



## **TODAY 23-01-12**

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

**NL Tomorrow** (a.o.): KPN;

**EUR** (a.o.): STMicro (aft mkt) ;

**EUR Tomorrow** (a.o.): Siemens, Nordea;

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

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

**US** (a.o.): Texas Instruments, McDonalds, Johnson & Johnson, Verizon;

## **FINANCE Credit / CDS HF's**

- **IIF Chief: Banks Have Made 'Maximum Offer' In Greek Debt Talks-TV** -- Institute of International Finance chief Charles Dallara, who is negotiating a Greek debt writedown plan on behalf of private sector creditors, said Sunday that a "maximum" offer has been made to Greece on a debt deal and that he is confident of an agreement taking place soon. Speaking to television station Antenna, Dallara said an offer made by banks on the proposed bond swap will now be assessed by European officials and the International Monetary Fund. "Our offer, delivered to the (Greek) Prime Minister, is the maximum offer consistent with a voluntary PSI (private-sector involvement) deal," he said. "I remain quite hopeful that various efforts will come together." Dallara left Athens Saturday after several days of negotiations with Greek Prime Minister Lucas Papademos and Finance Minister Evangelos Venizelos on the debt deal, a key precondition for Greece to receive a fresh, EUR130 billion bailout from its European partners and the IMF. The talks, which started up again after nearly breaking down a week earlier, come as Greece scrambles to put together a debt-restructuring plan ahead of Monday's meeting of euro-zone finance ministers in Brussels, where the debt deal is expected to top the agenda. (DJ)
- **EU May Include Asset-Backed Securities in Bank Liquidity Rules** -- Banks may be allowed to include asset-backed securities in the liquid assets that regulators demand lenders hold to prevent a credit squeeze, according to a version of the draft law published by the European Union. "Asset-backed instruments of high liquid and credit quality" as deemed by the European Banking Authority may count as a buffer by regulators, the document prepared by Denmark, which holds the rotating presidency of the EU, shows. Securitizations are currently excluded as liquid assets in rules known as Basel III, making the debt less attractive to banks. The so-called liquidity coverage ratio, a buffer of easy- to-sell assets to survive a 30-day credit squeeze, is one of several measures from the Basel Committee on Banking Supervision to prevent financial crises. The collapse of Lehman Brothers Holdings Inc. and Belgium's Dexia SA were blamed in part on the lenders running out of short-term funding. (BN)
- **ECB Pares List Of Assets It Will Lend Against – Report** -- The European Central Bank last week removed 3,192 debt instruments from a list of assets against which it would lend, The Financial Times reports on its website Sunday. The report said nearly all the assets removed were French certificates of deposit. At the start of the year, the bank loosened requirements, which saw the list of acceptable instruments expand by more than 10,000, the FT reported. After discovering some on the newly added instruments didn't meet the ECB's requirements, it dropped them, the FT said. (DJ)
- **Bank-Capital Loophole on Sovereign Debt Targeted by EU Lawmakers** -- European Union lawmakers are seeking to close a loophole in bank-capital rules that allows lenders to escape holding reserves against possible losses on the crisis- hit region's sovereign debt. A European Parliament committee will discuss overhauling the measure to ensure that lenders hold enough capital to reflect the true risks of government bonds on their books, according to two of its members. Still, they said any measures should only take effect after the current market turmoil subsides to avoid compounding the EU's fiscal woes. The idea that Europe's sovereign debt is devoid of risk was shattered by the onset of a crisis that has threatened the survival of the euro. Greece negotiated with private creditors to lower its debt levels as part of a second international bailout since 2010. Portugal and Ireland have also sought financial support to stave off defaults. (BN)
- **EU Banks May Deepen Dependence on Central Bank's Unlimited Loans** -- European banks, shunned by investors and each other, may borrow as much next month from the European Central Bank as they did in a record offering in December as they seek refuge from frozen funding markets. The ECB last month lent banks an unprecedented 489 billion euros for three years. Analysts said they expect demand to be just as high at a second auction on Feb. 29 because the stigma associated with using the facility is dissipating and the list of what assets can be used as collateral in exchange for the loans will be extended. ECB President Mario Draghi said last week he expects demand for loans next month to be "still very high," though "probably lower than in December." "February's second three-year Long Term Refinancing Operation looks set to be extremely large," Credit Suisse Group AG analysts led by William Porter wrote in a report to clients. "The last LTRO has removed any stigma, making managements who do not exploit the value on offer arguably careless at best." (BN)
- **Bundesbank's Nagel Tells Sueddeutsche ECB 3-Year Demand May Fall** -- Demand for the European Central Bank's next three-year refinancing operation in February may be lower than the 490 billion euros lent to banks last month, Bundesbank board member Joachim Nagel said, according to Sueddeutsche Zeitung. Nagel added that the aim of the central bank is to ensure enough liquidity is present in the banking system, and not to guarantee that no European bank fails, the newspaper reported, citing an interview with Nagel. (BN)
- **New EU Bank Capital Rules May Raise U.K. Mortgage Costs, FT Says** -- The bank capital directive being drawn up by the European Parliament includes a clause that could raise mortgage costs for U.K. homeowners and increase the risk of foreclosure, because it declares that all EU loans must be treated as if they are in default when they are 90 days in arrears, overriding U.K. rules that give retail mortgage borrowers up to 180 days, the Financial Times reported, citing the draft. The 90-day definition is one of the "top concerns" about the draft, because people in difficulty need the extra time to refinance or trade down to a smaller home, the British Banking Association said, according to the FT. (BN)
- **Vancouver Displaces Sydney as Second-Costliest Housing Market** -- Vancouver displaced Sydney as the least-affordable housing market after Hong Kong among large English-speaking cities, as home prices rose faster than incomes, a study of 325 metropolitan areas worldwide showed. Vancouver's median home price of C\$678,000 in the third quarter was 10.6 times its median pretax household income of C\$63,800, making the city "severely unaffordable," Demographia said in a report today. A ratio of 3 or less is considered "affordable," according to the public-policy firm's survey of markets in Australia, New Zealand, Ireland, the U.K., the U.S., Canada and Hong Kong. Sydney's ratio of median home price to income was 9.2, while Hong Kong's was 12.6, a record for the eight-year-old survey, surpassing the previous high of 11.5 for Los Angeles in 2007. Home prices in Hong Kong, Vancouver and Sydney haven't plunged as they have elsewhere, such as in Ireland, now the second most-affordable country, after the U.S., the study said. (BN)

**US Tomorrow** (a.o.): Boeing, United Tech;

## **MACRO:**

German, French auctions

EU Finance ministers meet in Brussels to discuss new budget rules  
16:00 Euro-zone consumer confidence

*Lunar New Year: China, Hong Kong, Korea, Taiwan markets closed*



- **Sarkozy Opponent Calls Finance Sector His 'Foe'** -- French Socialist Party candidate Francois Hollande sought to cement his lead over President Nicolas Sarkozy in opinion polls, positioning himself resolutely to the left three months ahead of the election. Mr. Hollande said on Sunday that some of his first actions, were he to win the presidential election, would be to shackle the world of finance -- which he described as his "main foe" -- and raise taxes on the rich. "Each country has a soul," Mr. Hollande told a 10,000-strong crowd of Socialist faithful gathered in the airport city of Le Bourget, near Paris. "And France's soul is equality." Mr. Hollande, 57 years old, has a clear lead in opinion polls. If the first round of the presidential election had taken place Sunday, Mr. Hollande would have garnered 30% of the votes, according to a survey conducted by French opinion poll agency BVA on Wednesday and Thursday. Mr. Sarkozy would have garnered 23%. In a runoff, Mr. Hollande would have crushed the incumbent, with 57% of the votes. (WSJ)
- **EU's Barnier to Urge Cameron to 'Play European Game,' FT Reports** -- EU Financial Services Commissioner Michel Barnier will tomorrow urge U.K. Prime Minister David Cameron and London's financial district to "play the European game," and stop pressing for U.K. exemptions that would damage the European economy and threaten open trade, the Financial Times reported, citing a speech to be given by Barnier in London. Barnier will say there isn't "a plot" to hurt London's financial district and shift business to other European centers, the FT reported, citing the speech. Barnier will also criticize Cameron's efforts to protect the U.K.'s financial sector, and will say that such initiatives could "spell the end of the single market," the FT said. Britain must return to "the heart of Europe," and "the EU must not hinder the City's dynamism," Barnier will say, the FT reported. "The City must also play the European game. The same applies for the U.K. government," he will say, according to the FT. (BN)
- **Transaction Tax to Hit Equities, Derivatives, Baroin Says** -- France's financial transaction tax will cover equity and derivative trading, but exclude government bonds, Finance Minister Francois Baroin said. "It'll be much wider than the simple stamp duty on stocks that it's been described as," Baroin said on LCI television. "We will discuss with the Germans to work out the best calendar for the tax." The governments haven't decided whether to impose the tax on the traded security or on the financial company, he said. "I'd like to see the tax imposed by all 27" European Union members, he said. "But I'm not naive. The British are opposed and so are the Scandinavians." (BN)
- **French Finance Minister: Tax Won't Hit Sovereign Bonds** -- France's finance minister, Francois Baroin, said Sunday that the financial transaction tax the government is planning to introduce will hit shares and derivatives, but not sovereign bonds. "It will tax shares, derivatives and bonds, obviously with the exception of sovereign bonds," Baroin said in a radio interview. "It's a larger tax base than the stock market tax." A stock market tax, which had been levied in France since the 19th century, was scrapped in January 2008 by Christine Lagarde, who was then finance minister. Baroin declined to say when the transaction tax would first be levied, but said that the government will decide in February when the measure will take effect. He added that the tax needs to be discussed with the German government. (DJ)
- **France Considers Europe-Wide Stamp Tax, Financial Times Reports** -- France may back a U.K.-style stamp duty on share purchases as an initial step for a financial transaction tax that covers the European Union, the Financial Times newspaper said. France considers the tax a potential option as the levy already exists in the U.K., according to the report, citing an unidentified French official. It follows comments from German Economy Minister Philipp Roesler that the stamp duty is an alternative to the financial transaction tax and a way to overcome resistance from the U.K., the FT said. (BN)
- **Rousseff Asks Brazil Banks to Study Credit Measures, Folha Says** -- Brazilian President Dilma Rousseff asked state-run banks to study measures to expand credit so as to maintain economic growth, Folha de S.Paulo's newswire reported without saying where it obtained the information. Rousseff asked Banco do Brasil SA and Caixa Economica Federal to examine ways to increase credit for production, consumer spending, and to support exporters, the Sao Paulo-based newspaper's online service said. The president's economic team targets growth of 4 percent to 5 percent this year, and the base for that will be internal demand financed by credit, the service said. (BN)
- **Dexia SA** -- The French-Belgian lender being broken up after losing access to short-term funding will need to tap 75 billion euros to 80 billion euros of promised government guarantees to replace maturing debt. (BN)
- **Allied Irish Banks** -- Allied Irish Banks and Irish Life & Permanent Plc are in advanced talks with the government and its bailout partners to transfer loss-making home loans that are priced to track the main European Central Bank rate, Sunday Business Post said, citing unidentified industry officials. (BN)
- **Barclays Plc** -- Barclaycard may buy the 6.5 billion pound portfolio of MBNA Europe Bank Ltd.'s 10 billion-pound U.K. and Irish credit card portfolio, the Sunday Telegraph said, citing an unidentified person familiar with the sale. (BN)
- **Hedge funds fall short of incentive fee level** -- More than two-thirds of hedge funds are below their high-water marks, the point at which they are able to charge investors performance fees, according to Credit Suisse. The main source of income for hedge fund managers is their share of investment profits, typically 20 per cent; but if a fund drops in value, the manager must recoup past profits before charging any more performance fees. However, after a difficult year that left more than half of all hedge funds nursing losses, Credit Suisse finds that hedge fund sentiment has started to improve from the caution that prevailed at the end of last year. "Managers have started to put some money to work," said Philip Vasan, head of prime services for Credit Suisse. The bank's hedge fund clients currently have leverage of 2.5 times, meaning that the average fund has \$150 of debt added to each \$100 of capital, off the post-crisis low of 2.4 times, but well below the 2.8 times high. (BN)
- **FDIC Says Regulators Close Three Banks** -- Regulators on Friday closed banks in Florida, Georgia and Pennsylvania, marking the first three bank failures of 2012, according to the Federal Deposit Insurance Corp. American Eagle Savings Bank of Boothwyn, Pa. was closed by the state's office of the Comptroller of the Currency. Capital Bank NA agreed to acquire all of the failed bank's deposits and essentially all its assets. (DJ)
- **Bond Market Expanding at Slowest Pace Since 2000: Credit Markets** -- The market for bonds worldwide is growing at the slowest pace since 2000 as government plans put into effect three years ago to rescue the global economy from the credit crisis draw to a close. While debt outstanding tracked by Bank of America Merrill Lynch indexes rose to a record \$53 trillion in 2011, the 6.3 percent increase was down from 10 percent in 2010 and below the average of 9.3 percent over the past decade, according to the unit of Bank of America Corp. As banks bolster their balance sheets and the economy recovers, borrowers including Citigroup Inc. are retiring rather than refinancing debt sold through lending programs started after Lehman Brothers Holdings Inc. collapsed. In Europe, sales by sovereign issuers grew at about half the pace of government debt globally. The broader deceleration helps explain why the bond market benefited from the best returns since 2002 last year even as countries from Greece to Ireland raced to avoid default. (BN)



- **UBS AG** -- Bank of America Corp.'s Merrill Lynch unit and the Swiss lender must try to reach an out-of-court resolution to their dispute with the Italian Region of Lombardy over interest-rate transactions, a London judge ruled. (BN)
- **Spain to Limit Pay for Chiefs at FROB-Aided Banks, Mundo Says** -- The Spanish Economy Ministry will ask the Bank of Spain to impose a limit on salaries for executives in those lenders that received funds from the country's bank rescue fund or FROB, El Mundo reported, without citing anyone. (BN)
- **U.K. Banks Should Pay Lower Bonuses to Mend Finances, Clegg Says** -- U.K. banks should pay lower bonuses and retain the money to help strengthen their balance sheets, Deputy Prime Minister Nick Clegg said. "If it was left up to me, and probably up to you, and probably up to many people watching this program, we wouldn't have any bonuses, particularly in the state-owned banks while they are still being repaired" after the financial crisis, Clegg said in a television interview on the BBC's "Andrew Marr Show" yesterday. "If there is no change in the bonus behavior this year compared to last year, of course I would be outraged. It's not going to happen." (BN)
- **Morgan Stanley's Expanded Bonus Deferrals May Haunt Shareholders** -- Morgan Stanley's new deferred bonus plan will reward patience, at least for its top employees. For shareholders of the investment bank, the costs may linger for at least three years. While Morgan Stanley improved profit by cutting 2011 pay packages for senior investment bankers and traders, the bottom line got another boost from deferring an average of 75 percent of those payouts, up from 40 percent two years earlier, people with knowledge of the matter said. Those costs may instead be borne this year or beyond. (BN)
- **Dresdner Bankers Pursue Commerzbank Over Bonuses in U.K. Trial** -- More than 100 bankers claim Commerzbank AG broke a pledge by Dresdner Bank, which it bought in 2009, to set aside about \$516 million for bonuses and are asking a U.K. court this week to order that they be paid. (BN)
- **Royal Bank of Scotland Group Plc** -- The U.K. bank may pay investment bankers a total of about 2.5 billion pounds including pay, perks and an estimated 500 million pounds in bonuses, the Sunday Times reported, without saying where it got the information. (BN)

#### **TECH/TELCO**

- **RIM Changes CEOs as BlackBerry Maker Struggles Against Apple** -- Research In Motion Ltd. shook up its top management, replacing co-Chief Executive Officers Jim Balsillie and Mike Lazaridis, who guided the BlackBerry maker for two decades and struggled to compete against Apple Inc. Thorsten Heins, a chief operating officer who joined RIM four years ago from Siemens AG, will replace the pair in the CEO post effective immediately, RIM said in a statement. Director Barbara Stymiest will take over as chairman, as the two also cede their co-chairmen positions. Lazaridis, who founded RIM in 1984, will become vice chairman; Balsillie will remain a board member without any operational role. (BN)
- **Nokia Siemens secures loan deal: report** -- Nokia Siemens Networks (NSN) has raised more than 1.2 billion euros from a consortium of 14 European and U.S. banks, the Financial Times reported on Monday. The newspaper said, without citing a source, that about 600 million euros will be provided as a one-year term loan that will need to be replaced when it expires in the summer of 2013, with the remainder coming on a three-year term. A source cited by the FT said NSN will look at raising money in the capital market through issuing bonds, which it hopes will be available before the expiry of the one-year debt. The banks involved in the deal include JPMorgan, Citibank, Bank of America, Royal Bank of Scotland and Standard Chartered. The deal signals a vote of confidence in the telecoms equipment maker's strategic overhaul, according to the FT. NSN, which is jointly owned by Nokia, and Siemens, needed to replace a 2 billion euros debt facility set to expire this summer and which was used to support corporate activities. (R)
- **Nokia Lumia Sales Seen Topping 1 Million in Respite for Stock** -- Nokia Oyj's first phones running Microsoft Corp. software may have sold enough units last year to help rebuild investor confidence in the Finnish company, which lost \$19 billion in market value in 2011. The Lumia handsets, which went on sale in Europe in November, probably sold 1.3 million units globally to operators and retailers by the end of last year, according to the average estimate of 22 analysts compiled by Bloomberg. The projections range from 800,000 to 2 million and only one analyst predicted sales of fewer than 1 million handsets. (BN)
- **Vodafone Tax-Case Victory Clears Way for Indian Wireless IPO** -- Vodafone Group Plc's victory in a four-year-long tax dispute in India clears the way for an initial public offering that may value its local mobile-phone unit at as much as 11.3 billion pounds Friday's decision by India's top court to dismiss the government's demand for \$2.2 billion in taxes from Vodafone on its 2007 purchase of Hutchison Whampoa Ltd.'s Indian business removes a major obstacle for the planned IPO. Vodafone Chief Executive Officer Vittorio Colao said as recently as July that the company hadn't been able to proceed with a listing as the tax dispute created an "uncertain" regulatory environment. (BN)
- **EU Data-Privacy Rules to Include Leak Disclosure Within 24 Hours** -- A European Union proposal to simplify and toughen the region's data-protection rules will require companies to disclose data breaches within 24 hours of their occurrences, Justice Commissioner Viviane Reding said. The EU will this week outline an overhaul of its 17-year-old data-protection policies addressing online advertising and social-networking sites. The bill, which includes stricter sanctions and will equip national data-protection authorities with powers to levy administrative sanctions and fines, will "become a trademark people recognize and trust worldwide," Reding said at a conference in Munich yesterday. (BN)
- **Olympus Rises After Allowed to Maintain Listing: Tokyo Mover** -- Olympus Corp., the Japanese camera maker that admitted an accounting fraud, rose the most in almost two weeks in Tokyo trading after it was allowed to keep its stock-market listing. The shares gained 7.4 percent to 1,288 yen as of 10:04 a.m. on the Tokyo Stock Exchange, after jumping as much as 9.6 percent, the biggest intraday advance since Jan. 10. The stock was the largest gainer among members of Japan's benchmark Nikkei 225 Stock Average, which slid 0.1 percent. (BN)
- **Elpida Memory Shares Rise in Tokyo on Chip-Industry Outlook** -- Elpida Memory Inc., the Japanese chipmaker, rose to the highest in more than two weeks in Tokyo trading after chip-related companies including ASML Holding NV said industry orders may increase. Elpida rose to as much as 368 yen, the highest level for the Tokyo-based company since Jan. 5, and traded 6.1 percent higher at 366 yen as of 10:28 a.m. Japan's benchmark Nikkei 225 Stock Average advanced 0.3 percent. Investor sentiment on the chip industry improved as ASML, Europe's biggest maker of semiconductor equipment, and Taiwan Semiconductor Manufacturing Co., the world's largest contract manufacturer of chips, predicted a rebound in demand last week. (BN)

#### **RESEARCH UPDATES**

BofA cut **European Industrials** to Neutral, from Underweight; Citi upped **SABMiller** to Buy, from Neutral; JP Morgan cut **Thales** to Underweight; ING initiated **Shell** at Buy;



## **ENERGY, UTILITIES AND COMMODITIES**

- **Oil Drops a Fourth Day Before Europe Meets on Iran, Debt Crisis** -- Oil dropped a fourth day in New York as investors bet that sanctions against Iran may be delayed while Europe's debt crisis may slow commodity demand. March futures fell as much as 1 percent after slipping 2.2 percent on Jan. 20. European Union foreign ministers meeting in Brussels today will probably agree that an embargo on Iranian oil should take effect in six months, according to diplomats with knowledge of the talks. Saudi Arabia has the capacity to make up for a shortfall in Iranian exports, according to the International Energy Agency and the Centre for Global Energy Studies. EU finance heads will also meet to discuss long-term plans to tackle the debt crisis. Crude for March delivery declined as much as 93 cents to \$97.40 a barrel in electronic trading on the New York Mercantile Exchange. It was at \$98.06 at 3:09 p.m. Sydney time. The contract slid \$2.21 to \$98.33 on Jan. 20. Brent oil for March settlement was at \$110.10 a barrel, up 24 cents, on the London-based ICE Futures Europe exchange. (BN)
- **European Union Likely to Agree on Iranian Oil Import Ban** -- The European Union is due to ban imports of Iranian oil, a move the Islamic Republic has warned might lead it to block a major shipping corridor. EU foreign ministers must decide today in Brussels when the embargo should start, balancing their wish to act fast to pressure Iran to stop its nuclear program against the need to give some member states time to find alternative oil sources. They may also target Iran's central bank. (BN)
- **EU May Ban Iran Oil Within Months, Reynders Tells De Standaard** -- The European Union may ban Iranian oil imports within a few months, while ensuring the embargo doesn't hurt the region's economy and international security, Belgian Foreign Minister Didier Reynders told De Standaard. The phase-in period for the embargo should be as short as possible, Reynders said. The EU can implement it in such a way so that oil supplies are not compromised and prices remain under control, he said. (BN)
- **Iran Says Only Negotiations Can Resolve Nuclear Standoff** -- Iran's Foreign Ministry spokesman said only negotiations and not sanctions can resolve the standoff over the Islamic Republic's nuclear program. (BN)
- **[Fri] Saudi Capacity Seen as Sufficient to Cover Iran Oil Embargo** -- Saudi Arabia has the capacity to make up for Iranian oil exports to Europe should the region's leaders go ahead with an embargo, according to the International Energy Agency and the Centre for Global Energy Studies. **Iran Said to Seek Yen Payments From India for Oil Amid Sanctions** -- Iran has asked India to pay for oil partly in yen as the two nations seek an agreement on how to maintain trade amid tightening global sanctions, according to three people with knowledge of the matter. At talks in Tehran last week, India proposed to pay its second-biggest oil supplier in rupees. Iranian officials sought partial payment in yen because they're concerned that they may not get sufficient value from the rupee, which isn't fully convertible, according to the people, declining to be identified because the information is confidential. (BN)
- **Iraq Oil Minister in Tehran Says OPEC Must Avoid Politics** -- Iraq's Oil Minister Abdul Kareem al-Luaibi told Iran that the Organization of Petroleum Exporting Countries must avoid political considerations as crude is a strategic commodity affecting the world, the Islamic Republic News Agency reported. (BN)
- **Nigeria's Jonathan Must Contain Islamists After Attacks Kill 176** -- Nigerian President Goodluck Jonathan's government struggled to contain an escalating Islamist insurgency in Africa's top oil producer after attacks that killed at least 176 people over the weekend. (BN)
- **Apache to Acquire Cordillera Energy Partners for \$2.85 Billion** -- Apache Corp. agreed to buy Cordillera Energy Partners III LLC for \$2.85 billion to boost reserves in the Anadarko Basin. The acquisition gives Apache control of 71.5 million barrels of oil equivalent and current net production of 18,000 barrels of oil equivalent per day, the Houston-based company said. (BN)
- **BP treads warily over dividends** -- When BP unveils its full-year results on February 7, investors will be looking for some cheer in the form of a dividend increase. After seeing their pay-out suspended in the wake of the Gulf of Mexico spill in 2010 and then reinstated at a much lower level last February, shareholders are hoping for more this time. (FT)
- **Germany's RWE Lowers Dividend Forecast** -- RWE warned shareholders to expect a reduced dividend for the 2011 fiscal year. RWE's financial director Rolf Pohlig told the Boersen Zeitung newspaper the dividend would be reduced by about a third of normal levels. (DJ)
- **[Fri] RWE Not Planning Further Share Sales, CFO Tells Boersen Zeitung** -- RWE AG plans no further share sales after raising 2.1 billion euros in December, Boersen Zeitung reported, citing an interview with Chief Financial Officer Rolf Pohlig. (BN)
- **[fri] Schlumberger Fourth-Quarter Profit Rises as Drilling Booms** -- Schlumberger Ltd., the world's largest oilfield-services provider, said fourth-quarter profit rose 36 percent as higher crude prices pushed oil companies to boost exploration and production spending around the world. (BN)
- **Trafigura Close To Tying Up Deal With Thamesteel** -- Commodities trading firm Trafigura is close to tying up a deal to invest in Thamesteel, The Sunday Times reports. "Trafigura is said to be interested in providing Thamesteel with finance without buying a stake". (DJ)
- **Sinopec to Pay \$1.1 Billion to Increase Australian LNG Stake** -- China Petrochemical Corp., Asia's biggest refiner, agreed to pay \$1.1 billion to increase its stake in an Australian liquefied natural gas development led by ConocoPhillips and Origin Energy Ltd. (BN)
- **[Fri] French Power-Price Increases to Be 'Reasonable,' Besson Says** -- French electricity prices will rise at a "reasonable" pace, Industry Minister Eric Besson said today, rejecting comments by the energy regulator that state-regulated rates may jump 30 percent by 2016. The government won't allow such an increase, Besson said. "Electricity prices will rise in a reasonable way like they have since 2007, but not by that much." (BN)
- **Italy's gas network set to be spun off** -- Snam Rete Gas, the Italian gas network, appears poised to be either partially or fully spun off from its majority owner Eni as a result of wide-ranging liberalisation measures to be announced in days by the Italian technocratic government of Mario Monti. Successive Italian governments have sought some means to boost competition in the country's energy sector, which is dominated by state-controlled companies Enel, a utility, and Eni, an energy company that owns a stake of 50 per cent in Snam. (FT)
- **GE Australia Sales May Grow 30% on LNG Plants, Coal Trains** -- General Electric Co. may boost Australia sales more than 30 percent this year, as a commodities boom spurs demand for trains, power equipment and gas compressors. (BN)
- **ThyssenKrupp Exploring All Options For Inoxum Stainless Unit** -- ThyssenKrupp is exploring all options for Inoxum including an IPO and a spinoff as well as a sale to an investor, company says in an e-mailed statement. The company confirms talks with Outokumpu on JV (BN)
- **Reliance Plans \$2 Billion Share Buyback After Profit Declines** -- Reliance Industries Ltd., the owner of the world's largest oil refining complex, said it will repurchase as much as 104.4 billion rupees (\$2 billion)



- of shares after reporting its first drop in profit in two years. Reliance shares slumped 35 percent last year, prompting the company to announce a buyback. (BN)
- **BHP Gets Conditional Approval for Iron Ore Port Expansion** -- BHP Billiton Ltd, received conditional approval for a A\$14 billion (\$14.7 billion) expansion of its iron ore export harbor in Western Australia to boost supply to steel mills. (BN)
- **[Fri] Batista's MMX Shuns Bid Proposed by Falcone-Backed Ferrous** -- MMX Mineracao & Metalicos SA, the miner controlled by Brazil's richest man Eike Batista, said it's not interested in a deal with Ferrous Resources Ltd. after the closely held iron-ore producer proposed a takeover.
- **Kinross in Play After Paying Too Much for African Gold: Real M&A** -- By paying too much for acquisitions in western Africa, Kinross Gold Corp. is now turning itself into the cheapest gold-mining target in the world. Kinross, Canada's third-largest gold producer, fell the most in almost two decades after saying this week it will write down the value of its Tasiast mine in Mauritania. (BN)
- **Republicans May Tie Keystone Approval to Obama's Tax Cut Plans** -- U.S. House Republicans may tie approval of TransCanada Corp.'s Keystone XL pipeline to an extension of the payroll tax cut backed by President Barack Obama, Speaker John Boehner said. (BN)
- **GE Courts Turbine Customers for Solar Panels Before Wind 'Crash'** -- General Electric Co. is trying to convince developers that have bought its wind turbines to double down on clean energy by purchasing its solar panels as well, said Vic Abate, who runs the company's renewables unit. Offering solar panels may offset an anticipated decline in turbine sales, he said. U.S. developers have curtailed orders for 2013 on concern that a federal tax credit for wind energy will expire at the end of this year. (BN)
- **Corn Prices Rise Worldwide Due to U.S. Ethanol Policy, FAO Says** -- The use of corn to make ethanol in the U.S. is helping to lift the grain price worldwide, said Jose Graziano da Silva, the new director general of the United Nations' Food and Agriculture Organization. (BN)
- **Tokyo Electric May Be Effectively Nationalized for 10 Yrs: Kyodo** -- Tokyo Electric Power may be effectively nationalized for 10 years until 2022: Kyodo, citing draft of special business plan for company and Nuclear Damage Liability Facilitation Fund. (BN)
- **Tepco May Sell Fossil-Fuel Power Operations, Nikkei**-- Tepco and the government are considering spinning off and possibly selling fossil-fuel power plants, the Nikkei newspaper reported, without citing anyone. The related assets are valued at 900b yen (\$12b). (BN)

#### **NETHERLANDS / AEX NEWS**

- **CSM acquires the business and other assets of The Cookie Man Limited in the UK** -- CSM announces today that it has acquired the business and other assets (a.o plant & equipment) of The Cookie Man Limited, in the UK. This acquisition complements CSM's operations in the UK, both in terms of portfolio and customers. (CSM)

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

- **Asian Stocks Swing Between Gains, Losses on Europe Debt Concern** -- Asian stocks swung between gains and losses as increasing home sales in the U.S. added to signs the world's biggest economy is recovering, outweighing uncertainties over continuing debt negotiations in Greece. Canon Inc., the Japanese camera maker that gets a third of its sales from Europe, fell 1 percent in Tokyo. Reliance Industries Ltd., India's biggest company by market value, sank 2.9 percent in Mumbai after earnings dropped for the first time in two years. Olympus Corp., the world's No. 1 maker of endoscopes, jumped 8.2 percent after it was allowed to keep its stock market listing following an accounting fraud that cut the company's market value by about \$4 billion. The MSCI Asia Pacific Index rose 0.1 percent to 120.83 as of 1:55 p.m. in Tokyo, having swung between gains and losses at least seven times. About the same number of shares rose and fell in the measure. The gauge completed its longest streak of weekly gains last week in a year as U.S. reports showed the world's biggest economy is recovering and falling European borrowing costs signaled the debt crisis may be easing. Japan's Nikkei 225 Stock Average gained 0.1 percent, reversing losses of as much as 0.3 percent. India's BSE Sensitive Index added 0.1 percent. Australia's S&P/ASX 200 Index lost 0.3 percent. Markets in China, Hong Kong, Indonesia, Malaysia, Philippines, South Korea, Singapore and Taiwan are closed today for holidays. (BN)
- **[Fri] Most U.S. Stocks Rise Amid Technology, Bank Rally; Euro Slumps** -- Most U.S. stocks rose as higher- than-estimated results at companies including International Business Machines Corp. and Microsoft Corp. drove technology shares higher and banks rallied. The euro fell amid talks between Greek officials and private creditors. The Standard & Poor's 500 Index gained 0.1 percent to 1,315.38 at 4 p.m. in New York, erasing a loss in the final minutes of trading. The Dow Jones Industrial Average rose 96.50 points to 12,720.48, boosted by International Business Machines Corp. after its earnings forecast topped estimates. The euro lost 0.3 percent to \$1.2936. Oil fell 1.9 percent, while orange juice surged to a record on supply concerns. Ten-year Treasury yields topped 2 percent for the first time in more than a week. The S&P 500 gained 2 percent for the week, and is up 4.6 percent for 2012 for its best start to a year since 1997. Sales of previously owned U.S. homes rose in December to the highest level since January 2011. Greek officials and private creditors entered a third day of negotiations on a debt swap deal that's crucial to lowering the country's borrowings and freeing up a second round of international aid. (BN)
- **EUROPE** -- European investors may take a cautious approach Monday, leaving stock markets mixed at the open with bunds and gilts also starting mixed. The euro is little changed, while spot gold is nudging higher and oil futures are slightly lower. Investors are seen entering a holding pattern as they await more developments regarding the euro zone's sovereign debt situation. For Monday's opening, IG Markets is calling the FSTE up 9 at 5738, the DAX off 4 at 6400, and the CAC up 2 at 3324. (DJ)
- **Pension Funds Fear EU Political Snub** -- German pension funds last week joined the opposition to the EU's proposed new rules for the industry on insolvency, but fear their politicians will ignore the protests in order to please their allies in France. Such a move would also undermine a campaign by Britain and the Netherlands, which are both fighting hard to get the proposals scrapped. The concern taps into wider anxieties that, with the European Commission having put forward almost 30 financial services regulations since 2009, European Union member states will vote in favor of rule changes that would damage them, just to keep in with perceived political allies. Germany's VFPK, the country's association of corporate pension funds, which represents the pension schemes of more than 4,200 companies and almost 1.5 million employees and pensioners, said it rejected the idea of forcing pension schemes to adopt provisions of the Solvency II directive for insurance companies. The proposals, put forward last year in a consultation paper by the European Insurance and Occupational Pensions Authority, would oblige the companies that sponsor pension schemes to contribute an extra 30% to 40% top-up of the scheme assets, the VFPK estimates. (DJ)



- **Germany's BGA Sees Exports of 1.14 Trillion Euros, Bild Reports** -- The Federation of German Wholesale, Foreign Trade and Services, known as BGA, forecasts record exports of 1.14 trillion euros this year and 2.12 trillion euros in imports, Bild reported today, citing the federation. (BN)
- **Fewer U.S. Companies Plan to Boost Hiring in 2012, Survey Shows** -- Fewer companies in the U.S. plan to boost payrolls in early 2012 even as growth is projected to pick up, a survey showed. The share of companies seeking to add workers in the next six months fell to 27 percent, the lowest in at least five quarters, and 64 percent said employment will not change, the National Association for Business Economics said today in Washington. Sixty-five percent of firms estimated the world's largest economy will grow more than 2 percent this year, up from 16 percent in an October survey. (BN)
- **Airbus Demands Discounts From Suppliers – Report** -- The head of European Aeronautic Defense & Space Co. unit Airbus is calling for discounts from its suppliers so as to increase the aircraft maker's profit margins, German magazine Focus reports. According to the magazine, Airbus Chief Executive Tom Enders is unhappy that the profit margins of most of its suppliers are considerably higher than Airbus's own. As a result, the company is examining ways of raising profitability, Focus quotes Enders as saying. Enders is seeking to increase its profit margin to 10% by 2020, closing the profitability gap with rival Boeing Co., according to the report. (DJ)
- **Volkswagen Says Porsche Integration Discussions Ongoing** -- Volkswagen AG said the carmaker is "still in the process" of deciding on a plan to combine with Porsche SE's automotive business. "Of course, all the parties are interested in achieving the goal of an integrated automotive group as soon as it makes economic sense to do so," Christine Ritz, a VW spokeswoman, said in a telephone interview. "As soon as we have made a decision to achieve that goal, we will communicate that." Ritz declined to comment on a Der Spiegel report today that Europe's largest carmaker may complete the purchase this year of the 50.1 percent of Porsche's automotive business that it does not already own. (BN)
- **Daimler AG** -- The German carmaker plans to save 1.5 billion euros annually by 2014 by sharing common underpinnings among Mercedes-Benz models, Automobilwoche reported, citing an interview with research and development chief Thomas Weber. (BN)
- **U.K. Beer Sales Drop Least in Five Years on Fewer Pub Closures** -- U.K. beer sales declined the least in five years in 2011 as fewer pub closures offset the steepest decline in sales at supermarkets in more than a decade. The volume of beer sold fell 3.5 percent to 26 million barrels, after 2010's 3.8 percent drop, according to the British Beer and Pub Association. That's 275.3 million pints, or 956,000 barrels, fewer than in 2010, Bloomberg calculations show. (BN)
- **Ikea Pulls Back On Planned Entry Into India – Report** -- Ikea has decided to delay its planned entry into India, with the company's chief executive expressing concerns over local sourcing requirements, The Financial Times reports on its website Sunday. According to the report, Mikael Ohlsson said India requires single-brand retailers to source 30% of their goods from local small and medium-size companies. "We need to see what [the restrictions] will mean for us," he said, according to the FT. The report also said Ikea is continuing with plans to expand into other markets, including China and Russia. (DJ)
- **Cyrt in Battle for Control of Endemol** -- Cyrt Investments is vying to gain control of Endemol, in a deal which would see the television production giant back in the hands of John De Mol, its founder. The Dutch private equity firm, set up to manage Mr De Mol's investments, owns a third of the Big Brother creator, which is expected to be scaled back to around 20pc as part of a debt-for-equity swap to restructure the €2.8bn it owes to lenders. According to sources close to Cyrt, it is confident of securing around a further 20pc from Endemol's lenders, including Goldman Sachs and Centerbridge, once the restructuring deal is complete. (TEL)
- **China's Bruno Wu Held Talks With Summit Entertainment, FT Says** -- Wu, a media entrepreneur, and Pacific Alliance Group held talks with studio and Colony Capital, owner of Miramax, about a deal to combine them and then buy new entity, newspaper said, citing unidentified people familiar. \* Group lost out to Lions Gate, which is buying Summit for \$412.5m \* FT says Chinese investors "keen" to resume talks with Miramax, while another person says they are "eyeing a bigger prize" (BN)
- **U.K. Dividends Increase to Record in 2011 as BP Resumes Payments** -- Dividends in the U.K. increased to a record 67.8 billion pounds in 2011, surpassing their previous high in 2008, as BP Plc resumed payments and mining companies boosted theirs. Payouts by British companies to shareholders climbed for the first full year since 2008 as dividends advanced in all four quarters, increasing 19 percent from 2010 to set a nominal payout record, Capita Registrars said in an e-mailed statement today, citing data from Exchange Data International. (BN)

#### **MACRO / GEOPOLITICS**

- **Italian Premier, ECB Chief Support Bigger ESM, Spiegel Reports** -- Italian Prime Minister Mario Monti and European Central Bank President Mario Draghi both support enlarging the capacity of Europe's permanent financial rescue mechanism, Der Spiegel reported, without saying where it got the information. The news magazine said Monti is pushing for the European Stability Mechanism's capacity to be doubled to 1 trillion euros, and had made the suggestion to the German government. Der Spiegel added that Draghi supports the view that unused funds from Europe's temporary rescue fund should be added to the ESM's firepower when it comes into force. (BN)
- **Spain Calls For Bigger Bailout Fund, More ECB Action, Pais Says** -- The European Stability Mechanism should probably have greater capacity than its 500 billion euros, and the European Central Bank "can do much more" to support bond markets, Spanish Foreign Minister Jose Manuel Garcia-Margallo was quoted as saying in El Pais today. (BN)
- **Euro Leaders Seek Long-Term Crisis Fix as Greek Talks Drag On** -- European officials will forge ahead today with crafting a long-term plan to tackle the region's debt crisis, as banking and government negotiators continue trying to reach an agreement that will lighten Greece's debt burden. European Union finance ministers will meet in Brussels to discuss new budget rules, a financial firewall to protect indebted states and a Greek debt swap, with EU leaders racing to cobble together a firm rescue response in the coming weeks. Meanwhile, cash-strapped Greece and private bondholders said they had made progress in talks over the weekend in Athens. (BN)
- **Greece's Creditors Make 'Maximum' Debt-Swap Offer, Dallara Says** -- Bondholders negotiating a debt swap with Greece have made their "maximum" offer, leaving it to the European Union and International Monetary Fund to decide whether to accept the deal, said Charles Dallara, who's representing private creditors in the talks. Dallara, managing director of the Washington-based Institute of International Finance, said he's hopeful the EU and IMF will agree to terms for private investor involvement in a rescue of Greece to avert a default and collapse of the economy. He declined to elaborate on the terms discussed in talks that resumed Jan. 18 and remained inconclusive as EU finance ministers prepared to meet in Brussels today. (BN)



- **EU, IMF Want New Report On Greek Debt Sustainability – Report** -- Greece's international creditors have demanded a new report be prepared to determine how Greece's debt can be made sustainable before giving the green light for negotiations on a bond-swap plan to continue, a local newspaper reported Sunday. Without naming sources, Kathimerini reported that the European Commission, International Monetary Fund and European Central Bank requested the report Friday as they believe that proposals in talks between Greece and private-sector creditors on the debt plan fail to make the country's debt sustainable. The IMF is expected to prepare the report over the weekend, it added. (DJ)
- **Greek PSI Deal Expected By Jan. 30 EU Summit: WSJ** -- Talks with the IIF are continuing "it's unlikely something will emerge today," a person with direct knowledge of the talks told the Wall Street Journal. Link to story: <http://tinyurl.com/7xjd7oe> (BN)
- **EU, ECB, IMF 'Shaken' by Greek Administration, Bild Reports** -- Inspectors from the European Union, the European Central Bank and the International Monetary Fund were "shaken" by the state of Greece's administration, Bild Zeitung reported today, without saying where it got the information. (BN)
- **EBRD Head Says Debate Over Greece's Euro Exit Dangerous - Report** -- The head of the European Bank for Reconstruction and Development has warned against Greece's exit from the euro zone and says the debate over the move is dangerous. "I consider the debate about Greece's exit of the euro zone and its return to the drachma as highly speculative and dangerous," Thomas Mirow says in an interview with Handelsblatt Monday. "Nobody knows what kind of reactions such a step would spark," the EBRD head adds. He says that investors outside Europe would see Greece's exit from the euro zone as reason to question the architecture of the euro zone in general. In Mirow's view, Greece will need help for years. "It's not about some reforms there," Mirow is quoted as saying. "Fundamental structures have to be built out first," he says, adding that a functional state is missing. Mirow says the EBRD is working with Greek banks on countering contagion effects in Bulgaria, Romania, Serbia and Albania, where many Greek banks have subsidiaries. (DJ)
- **[Fri] Private bondholders face additional losses Greek debt** -- Last-ditch talks on a Greek debt restructuring have taken an unexpected twist after official creditors demanded that private bondholders take additional losses following the country's larger than expected economic contraction last year. Officials from the European Commission, European Central Bank and International Monetary Fund called on Friday for a lower interest rate averaging 3.5 per cent on new bonds after private bondholders had already agreed on a 4 per cent coupon, according to people close to the discussions. (FT)
- **Debt Impasse Leaves Greece In Uncertain State, With Clock Ticking** -- A crucial week of talks on the restructuring of Greece's debt passed with no agreement, and discussions appeared to languish over the weekend, leaving the nation in an uncertain state and with a loudly ticking clock. Greek politicians and the Institute of International Finance, the organization negotiating for the main Greek creditors group, met into the wee hours of Saturday morning but came up with nothing. The IIF's two chief representatives left Athens later Saturday, for what their spokesman described as "longstanding personal appointments." It wasn't clear when they would return, although some discussions continued by phone over the weekend. The impasse reflects the complexities of the giant restructuring, which proposes to cut around EUR100 billion from Greece's EUR350 billion debt, and the web of competing, collaborating and diverging interests among the many parties to the deal. Meanwhile, Italian Prime Minister Mario Monti on Sunday said the country is moving forward with plans to spin off Eni SpA's natural-gas business, adding that he has "**very high**" expectations that euro-zone countries will eventually agree to pool their debt through jointly issued bonds. (WSJ)
- **Noonan Tells Sueddeutsche That Bond Loss Talk Would Be 'Fatal'** -- Irish Finance Minister Michael Noonan said any new debate over imposing losses on holders of the country's debt would be "fatal," Sueddeutsche Zeitung reported. The newspaper quoted Noonan as saying Ireland's debt load would probably rise to 118 percent of gross domestic product, a level that with a growing economy and higher tax receipts is still "sustainable." (BN)
- **Sinn Fein Says EU Fiscal Pact Requires Irish Constitutional Vote** -- Gerry Adams, president of Irish opposition party Sinn Fein, has received legal advice that the government is constitutionally obliged to hold a vote on a proposed European fiscal pact. Based on the text of an initial draft, Sinn Fein was advised "that there's a constitutional imperative for the government to go to a referendum," Adams said in an interview aired by Dublin-based RTE Radio today. "What we have to see is the final draft. We will take legal advice but we'll oppose this treaty." (BN)
- **Merkel Shunts EU Back to Budget Controls in Signal to Draghi** -- European Union governments returned to German Chancellor Angela Merkel's agenda for fighting the debt crisis as they tightened draft rules on budget deficits, heeding European Central Bank warnings against backsliding. The latest draft of the fiscal pact, to be discussed Jan. 23 by EU finance ministers, bows to ECB President Mario Draghi's call for governments to honor their commitment on spending discipline to restore credibility in the euro area. Placating the ECB may be critical to policy makers' efforts to contain the debt crisis, now in its third year. (BN)
- **Germany Plans to Additional Tax Simplification, Die Welt Reports** -- Germany plans to further simplify tax rules, including changes to travel expenses, Die Welt reported today, citing Christian von Stetten of Chancellor Angela Merkel's Christian Democratic Union. (BN)
- **France Eyes Tougher Penalties For Tax Evasion – Report** -- France is considering plans to boost penalties for tax evasion, French daily Les Echos reports Monday, without citing specific sources. The measures would take aim at accounts that French have abroad, the newspaper said. (DJ)
- **Sarkozy Opponent Calls Finance Sector His 'Foe'** -- French Socialist Party candidate Francois Hollande sought to cement his lead over President Nicolas Sarkozy in opinion polls, positioning himself resolutely to the left three months ahead of the election. Mr. Hollande said on Sunday that some of his first actions, **were he to win the presidential election, would be to shackle the world of finance** -- which he described as his "**main foe**" -- and raise taxes on the rich. "Each country has a soul," Mr. Hollande told a 10,000-strong crowd of Socialist faithful gathered in the airport city of Le Bourget, near Paris. "And France's soul is equality." (WSJ)
- **French Challenger Hollande Says He'd Make First Visit to Germany** -- Francois Hollande, the Socialist challenger leading in the polls against French President Nicolas Sarkozy, said that if elected in May he would make his first trip to Germany to propose "changes" to European policy. In his first major campaign speech, near Paris, he also said he would impose new taxes and regulations on banks immediately, without waiting for June's legislative elections. (BN)
- **Montoro Says EU Should Ease Spain's Deficit Goal Amid Recession** -- Spanish Budget Minister Cristobal Montoro said the European Union should ease the nation's budget-deficit target for this year as the economy suffers its second recession in two years. "If Brussels doesn't adapt the stability program to the new scenario of a recession, it won't be realistic and not only will Spain sink but the whole of



Europe," Montoro said in an interview with Barcelona-based La Vanguardia newspaper in comments confirmed by a Budget Ministry spokeswoman. (BN)

- **Spain Risks Deficit Spiral as Poll Postpones Cuts: Euro Credit** -- Spain's month-old government may postpone the deepest budget cuts until after a regional election in March, adding to the risk the nation misses its deficit goal for the second year. The ruling People's Party, led by Prime Minister Mariano Rajoy, will contest an election in the southern region of Andalusia to end 30 years of Socialist rule. Spain's 10-year bond yields have risen 10 basis points to 5.5 percent since the PP government took over on Dec. 21, increasing the rate to 356 basis points more than German bunds of similar maturity. (BN)
- **Italy Braces for Strikes as Monti Presents Growth Plan to Europe** -- Italy is bracing for a wave of strikes from cab drivers, pharmacists and other service providers to protest Prime Minister Mario Monti's plan to spur competition and growth that he will present to European Union allies today. (BN)
- **ECB's Rueffer Says Structural Reforms Help Economic Adjustment** -- Structural reforms help increase the adjustment capacity of an economy, said Rasmus Rueffer, head of the European Central Bank mission that prepared the financial aid plan for Portugal. Rueffer spoke today at a conference in Lisbon. (BN)
- **IMF's Samiei Says Portugal's Program Is 'Off to a Good Start'** -- Portugal's adjustment program is "off to a good start," said Hossein Samiei, an advisor at the International Monetary Fund's European department. "This is a start and many challenges remain," Samiei said today at a conference in Lisbon. (BN)
- **EU Says Markets to Regain Confidence in Portugal With Results** -- Markets will regain confidence in Portugal if the results of its economic adjustment show up, said Juergen Kroeger, head of the European Commission mission that prepared the country's financial aid plan. Kroeger spoke today at a conference in Lisbon. (BN)
- **UK Lawmakers Slam BOE's Response To Reform Proposals** -- The Bank of England hasn't gone far enough in accepting changes to its management that would make it "fit for the 21st Century," or in ceding power to the chancellor of the exchequer in the event of another financial crisis, a key committee of U.K. lawmakers said Monday. In November last year, the House of Commons' Treasury Committee called for sweeping changes to the way the central bank is run as it prepares to take back powers to regulate the financial system. Lawmakers said its supervisory board, known as the Court of the Bank of England, should be overhauled and given new powers. It also called for limiting the BOE governor's tenure to a single term of eight years and putting the chancellor in overall charge of the bank during any future financial crisis. (DJ)
- **Hungary Expects IMF-EU Loan Deal By April, Varga Tells TV2** -- Hungary may obtain a loan from the International Monetary Fund and the European Union by March or April, Mihaly Varga, Prime Minister Viktor Orban's chief of staff, told TV2 in an interview today. Media reports that the size of the loan may on the order of 17 billion euros to 20 billion euros are "not far from reality," Varga said. Varga said Orban will propose "flexible solutions" to European Commission President Jose Manuel Barroso tomorrow in Brussels to the EU executive's objections to Hungarian laws, including on the central bank, which have held up talks on a bailout. The meeting tomorrow will be "very important," Varga said. Varga said he would be "surprised" if the IMF and the EU objected to the flat personal income tax during loan negotiations. (BN)
- **IMF Reaffirms Poland's Qualification for Flexible Credit Line** -- The International Monetary Fund said today that it reaffirmed Poland's qualification for the Flexible Credit Line arrangement. "The Polish authorities have indicated that they intend to continue treating the arrangement as precautionary," the IMF said in a statement released in Washington. The IMF said the two-year arrangement for about \$29.4 billion was approved on Jan. 21, 2011. (BN)
- **Croats Voting on European Union Accession With Outcome in Doubt** -- Croats began voting today in a referendum on joining the European Union with citizens split over whether accession will drag the former Yugoslav republic into a debt crisis and erode its sovereignty. Polls opened at 7 a.m. in Zagreb with the country's 4.2 million inhabitants deciding if the government should proceed with its planned July 2013 entry into the 27-nation bloc. Support was at 53 percent in a poll published on Jan. 19 by IPSOS-Puls, making it possible a second vote will be needed before EU members begin ratification. Voting ends at 7 p.m. with results expected later in the evening. (BN)
- **Chile Govt Sees Tax-Reform Bill Ready By April -Finance Minister** -- The Chilean government will likely send a tax-reform bill to Congress in March or April, but the measure won't include a reduction in fuel taxes, Finance Minister Felipe Larraín said Friday. Larraín recently met with trade groups, political leaders from all parties and business leaders to discuss a proposed tax reform. The Organization for Economic Cooperation and Development, of which Chile is a member, recently recommended that Chile revise its tax system and use it to improve uneven income distribution and finance education reforms. While declining to go into the specifics of the reform plan, Larraín, speaking on television from the city of Vina del Mar, said the government aims to reduce loopholes and increase environmental taxes, while promoting investments. (DJ)
- **SNB Successor May Escape Wrath Shareholders Heaped on Hildebrand** -- As central bankers around the world try to serve populations and find consensus with fellow policy makers, the next president of the Swiss National Bank has yet another group to contend with: shareholders. Philipp Hildebrand's successor will join chiefs in a handful of countries from South Africa to Greece whose central banks are companies open to investors. The new president, if appointed by then, will attend an annual meeting on April 27 to face shareholders expecting to receive a dividend that the bank has paid out every year since 1921. Last year, a record loss forced Hildebrand to threaten to deprive investors dominated by Swiss cantons of payments they took for granted. Their criticism emboldened calls for his resignation before the former SNB president was forced to quit because of a currency transaction by his wife. For Thomas Jordan, the interim chief and frontrunner to succeed Hildebrand, a return to profit may augur a smoother time than his predecessor endured. (BN)
- **BOC's Carney: European Debt Crisis Threatens Canada's Economy** -- Bank of Canada Governor Mark Carney said a sovereign default in Europe need not result in a cataclysmic global event, but reiterated that the crisis in Europe nonetheless is the single greatest threat facing the Canadian economy. And he described Canadian Prime Minister Stephen Harper's coming trip to China to discuss trade issues as "absolutely vital," as Canada looks to extend its export profile beyond its biggest trading partner, the U.S. (DJ)
- **Japan Corporate Demand for Bank Loans Falls, BOJ Survey Shows** -- Japanese demand for bank loans fell in the past three months, a central bank survey showed today. An index of demand for loans to businesses was at minus 2 in January from zero in October, the Bank of Japan said in a quarterly survey of loan officers in Tokyo. A negative number indicates that demand dropped. (BN)



- **Britain, US And France Send Warships Through Strait of Hormuz** -- Britain, America and France delivered a pointed signal to Iran, sending six warships led by a 100,000 ton aircraft carrier through the highly sensitive waters of the Strait of Hormuz. This deployment defied explicit Iranian threats to close the waterway. It coincided with an escalation in the West's confrontation with Iran over the country's nuclear ambitions. (TEL)
- **EU Set To Slap Oil Embargo On Iran** -- The European Union readied to slap an embargo on Iran's oil exports Monday as the West ramped up pressure over the country's suspect nuclear drive and urged Tehran to return to the negotiating table. In the toughest measures yet to reduce Iran's ability to fund a nuclear weapons program, EU foreign ministers meeting Monday are to strengthen existing sanctions by banning imports of Iranian crude and targeting finance, petrochemicals and gold. (AFP)
- **Monti aims to restore Libya relations** -- Silvio Berlusconi courted Libya and Muammer Gaddafi by returning a stolen headless statue of Venus four year ago. Not to be outdone, Mario Monti has followed in his predecessor's footsteps by returning the marble head of a Roman emperor's daughter. Relations between Libya and Italy, its most important commercial partner, seem to have been restored by the new Italian prime minister's weekend visit to Tripoli. Each side is anxious to move on from the close personal ties developed by Italy's former leader and the former dictator overthrown and killed last October. (FT)



### Last Trading Day Stats

Index	Close	1D %Chg	YTD%Chg
<b>EuroStoxx 50</b>	2,426.96	-0.33%	4.77%
<b>CAC</b>	3,321.50	-0.22%	5.12%
<b>DAX</b>	6,404.39	-0.18%	8.58%
<b>AEX</b>	320.31	-0.05%	2.51%
<b>FTSE 100</b>	5,728.55	-0.22%	2.80%
<b>SMI</b>	6,122.67	-1.16%	3.14%
<b>OMX</b>	1,033.30	-0.44%	4.60%
<b>S&amp;P 500</b>	1,315.38	0.07%	4.59%
<b>Nikkei 225</b>	8,765.90	-0.01%	3.67%

Index	Close	1D Chg	5D Chg
<b>Dow Jones</b>	12,720.48	96.50	249.46
<b>VIX Index</b>	18.280	-1.590	-2.190
<b>VDAX Index</b>	23.700	-0.970	-2.570
<b>2-10 EUR</b>	170.777		
<b>2-10 US</b>	176.689		
<b>Eur / Dollar</b>	1.2903		

Bunds	Yield (%)	Chg 1d bp	Chg 5d bp
2YR	0.207	<b>-0.60</b>	5.50
5YR	0.891	<b>4.90</b>	14.00
10YR	1.929	<b>6.90</b>	16.40
<b>1st CL future</b>	Close	1D Chg	5D Chg
<b>CRB index</b>	98.33	-0.43	-0.80
	309.91	-2.05	0.05

AEX close	320.31
<b>ADR Impact</b>	<b>1.81</b>
ADR Impact %	0.56%
<b>AEX Parity</b>	<b>322.12</b>
AEX Ex-div Impact	

ADRs	Volume	Rel.vol	NL Close	ADR (Eur)	Chg EUR	%Chg
<b>AEGON NV-NY REG</b>	564971	56%	3.77	<b>3.80</b>	<b>0.03</b>	<b>0.84%</b>
<b>ARCELORMITTAL-NY</b>	4509856	61%	16.25	<b>16.34</b>	<b>0.09</b>	<b>0.57%</b>
<b>ASML HOLDING-NY</b>	3366924	132%	32.93	<b>33.48</b>	<b>0.55</b>	<b>1.67%</b>
<b>REED ELSEVIE-ADR</b>	69001	94%	9.20	<b>9.25</b>	<b>0.05</b>	<b>0.51%</b>
<b>ING GROEP-ADR</b>	3402163	67%	6.98	<b>7.04</b>	<b>0.06</b>	<b>0.82%</b>
<b>PHILIPS ELEC-NY</b>	2387517	132%	15.21	<b>15.32</b>	<b>0.12</b>	<b>0.77%</b>
<b>ROYAL DUTCH-ADR</b>	2169247	101%	27.06	<b>27.29</b>	<b>0.23</b>	<b>0.86%</b>
<b>UNILEVER NV-NYS</b>	2717608	99%	25.26	<b>25.44</b>	<b>0.19</b>	<b>0.75%</b>

Dow Jones Sectors US	Close	%Chg	Chg 1d	Chg 2d	Chg 5d
BAS MAT	282.40	<b>-0.24%</b>	-0.68	-0.43	1.79
CON CYC	375.79	<b>-0.47%</b>	-1.77	1.96	7.54
CON NCY	348.02	<b>0.03%</b>	0.12	0.64	1.83
ENERGY	613.14	<b>-0.01%</b>	-0.09	2.13	14.15
FINANCL	263.27	<b>0.60%</b>	1.57	3.45	3.99
HLTHCAR	372.22	<b>-0.05%</b>	-0.20	-0.17	3.07
INDUST	330.28	<b>-0.40%</b>	-1.32	1.90	4.90
TECH	702.99	<b>0.36%</b>	2.51	8.00	19.13
TELECOM	132.94	<b>0.04%</b>	0.05	0.31	1.13
UTILITY	169.08	<b>0.27%</b>	0.45	-0.99	-1.04

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