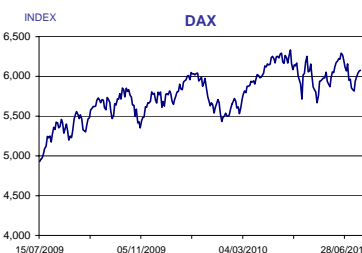
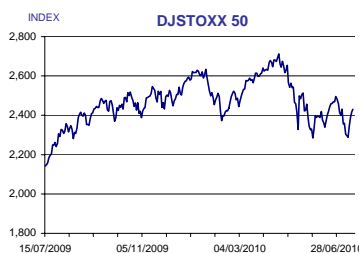


Market Commentary: U.S. stocks broke a 6-day winning streak on Wednesday after the Federal Reserve suggested additional measures may be needed to combat a weakening economy. Optimism over the start of earnings season limited declines after Intel reported better than expected results on signs of renewed corporate spending. Shares of Intel rose 1.7%, helping keep the Dow Jones and Nasdaq slightly higher. Nevertheless, minutes of the Fed's June meeting showed officials are more concerned with the pace of economic recovery. That added to jitters stoked by a weak report on June retail sales. The Commerce Department reported that U.S. retailers' June sales declined 0.5%, more than the 0.3% drop forecast by economists polled by Bloomberg. The consumer discretionary sector was among the S&P 500's biggest losers, giving up 0.5%. Bank stocks also ranked among the biggest drags. The Nasdaq rose 0.35% and the Dow Jones added 0.04%, while S&P 500 lost 0.02%. European shares dipped slightly on Wednesday, snapping a 6-day winning run, with banks sliding on concerns over expected tough new capital and risk rules for the sector. However, technology stocks helped limit losses, after ASML raised its sales forecast and following Intel's results. Europe's technology sector advanced 1.2%, with STMicroelectronics and Infineon leading the advance. Among individual stocks, BP fell 2.3% as the company delayed testing of a new cap placed over its leaking Gulf of Mexico oil well. Across Europe, the FTSE 100 lost 0.33% and the CAC 40 declined 0.13%, while the DAX added 0.30%. Asian stocks remained under pressure on Thursday, dragging down benchmark indices by the most in 2 weeks, as concern mounted that a global economic recovery may stall after U.S. retail sales declined and the Federal Reserve cut its growth forecast, even as Chinese data pointed to only a mild cooling in that economy. China's annual economic growth eased to 10.3% in Q2 from 11.9% in Q1, a touch weaker than expected, in response to credit curbs and the fading of fiscal stimulus. Inflation cooled to 2.9% in June from 3.1% the same period a year ago, the statistics bureau said. Industrial output rose 13.7%. In other news, BoJ kept interest rates unchanged and predicted growth in Japan's economy will slow next year as fiscal stimulus evaporates worldwide and overseas demand loses steam. Policy makers raised their growth forecast for the year ending March 2011 to 2.6% from 1.8% estimated in April, while cutting next year's to 1.9% from 2%, the Central Bank said. The board held the benchmark overnight lending rate at 0.1%. The Nikkei fell 1.12%.

International Equity Markets

Index	Price	% Change	5 days	1 month	Y-t-d
DOW JONES	10,366.72	0.04%	3.48%	-0.37%	-0.59%
S&P500	1,095.17	-0.02%	3.29%	-1.80%	-1.79%
NASDAQ	2,249.84	0.35%	4.19%	-2.43%	-0.85%
NIKKEI	9,685.53	-1.12%	1.57%	-2.05%	-8.16%
HANG SENG	20,503.23	-0.28%	2.26%	2.20%	-6.26%

Index	Price	% Change	5 days	1 month	Y-t-d
DJ STOXX50	2,486.34	-0.01%	4.06%	1.14%	-3.83%
DAX	6,209.76	0.30%	3.62%	0.56%	4.24%
FTSE-100	5,253.52	-0.33%	4.76%	0.68%	-2.94%
CAC 40	3,632.98	-0.13%	4.29%	-0.78%	-7.71%
SWISS	6,332.28	0.54%	3.82%	-2.35%	-3.26%



Macro Agenda - Today

Country	Index	Cons	Prev.	Time
US	PPI (MoM) JUN	-0.1%	-0.3%	15:30
US	PPI Ex Food & Energy MM JUN	0.1%	0.2%	15:30
US	PPI (YoY) JUN	3.1%	5.3%	15:30
US	PPI Ex Food & Energy YY JUN	1.1%	1.3%	15:30
US	Initial Jobless Claims	445K	454K	15:30
US	Empire Manufacturing JUL	18.25	19.57	15:30
US	Industrial Production JUN	-0.1%	1.3%	16:15
US	Capacity Utilization JUN	74.1%	74.1%	16:15
US	Philadelphia Fed. JUL	10.0	8.0	17:00

Corporate Agenda - Today

Country	Company
US	Advanced Micro Devices – Q2 Earn.
US	Google – Q2 Earnings
US	JPMorgan Chase – Q2 Earn.
CH	Novartis – Q2 Earnings
FR	Carrefour – Q2 Sales

Macro Agenda - Yesterday

Country	Index	Cons	Prev.	Act.
EC	CPI (MoM) JUN	0.0%	0.1%	0.0%
EC	CPI (YoY) JUN F	1.4%	1.4%	1.4%
EC	Core CPI (YoY) JUN	0.9%	0.8%	0.9%
EC	Industrial Prod. s.a. MM MAY	1.2%	0.9%	0.9%
EC	Indust. Prod. w.d.a. YY MAY	11.4%	9.6%	9.4%
UK	Nationwide Consumer Confid. JUN	62	66	63
UK	ILO Unemployment Rate (3M)	7.9%	7.9%	7.8%
US	Import Price Index MM JUN	-0.4%	-0.5%	-1.3%
US	Import Price Index YY JUN	5.3%	8.7%	4.5%
US	Advance Retail Sales JUN	-0.3%	-1.1%	-0.5%
US	Retail Sales Less Autos JUN	-0.1%	-1.2%	-0.1%
US	Retail Sales Ex Auto & Gas JUN	0.0%	-1.0%	0.1%
US	Business Inventories MAY	0.2%	0.4%	0.1%

US MARKETS

▪ **Exxon Mobil Corp.**

CP USD 59.26 <XOM.N / XOM US>

Exxon Mobil said on Wednesday it opened a greenhouse facility to grow and test algae, the next step for its nascent biofuels program. Exxon said last year it would invest \$600m over the next 5 to 6 years attempting to develop biofuel from algae. If it met research goals, Exxon said it would spend more than originally budgeted in the next decade, \$300m of which would be allocated to its partner Synthetic Genomics Inc. The project would cost billions to fully develop, Exxon said.

▪ **Johnson & Johnson**

CP USD 60.62 <JNJ.N / JNJ US>

Johnson & Johnson is expected to outline for U.S. regulators on Thursday a strategy to fix quality-control problems that have led to repeated recalls of Tylenol and other consumer medicines since last year. The so-called action plan, which J&J promised in late May to provide the U.S. Food and Drug Administration, could shed greater light on the magnitude of problems that have tarnished the reputation of the diversified healthcare company.

ASIAN MARKETS

▪ **Daewoo Shipbuilding & Marine Engineering Co.** CP KRW 20,000 <042660.KS / 042660 KS>

Daewoo Shipbuilding & Marine Engineering Co., the world's 2nd biggest shipbuilder, plans to buy a stake in a company owned by South African President Jacob Zuma's nephew. Daewoo signed a preliminary agreement to buy 49% of the company known as Daewoo Shipbuilding said yesterday. The purchase will help reduce the South Korean's company's dependency on building vessels and Daewoo will help Impinda grow its commodity, oil and natural gas shipping service, it said.

▪ **Fujifilm Holdings Corp.** CP YEN 2,744 <4901.T / 4901 JT>

Fujifilm Holdings plans to increase production of protective film for LCD panels by 30%, including an expansion of a factory in Kumamoto Prefecture, Japan, in October 2011, Nikkei English News reported.

▪ **Honda Motor Co.** CP YEN 2,679 <7267.T / 7267 JT>

Honda Motor will drop plans to build a new mini vehicle factory and focus on its green vehicles business, the Nikkei business daily reported on Thursday. A Honda spokeswoman declined to confirm the report.

▪ **Nippon Telegraph and Telephone Corp.** CP YEN 3,725 <9432.T / 9432 JT>

Nippon Telegraph and Telephone is in talks to buy Dimension Data Holdings Plc of South Africa in a possible 300bn yen (\$3.4bn) transaction, the Nikkei newspaper reported, citing unidentified company officials.

▪ **Nissan Motor Co.** CP YEN 648 <7201.T / 7201 JT>

Nissan Motor will halt production at two U.S. plants for three days because of a delay in getting parts from Hitachi Ltd. The plants in Smyrna, Tennessee, and Canton, Mississippi, will be closed today, tomorrow and July 19, Nissan spokesman Toshitake Inoshita said today by phone. Nissan has also halted production in Japan for three days from yesterday.

▪ **Yamaha Motor Co.** CP YEN 1,147 <7272.T / 7272 JT>

Yamaha Motor said sales in North America and Europe may fall twice as much as forecast, as a spreading debt crisis damps demand. Combined sales in North America and Europe may decline as much as 20% this year, compared with an earlier estimate for a drop of about 10%, CEO Hiroyuki Yanagi said.

EUROPEAN MARKETS

▪ **BE Semiconductor Industries** CP EUR 3.88 <BESI.AS / BESI NA>

BE Semiconductor Industries said Q2 sales rose 56% to EUR 89m, based on preliminary figures. The value of outstanding orders rose to EUR 136m on June 30 from EUR 92m at the end of March.

▪ **BP** ESN Rating HOLD TP GBP 4.20 / CP GBP 4.01 <BP.L / BP/ LN>

BP said it will begin a pressure test of its gushing Gulf of Mexico well after fixing a leak that erupted while it was shutting off oil flow with a new containment cap.

Moreover, BP should stop a planned drilling campaign in Libya while links between the oil producer and the release of Lockerbie bomber Abdelbaset al-Megrahi are investigated, a group of U.S. senators said.

▪ **British Airways** ESN Rating HOLD TP GBP 1.20 / CP GBP 2.08 <BAY.L / BAY LN>

British Airways won European Union antitrust approval for a \$6.6bn merger with Iberia Lineas Aereas de Espana and an alliance with AMR Corp.'s American Airlines that will control almost 50% of U.S. flights at London's Heathrow airport.

▪ **British Sky Broadcasting Group** ESN Rating ACCUMULATE TP GBP 7.30 / CP GBP 7.00 <BSY.L / BSY LN>

British Sky Broadcasting Group's Sky News channel is in talks with an Abu Dhabi-based private investor to set up an Arabic news service, its first foreign-language channel. Sky News would run the free, 24-hour channel from Abu Dhabi as a 50-50 joint venture and could start broadcasting within 24 months if talks are successful, it said yesterday.

▪ **EDP Renovaveis** ESN Rating BUY TP EUR 7.90 / CP EUR 5.05 <EDPR.LS / EDPR PL>

EDP Renovaveis, the renewable-energy unit of Portuguese utility EDP-Energias de Portugal, said electricity production in H1 rose 32% from a year earlier.

▪ **GlaxoSmithKline** ESN Rating ACCUMULATE TP GBP 14.60 / CP GBP 11.81 <GSK.L / GSK LN>

GlaxoSmithKline rose 1.8% after health advisers said its diabetes drug Avandia should be allowed to stay on the market in some form. The decision by the Food and Drug Administration's panel reduced the threat of more litigation, which could have followed a ban of the drug.

▪ **Henkel** ESN Rating REDUCE TP EUR 36.00 / CP EUR 38.93 <HNKG_p.DE / HEN3 GY>

Henkel plans to sell a construction chemicals plant in the German city of Unna and is in talks with strategic investors, Westdeutsche Allgemeine Zeitung said, citing an unidentified company spokeswoman.

▪ **LSE** CP GBP 6.27 <LSE.L / LSE LN>

LSE reported fiscal Q1 sales rose 0.8%, as Europe's largest bourse by value of listed companies made more money from technology. Revenue for the three months ended June 30 advanced to GBP 158.2m (\$241mn), from GBP 157m in the same period a year earlier, LSE said. Revenue from technology rose to GBP 12.7m from GBP 6.6m last year. Sales from capital markets, where LSE makes money from company listings and trading, dropped six percent to GBP 74.2m. "Looking ahead, we are planning on the basis of market conditions remaining mixed", LSE said. "Management actions continue to improve business efficiency and competitive position, with immediate focus on introduction of the new trading system and development of new services across the group to grow the business".

▪ **Novartis** ESN Rating BUY TP CHF 65.00 / CP CHF 53.75 <NOVN.VX / NOVN VX>

Novartis reported higher Q2 profit as doctors prescribed more of the company's new medicines to treat eye disease and high blood pressure. Net income rose 19% to \$2.42bn from \$2.04bn a year earlier, the company said. Analysts expected profit of \$2.43bn, according to Bloomberg. Sales increased 11% to \$11.72bn. Novartis raised its forecast for 2010, saying sales will probably increase at a mid-to-high single-digit pace, compared with the previous guidance of mid-single-digit percentage rate in local currencies.

▪ **Roche Holding** ESN Rating BUY TP CHF 196.00 / CP CHF 150.20 <ROG.VX / ROG VX>

Roche Holding may sign agreements with private insurance companies this year as part of its push to increase sales of treatments for cancer in China. The company is in talks with Chinese and European insurers to design policies that help boost sales of its medicines, Pascal Soriot, the head of the company's pharmaceutical unit, said in an interview at Roche headquarters in Basel, Switzerland. He declined to name any of the companies.

▪ **RWE** ESN Rating ACCUMULATE TP EUR 74.00 / CP EUR 55.06 <RWEG.DE / RWE GY>

RWE aims to build charging stations for electric cars in countries including the U.K. and the Netherlands, Handelsblatt said.

▪ **Telecom Italia** ESN Rating ACCUMULATE TP EUR 1.38 / CP EUR 0.97 <TLIT.MI / TIT IM>

Telecom Italia suspended planned job cuts as part of negotiations with labor unions, which will last 15 days, CEO Franco Bernabe told reporters in Rome. The government is "available" to find a solution for the planned cuts, he said.

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Meaning of each recommendation or rating:

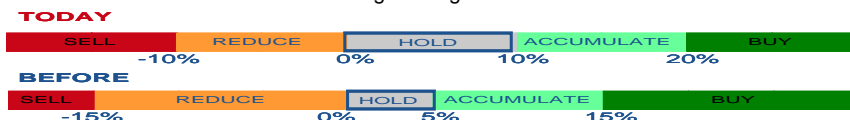
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- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
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- Recommendations Total Return Range changed as below:



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Data current as of 09/07/2010

	Buy	Accumulate	Hold	Reduce	Sell
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