilize as early as the second half of the year, aided by calmer financial and credit markets, the head of the country's central bank said Saturday. Overall gross domestic product in the euro area's third-largest economy will likely contract by 1.5% this year, Bank of Italy Governor Ignazio Visco said in a speech here. "But we have to look ahead," he said. Lower sovereign borrowing costs and ampler bank liquidity means that "production may be stabilized already in the second half of the year and begin to expand in 2013," Visco said. (DJ)
- **Hungary's Government Scales Back 2012 Economic-Growth Projection** -- Hungary's government is scaling back its projection for economic growth this year, maintaining that the country will probably avoid a recession, said Mihaly Varga, Prime Minister Viktor Orban's



chief of staff. The government's estimate for this year ranges between stagnation and 0.5 percent growth, Varga told HirTV late yesterday. The Cabinet earlier forecast 0.5 percent expansion. (BN)

- **Hungary Counting on IMF Deal by April, Csefalvy Tells Gazeta** -- Hungary is counting on an agreement with the International Monetary Fund on a bailout to help reduce government debt yields and stabilize the forint "by the end of the first quarter or perhaps in April," Gazeta Wyborcza reported, citing Economy Ministry State Secretary Zoltan Csefalvy. "We're in a position to service the Hungarian debt ourselves by selling bonds - the question is at what yields," the Polish newspaper cited Csefalvy as saying in an interview. "Experts say yields need to be below 7 percent for us to comfortably service our debt." (BN)
- **Merkel Names Gauck as Unity Candidate for German Presidency** -- Chancellor Angela Merkel named Joachim Gauck, a pro-democracy activist from the former East Germany, as the unity candidate for the mainly ceremonial role of German president after the resignation of the incumbent amid corruption allegations. Gauck, 72, a Protestant pastor who went on to oversee the opening up of Stasi secret-police files after the fall of the Berlin Wall, now goes forward to a special assembly for election by March 18, the second time he'll face such a vote in less than two years after he was defeated for the presidency in 2010 by Merkel's candidate, Christian Wulff. Wulff quit on Feb. 17 with a legal probe pending, setting the stage for Gauck to become the first German president from the former east. (BN)
- **Cameron Faces Labour Calls for U.K. Tax Stimulus in March Budget** -- British Prime Minister David Cameron faced opposition calls to abandon his health-service revamp and cut sales tax as scrutiny of the coalition government's deficit-cutting policy intensified before next month's budget. A temporary reduction in the 20 percent rate of value-added tax "is the fastest and fairest way to do a temporary boost to demand, to get confidence moving," Ed Balls, the opposition Labour Party's finance spokesman, told the BBC's Andrew Marr Show yesterday. "We need some stimulus into our economy to get the economy moving, to get growth and jobs back." (BN)
- **London House Prices Surge to Near Record High, Rightmove Says** -- Asking prices for London homes rose to close to a record in February, helping push national values the most in almost a decade, Rightmove Plc said. Average asking prices in the U.K. capital rose 2.5 percent from January to 449,252 pounds, less than 1,000 pounds below the record reached in October, the operator of Britain's biggest property website said in a report today. Prices in England and Wales rose 4.1 percent on the month, the most since April 2002. (BN)
- **China Set to Add to Reserve-Ratio Reductions to Fuel Growth** -- China is seen making more cuts to banks' reserve requirements to fuel lending and sustain economic growth as the housing market cools and Europe's sovereign-debt crisis weighs on exports. The proportion of cash that lenders must set aside will fall half a percentage point from Feb. 24, the central bank said Feb. 18 on its website. Standard Chartered Plc forecasts at least three more reductions this year, while HSBC Holdings Plc sees a minimum of two. The ruling Communist Party aims to sustain the nation's expansion without undermining a campaign to tame inflation that saw home prices drop in 47 of the 70 biggest cities in January. Policy makers may refrain from interest-rate cuts until nearer mid-year when consumer-price gains have slowed to below 3 percent from 4.5 percent last month, HSBC economist Qu Hongbin said yesterday in Hong Kong. (BN)
- **Japan Trade Deficit Widens to Record as Exports Slump: Economy** -- Japan posted a record trade deficit in January as the yen's strength and weaker global demand eroded manufacturers' profits and slowed the nation's recovery from last year's earthquake and tsunami. The gap widened to 1.48 trillion yen (\$19 billion) and shipments dropped 9.3 percent from a year earlier as energy imports surged, a Ministry of Finance reported in Tokyo today. The median estimate of 28 economists surveyed by Bloomberg News was for a shortfall of 1.46 trillion yen. (BN)
- **Thailand's Economy Shrinks More Than Estimated After Floods** -- Thailand's economy shrank more than economists estimated as the worst floods in almost 70 years disrupted output by manufacturers from Western Digital Corp. to Honda Motor Co., putting pressure on policy makers to aid growth. Gross domestic product declined 9 percent in the three months through December from a year earlier, after climbing a revised 3.7 percent the previous quarter, the National Economic and Social Development Board said in Bangkok today. The median of 14 estimates in a Bloomberg News survey was for a 5 percent drop. The economy grew 0.1 percent in 2011. (BN)
- **Gillard Says She Believes She Will Survive 2012 as Premier** -- Julia Gillard predicted she will survive 2012 as Australian prime minister as speculation intensified that Foreign Minister Kevin Rudd will mount a comeback and challenge her for the premiership. "I'm getting on with the job with the strong support of my caucus colleagues," Gillard told reporters in Canberra today. "Kevin Rudd is overseas getting on with his job too as minister for foreign affairs." (BN)
- **[Fri] Fitch raises Iceland's credit rating to investment grade** -- The International ratings agency Fitch raised today its assessment of Iceland's long-term sovereign debt rating from junk to investment grade and said the outlook was stable. Fitch raised Iceland's rating by one notch, from "BB plus" to "BBB minus", saying the decision "reflects the progress that has been made in restoring macroeconomic stability, pushing ahead with structural reform and rebuilding sovereign creditworthiness. "The outlooks on the long-term ratings are stable," Fitch added. The agency noted that Iceland had successfully made it through an economic reform programme drawn up with the International Monetary Fund (IMF) and was now able to access global capital markets again. " (PTI)
- **Iceland upgrade sure makes default look palatable** - A friend commented to me when he saw the story that Iceland had been upgraded by Fitch, the ratings agency, that this "sure makes default look palatable". Obviously, Iceland is not out of the woods yet but their relative success says there are other ways to get it done. (<http://www.creditwritedowns.com/2012/02/iceland-upgrade-sure-makes-default-look-palatable.html>)
- **Putin Vows To Boost Russian Army Ahead Of Vote** -- Russian strongman Vladimir Putin vowed Monday that Russia would strengthen its military might and offer an "asymmetrical and effective" response to the deployment of a North Atlantic Treaty Organization missile shield. "We must not tempt anyone with our weakness," Putin wrote in a fiercely worded article on national security in the state newspaper Rossiiskaya Gazeta, ahead of his bid for a third Kremlin term in March 4 presidential polls. "Therefore we will never in any circumstances give away our potential of strategic deterrence and will strengthen it," he said in his sixth campaign article laying out his political beliefs. (AFP)
- **IAEA Iran Visit May Offer End to War Talk Over Nuclear Work** -- United Nations investigators begin two days of meetings in Iran today, offering Tehran's government a chance to stem growing speculation the country's nuclear program will spark a military conflict. (BN)
- **Iran Halts Oil Sales to U.K., France Before EU Bans Imports** -- Iran halted crude sales to French and British buyers to pre-empt a European Union ban on imports of its oil, just as OPEC's second-biggest producer negotiates supply contracts with China. (BN)



### Last Trading Day Stats

Index	Close	1D %Chg	YTD%Chg
<b>EuroStoxx 50</b>	2,520.31	1.24%	8.80%
<b>CAC</b>	3,439.62	1.37%	8.86%
<b>DAX</b>	6,848.03	1.42%	16.10%
<b>AEX</b>	327.93	0.85%	4.95%
<b>FTSE 100</b>	5,905.07	0.33%	5.97%
<b>SMI</b>	6,237.69	0.33%	5.08%
<b>OMX</b>	1,099.55	1.04%	11.31%
<b>S&amp;P 500</b>	1,361.23	0.23%	8.24%
<b>Nikkei 225</b>	9,485.09	1.08%	12.18%

Index	Close	1D Chg	5D Chg
<b>Dow Jones</b>	12,949.87	45.79	148.64
<b>VIX Index</b>	17.780	-1.440	-3.010
<b>VDAX Index</b>	24.140	-1.560	-1.700

<b>2-10 EUR</b>	167.807
<b>2-10 US</b>	172.872
<b>Eur / Dollar</b>	1.3212

Bunds	Yield (%)	Chg 1d bp	Chg 5d bp
2YR	0.267	<b>0.90</b>	1.40
5YR	0.928	<b>1.80</b>	4.10
10YR	1.948	<b>2.90</b>	1.80

	Close	1D Chg	5D Chg
<b>1st CL future</b>	103.24	1.56	3.89
<b>CRB index</b>	317.39	0.98	5.25

AEX close	327.93
<b>ADR Impact</b>	<b>-0.46</b>
ADR Impact %	-0.14%
<b>AEX Parity</b>	<b>327.47</b>
AEX Ex-div Impact	

ADRs	Volume	Rel.vol	NL Close	ADR (Eur)	Chg EUR	%Chg
<b>AEGON NV-NY REG</b>	860002	99%	3.99	<b>3.99</b>	(0.00)	-0.01%
<b>ARCELORMITTAL-NY</b>	6831526	100%	16.35	<b>16.21</b>	(0.13)	-0.81%
<b>ASML HOLDING-NY</b>	2557167	112%	35.50	<b>35.32</b>	(0.18)	-0.50%
<b>REED ELSEVIE-ADR</b>	96800	99%	9.44	<b>9.46</b>	0.02	0.24%
<b>ING GROEP-ADR</b>	4806412	119%	6.87	<b>6.89</b>	0.02	0.27%
<b>PHILIPS ELEC-NY</b>	729073	55%	16.08	<b>16.02</b>	(0.05)	-0.32%
<b>ROYAL DUTCH-ADR</b>	1265733	59%	27.65	<b>27.58</b>	(0.07)	-0.26%
<b>UNILEVER NV-NYS</b>	1324067	52%	25.62	<b>25.57</b>	(0.05)	-0.20%

Dow Jones Sectors US	Close	%Chg	Chg 1d	Chg 2d	Chg 5d
<b>BAS MAT</b>	290.35	<b>-0.07%</b>	-0.21	5.05	1.10
<b>CON CYC</b>	390.71	<b>0.71%</b>	2.74	5.36	5.66
<b>CON NCY</b>	358.94	<b>0.02%</b>	0.07	3.43	5.75
<b>ENERGY</b>	639.39	<b>0.33%</b>	2.08	10.58	15.69
<b>FINANCL</b>	275.40	<b>0.53%</b>	1.45	5.31	3.79
<b>HLTHCAR</b>	378.38	<b>-0.49%</b>	-1.86	0.96	4.26
<b>INDUST</b>	340.86	<b>0.32%</b>	1.10	4.68	3.20
<b>TECH</b>	755.17	<b>-0.27%</b>	-2.03	10.68	12.73
<b>TELECOM</b>	133.33	<b>0.60%</b>	0.79	1.70	2.16
<b>UTILITY</b>	170.22	<b>-0.11%</b>	-0.18	1.72	0.51

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