

Very slow week in term of macro events. Indeed, we will look at the usual routine such as the Consumer Confidence tomorrow, the Whole Sales inventories and Mortgage Applications on Wednesday, the Jobless Claims and the Trade Balance on Thursday, but the focus will be the Retail Sales on Friday.

But interesting week in term of trading activity. Indeed, although very quiet in term of trading volume, the past week was very rich in term of news and visibility. The Greek troubles are now behind us and should be seen as a test for Europe which managed it not that bad after all. Merkel and Sarkozy are both looking fine toward their electors with regard to the next domestic presidential elections, as their tax payers are not the one paying for the Greek debt. Any Spanish spill over effect has been avoided since a nice over bid on the auction of the 10 year note from Greece pictured that the ex predators have turned the other way and are keen on profiting from high yield products now that the default risk is avoided, or should we rather say that in case any default was to occur there will be some forces to bail out such as the EU or else worse case scenario the IMF, same as it already did in the past for the UK for instance when the sterling was falling. In accepting to be more strict with its budget, the Greek government managed to get the EU, the IMF as well as Moodies and S&P nice comments, making the deadline of the March 16th to present and accept budget restrictions to the EU a non event now. Investors might well cheer even more this first test from the Eurozone which has been passed successfully.

As to the employment in the US, not that we want to be too bullish, but it would be reasonable to consider that it is no longer a problem. Indeed, with or without blizzard, the report showed that Employment is now very close to stabilising eight months after the recession in output ended, and will be better next month (no blizzard). Some will tell you there is nothing to celebrate, we think the other way around as in the meantime neither bull nor bear players were expecting the US economy to be rebounding so strongly, while some bear mooders were still expecting a double dip. The employment sector awakening is a water proof indicators against the double dip possibility, and should add to the existing bull mood that the economy is gaining traction in the US. Looking at the detail of the report, construction lost 64,000 jobs, manufacturing added 1,000 and services added 42,000. The gain in services was driven by a 48,000 increase in temporary employment, which has been rising rapidly for six months now. Those rapid gains should be seen as a precursor to more permanent hiring. The unemployment rate was unchanged at 9.7% last month, which once more is a good news, as the previous month drop was absolutely unexpected and came as a big surprise for both bull and bear strategists who only expected the unemployment rate to decline by the end of the year, or even in the next 2/3 years time for the most pessimistic. The construction sector will soon wake up, as the employment improvement will be adding to the confidence and help households taking more risks and borrow to banks, while small and mid size firms will be boosted by the Obama bill and its tax incentives to hire people.

Already, the news that GM is re opening 1000 dealers is typically the news flow that you should get used to hear now in the US. Hard to remain untouched, especially as a year ago, and 10 years ago, stocks hit a low and a high, respectively. Instead of thinking double dip, why would not we think new bull market which has started last year, with as usual the equity markets anticipating the economic recovery, which for sure happened. But not all of this recovery is priced yet as the market went too far on lows thinking 29 crisis revival and driven by deleverage were cash was supposed to be king. Also, the confirmation that the recovery is sustainable is far from "stocks prices included" as the latest Greek and Obama-Bernanke threat drove most investors out, so fresh they had in mind the awful non stop bear market from 2008. We just build the base of a shaky economical cycle, were at last the fundamentals will be in line with the stock market performance, instead of creating another bubble such as the after internet crisis one which blew even more strongly with the sub prime bomb in 2007.

Same as earlier this year, the risk is even more on the upside now than in January, as we had to go through the predicted European sovereign debts, which we underestimated the impact on the equity indices, impact mostly due to the fear of a revival of the bubble burst fresh in investors' mind more than a fundamental reality. The Obama tough and awkward speech in January blew it and triggered a strong confidence crisis which Greece or a black cat crossing the road was enough to make every one run away, and we understand perfectly. In the meantime things kept on improving, and this is a fact which investors might accept in jumping back gradually as things are getting better as time is passing by. Rate hikes have always been occurring in bull markets in order to cool down booming economies, as to deficits, they did not prevent the US economy from doing great at the time of highest deficit levels.

We should then see some investors who got burnt gradually coming back in the equity market. So far the rise was just due to some short covering from daily trading used to make money on any rebound so much the market was sick and lost faith lately (since mid January and Obama's tough stance). Some better prices than 2 months ago, a better visibility on the European sovereign debts, some booming US economy with now the improvement of the job sector to be expected which make the US economy growth sustainable, some comforting news regarding China which aims to leave the easy quantitative policy and tolerate a 2.8% deficit of its GDP which it targets to cruise on a 8% pace, the awakening from Japan after a 20 years lag should be enough reasons for investors to look at the not half, but now three quarter full glass. Today should be strong thanks to investors' flow, tomorrow we should see a consolidation period which will tell about the resilience of the equity indices. If flat, then fasten seat belts on Friday

	WTI	€/€	\$/¥	10 yr US	10 yr Euro	Basic	Energy	Finan	Health	Tech	Tel	Indus	Utilities	SOX	S&P	NAS	DOW	Close
Last	81,9	1,3678	90,39	3,70	3,16	2,05	1,73	2,00	1,18	1,30	0,11	1,60	1,10	1,44	1,40	1,49	1,17	US
Perf 1d %	1,49	0,38	-0,52	2,09 bp	3,3 bp	1,52	1,40	1,31	0,82	1,05	-0,25	1,28	0,53	1,32	1,01	1,12	0,84	Europe

ECONOMIC DATA with impact

Inflow from fundamental investors

POSITIVE IMPACTS

BHP Billiton won an agreement to **sell** a major portion of its coking coal to Asian and European customers **on term contracts** / The move is a big step forward in BHP's attempts to eliminate annual pricing for bulk steel-making commodities, and likely clears the way for quarterly pricing of coking coal and a similar move in iron ore

DANONE is close to setting up a **JV with Narang Hospitality** Services to offer health drinks in India (The Economic Times)

MERCK KGaA, which agreed earlier this week to buy Millipore, plans further acquisitions (CEO in FAZ)

ANGLO-AMERICAN : Vedanta Resources & HudBay Minerals are interested in AAL's \$800m in zinc assets that are up for sale (I.on S.)

LAFARGE agreed to **swap a stake in Portuguese Cimpor** for cement plants in Brazil owned by Votorantim Cimentos / With this swap, it will become one of Brazil's 3 biggest cement producers / Lafarge had agreed to sell its 17.3% stake in Cimpor to Votorantim this year

CREDIT AGRICOLE's new CEO doesn't expect any substantial changes following a strategic review of its ops (interview with Le Figaro)

ENEL wants to list its Greenpower unit this year and sell up to 30% of it (CEO)

TUI expects 2010 to set a record with 4.8 m long-distance trips from Germany (The head of TUI in Focus magazine)

VALEO : The Indices Committee decided to add Valeo and remove Eramet from the French CAC Next20 index (NYSE Euronext)

NEGATIVE IMPACTS

D. POST : The Bundestag decided to cancel **D. Post's exemption** from charging vat for commercial customers (Results March 9)
TOTAL will hold a meeting with unions Today to seal the fate of its troubled Dunkirk plant
AIR FRANCE : February traffic down **0.6%** for capacity reduced by 5% / Said that pressure on unit revenues remains strong on certain zones and in premium class in general / 3.5 point improvement in load factor to 77.7%
PRUDENTIAL's leading institutional investors are **threatening a revolt against CEO** after being excluded from sub-underwriting the \$20bn rights issue, which would fund the \$35bn acquisition of the Asian arm of AIG (The Daily Telegraph)
DAIMLER warned against weaker Euro (FT) / **Separately**, it didn't comment on potential writedowns in connection with EADS before publishing Q1 figures on April 27 (EADS said on Friday it would report a 2009 loss)
ROCHE and Biogen have suspended rheumatoid arthritis treatment Ocrelizumab and put their rheumatoid arthritis development programme on hold after study showed that the safety risk outweighs the benefits

TO BE NOTED : German financial market regulator BaFin sees growing speculation against Greece as in February, investors held positions in CDS for Greek government bonds totaling \$85 bn, twice as high as a year ago (Der Spiegel)

	RESULTS	DIVIDENDS	EVENTS
Today	EU \ Air France -KLM sales / BioMerieux / Ciment Français / US \ Texas Instruments mid quarter Asia \ Hutchison Telecommunications / Zain		Media conf at Credit Suisse / Givaudan Road Show
Tuesday	EU \ Antofagasta / Deutsche Post / EADS / International Power / Severstal / Solvac US \ Kroger		Applied Material AGM / Chevron analyst meeting / Aviation, Transportation, and Defense conf at JP Morgan / Annual Consumer & Retail Leveraged Finance conf at Goldman Sachs
Wednesday	EU \ E.On / Exonhit / Fortis / JCDecaux / Lagardere / Mun Re / Pirelli & Co / Saipem / Standard Life preliminary US \ Clean Energy / Inter Parfums / Novellus System mid-quarter Asia \ Admiral group (GBp 15,22222 + 17,88889)		Tyco AGM / Valeo investor day / Walt Disney AGM
Thursday	EU \ Bilfinger Berger / Delhaize / Hannover Re / Geberit / Home Retail / Lufthansa / Old Mutual / Swatch final / Volkswagen US \ National Semiconductor		BBVA AGM / ExxonMobil analyst meeting / Financial Services conf at Citigroup
Friday	Brazil \ Petrobras		ENI strategy presentation / Black & Decker : Special Stockholders Meeting to vote on merger with Stanley Works

TRADING IDEAS

BUY AIR FRANCE / business coming back ... huge underperformance
BUY AXA lagging as usual, but taking off and nice dividend yield in the current levels
BUY RWE (island reversal bullish possibility) too much killed lately

BUY RENAULT / SELL BMW // BUY AXA / SELL ALLIANZ // BUY ALSTOM / SELL AIR LIQUIDE // BUY DTE / SELL FTE //

BROKER METEOROLOGY

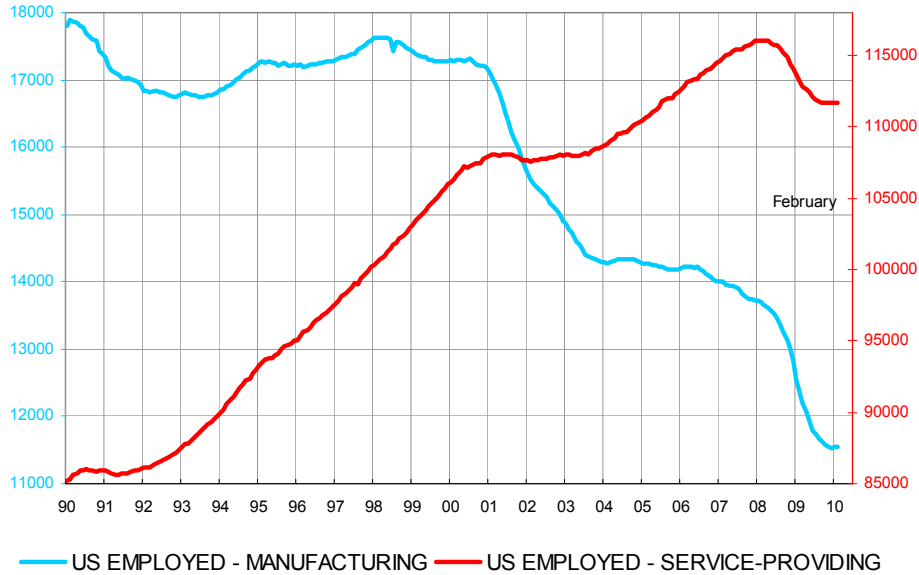
PORTUGAL TELECOM **RAISED TO EQUALWEIGHT** **BY BARCLAYS CAPITAL**
FIAT **ADDED AT CONVICTION BUY** **BY GOLDMAN SACHS**
METRO AG **RAISED TO EQUALWEIGHT FROM UNDERWEIGHT** **BY MORGAN STANLEY**

VEOLIA **CUT TO NEUTRAL FROM BUY** **BY BANK OF AMERICA - ML**
SALZGITTER **CUT TO NEUTRAL** **BY JP MORGAN**
MICHAEL PAGE **CUT TO HOLD FORM BUY** **BY CITIGROUP**

PLEASE FIND BELOW ON THE NEXT PAGE OUR MORNING ECO

CHART OF THE DAY

US Employment in the manufacturing and in the services sector Since 1990



Sources: BLS, and Datastream

After destroying 77 000 jobs in January, this sector destroyed 64 000 jobs in February. At the opposite for a second consecutive month, the manufacturing and he services sector even hit by the bad weather conditions had created net jobs in February. Indeed after 20 000 net jobs creations in January the manufacturing sector created 1000 jobs in February. Even better after creating 20 000 net jobs in January the services sector created 42 000 jobs in February, mainly led by corporate services creating 51 000 jobs in February and registered jobs creation for a fifth consecutive month for a total of 220 000 net jobs./JB

Time	Country	Indicator	Period	GE forecasts	Consensus	Previous
23.50 GMT	Japan	Current account balance (adjusted)	January		+ ¥ 1249,5 bn	+ ¥ 1100,5 bn
23.50 GMT	Japan	Trade balance	January		+ ¥ 152,9 bn	+ ¥ 631,2 bn
4.30 GMT	Japan	Bankruptcies	February		-1,7%	-21,8%
7.30 GMT	France	Bank of France business climate	February		104	104
11.00 GMT	Germany	Industrial production	January		+1,2%,+0,8% YoY	-2,6%,-7,1% YoY

Indexes	Price	% 5 Days	Ytd
DJIA	10566,2	2,33%	1,33%
S&P 500	1138,7	3,12%	2,12%
Nasdaq	2326,4	3,94%	2,52%
CAC 40	3910,4	5,44%	-0,66%
DAX	5877,4	4,98%	-1,34%
Eurostoxx 50	2877,4	5,46%	-2,95%
DJ 600	257,1	4,77%	1,26%
FTSE 100	5599,8	4,68%	3,45%
Nikkei	10585,9	2,40%	0,37%
Shanghai Comp	3045,7	-0,68%	-7,06%
Sensex (India)	17123,6	4,55%	-1,95%
MICEX (Russia)	1414,4	6,13%	3,24%
Bovespa (Brasil)	68846,5	3,52%	0,38%

Forex	Price	% 5 Days	Ytd
EUR/USD	1,3672	1,00%	-4,60%
EUR/JPY	123,61	-2,32%	-8,02%
USD/JPY	90,41	-1,34%	-3,03%
Oil	Price	% 5 Days	Ytd
Brent \$/b	79,7	4,35%	3,21%
Gold	Price	% 5 Days	Ytd
Gold \$/oz	1135,9	1,51%	3,55%
Rates	USA	Euro	Japan
Central Banks*	0,25	1,00	0,10
Overnight	0,11	0,33	0,10
3 Months	0,14	0,29	0,20
10 Years**	3,70	3,16	1,33

*US: Fed Funds; Jap: Overnight; Euro: Refi

** Euro: German Bund rate Source : Bloomberg

ECONOMIC DATA PREVIEW

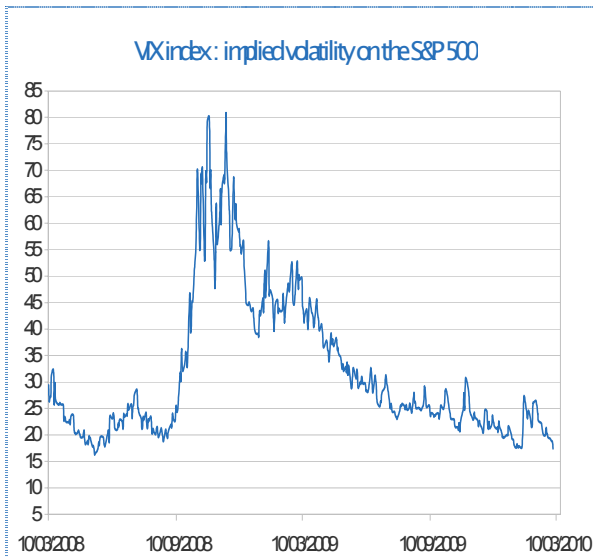
NO ECONOMIC DATA RELEASED IN THE UNITED-STATES

Watch in **GERMANY** the industrial production for January released at 11.00 GMT, expected to reach +1.2%, +0.8% YoY led by the economic recovery in the US and by China both boosting demand for German goods abroad.

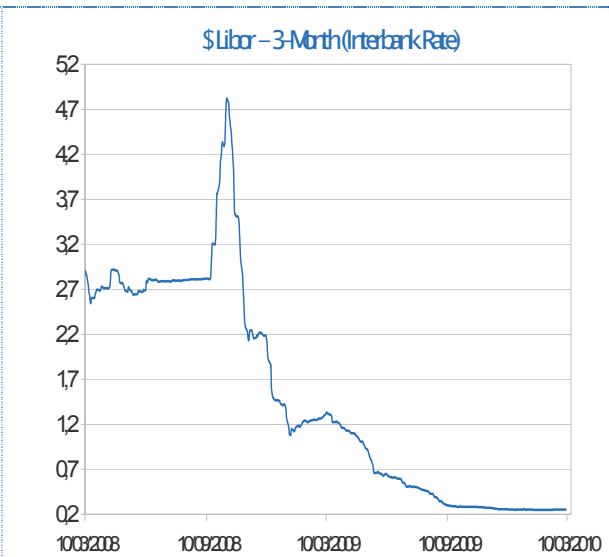
ECONOMY

UNITES-STATES: THE UNEMPLOYMENT RATE REMAINS STABLE IN FEBRUARY

Despite very bad weather conditions, the US job machine destroyed only 36 000 net jobs in February (forecast - 68 000). Like in January the decline in employment is mainly due to the job destructions in the construction sector. Indeed after destroying 77 000 jobs in January, this sector destroyed 64 000 jobs in February. At the opposite for a second consecutive month, the manufacturing and the services sector even hit by the bad weather conditions had created net jobs in February. Indeed after 20 000 net jobs creations in January the manufacturing sector created 1000 jobs in February. Even better after creating 20 000 net jobs in January the services sector created 42 000 jobs in February, mainly led by corporate services creating 51 000 jobs in February and registered jobs creation for a fifth consecutive month for a total of 220 000 net jobs. In such conditions and despite very hard weather conditions the unemployment rate stabilized at 9.7%.**JB**



Source : Bloomberg



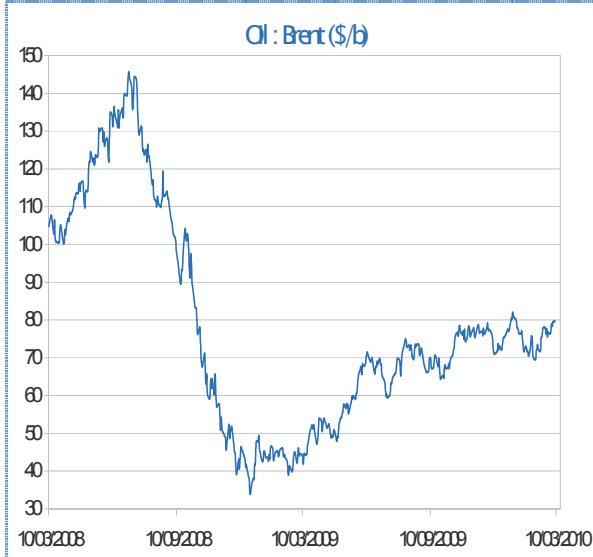
Source : Bloomberg



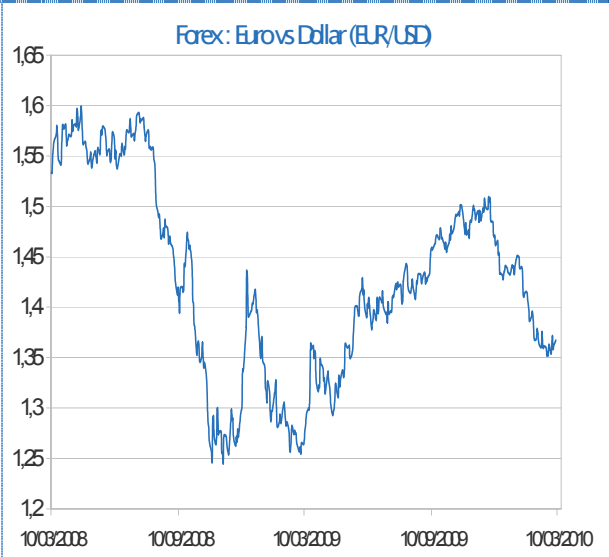
Source : Bloomberg



Source : Bloomberg



Source : Bloomberg



Source : Bloomberg