



Not about the trend, but about the activity. Where are you guys ? Where are fundamental investors gone ? not much more to tell you about today than you already know. European debt was part of the tough events which spoilt the latest rally, with investors still having fresh on their mind the awful pull back from mid January which was a reminder of the terrible bubble burst from the to levels seen in July 2007 which drove equity markets in the abyss.

However, time is a great healer, and the lack of further bad European news while the US recovery is so hot should drive us higher anytime, may be as soon as tomorrow for the S&P when the important retail Sales will be released. The Greek demonstration today should just be non event, and should be a reason to think ahead as belonging to the past. Europe managed this debt crisis rather beautifully so far on a political front, which means investors should not play a spill over from Greece to Portugal, neither Spain nor any other countries for now. As to the huge deficits, in the past in the US they never prevented the economy from over heating neither the stock market from flying up.

In the meantime, there are still some news which might keep the activity slow and erratic such as : March 11-13, Portugal Vote on draft budget; March 11-12: for Italy, Greece, Portugal, National accounts are published for Q4 09; today: Ireland €1bn T-bill auction; March 15-16: ECOFIN meeting planned where ECB, IMF report on Greece implementation of budget. These dates should not be a huge problem now that there are guarantees being put in place, but they should present a risk for investors, already feeling cold from an equity market which needs to be forgiven seen the latest damages.

Sorry, but not much new to head higher for now but possibly the Retail Sales tomorrow, while we must admit that most of the bad European sovereign news flow is already priced, or should we say that the market is now happy with the idea that European sovereign debt is no longer one. In addition to this lack of volatility short term we find the option gamma players who might probably be locking the market within a range even more.

It was up yesterday ? we should then head down today

	WTI	€/€	\$/¥	10 yr US	10 yr Euro	Basic	Energy	Finan	Health	Tech	Tel	Indus	Utilities	SOX	S&P	NAS	DOW	Close
Last	81,6	1,3644	90,38	3,72	3,15	0,21	0,67	1,07	0,23	0,75	-0,05	0,42	0,23	2,16	0,45	0,78	0,03	US
Perf 1d %	0,17	-0,10	0,24	-0,38 bp	2,1 bp	0,89	0,75	1,41	0,37	0,82	0,02	0,57	0,14	2,27	0,64	0,89	0,26	Europe

ECONOMIC DATA with impact

Greek demonstration news flow

Jobless Claims (13h30 UK time) expected 460k from previous 469 / the higher the better / **might impact** if far from expectations both ways, employment is a big focus as part of the sustainability of the current economic recovery

US Trade Balance (13h30 UK time) expected \$-41bn from previous -40bn / **minor** as too energy prices connected

POSITIVE IMPACTS

K+S : Q4 revenue €1.1bn (956m exp) / **Operating €36.5m** (31m exp) / **DPS €0.20** (0.33 exp) / **Sees** fertiliser business to improve tangibly in 2010 with sales and profits clearly higher / **Sees** global potash volume to rise to 45m tonnes in 2010 from 30m tonnes in 2009

GEBERIT : FY sales SFR2.18bn (2.12bn exp) / **Ebit SFR527m**, in line / **Ordinary DPS SFR5.40** (in line) + **Extra DPS SFR1.00** / **Sees** decline in building sector to continue in 2010 & **no market recovery before 2011**

WM MORRISON : FY underlying PTP £767m (757m e) / **Total DPS +41%** to 8.2p / **Sees** economic environment to remain challenging

HOME RETAIL sees trading slightly ahead of current market expectations

MINERS : Vale proposed a more than **90% increase** in iron ore prices in negotiations with Japanese steel makers for 2010 (The Nikkei)

RIO TINTO is in talks with its largest shareholder Chinalco on the possibility of pursuing joint projects (Australian Financial Review)

ARCELORMITTAL intends to raise iron ore production from its own mines by >50% in the next 5 years (Reuters Mining & Steel Summit)

SKF's CEO said **growth was picking up pace again**, led by expansion in Asia

FINMECCANICA won a €560m contract to sell 12 AW101 helicopters made by its AgustaWestland unit to the Indian Air Force

HOCHTIEF : Leighton's Asian unit received a A\$463m contract to build tunnels and ventilation buildings for Hong Kong Express rail link.

INTESA SANPAOLO will file its prospectus to list Fideuram early next week (Il Messaggero) / **ISP** plans to offer around **50 to 60%** of the unit, with an overall **valuation of about €3bn**

OLD MUTUAL : FY adj. operating £1.17bn (1.12bn exp) / **Adj. MCEV £1.71** / **Final DPS 1.5p** / **FuM £285bn** (265bn in 2008) / **To exit markets it can not achieve 15% RoE over next 3 years**

SANTANDER said it is not interested in Turkey's Garanti

DEXIA : As exp., Dexia sold 21.86m shr in Assured Guaranty at \$22.66 / shr. / **Expects a gross gain of \$225m** (150m exp)

BANKING : U.S. Treasury Secretary Timothy Geithner warned the European Commission that E.U. plans to regulate hedge funds and private equity groups could trigger a transatlantic row (FT)

NEGATIVE IMPACTS

LAGARDERE : FY operating €448m (481m exp) with €49m loss on its EADS stake / **DPS €1.30**, unchanged & in line / **Forecast** a drop of around 10% in operating this year + **does not expect a significant recovery** in the advertising market / **No plan to sell EADS stake**

DELHAIZE : Q4 Ebit €223m (245m exp) with €44m charge / **DPS €1.20** (1.45 exp) / **Sees** 2010 operating to grow 7-10% (+6.5% exp)

SMITH & NEPHEW : A federal jury decided in favor of Kinetic Concepts in a patent dispute with Smith & Nephew

LUFTHANSA sees **slight recovery** of revenue in 2010 & **cannot count on rapid booking recovery** / **Won't reach equity ratio goal** in 2010 / **2011** should be better...

RENAULT : Avtovaz may issue €320m worth of shares in 2010 / **RNO** would buy 25% of new shares if issued

BP agreed to buy oil assets from Devon Energy in a **\$7bn deal** that would make BP enter in the oil region off the shores of Brazil (WSJ)

TOTAL : Union called for a **24-hour strike** at all of France's oil refineries in defence of refinery production in the country against the backdrop of an ongoing dispute with oil major Total.

UPM-STORA ENSO : Talks to end a Finnish port strike will continue Today, the 8 consecutive day of a halt that has forced companies to shut production

	RESULTS	DIVIDENDS	EVENTS
Today	EU \ Bifinger 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			LG AGM
Monday	EU \ Altran Technologies / Bulgari / Seche Environnement	Seadrill (\$0,55)	
Tuesday	EU \ Zodiac sales		Inflation conf at Deutsche Bank / Industrial conf at Goldman Sachs
Wednesday	EU \ BMW / Enel / Ingenico / Lanxess / Linde AG US \ Nike	HSBC (\$0,111111) / Schindler (CHF) Deutsche Telekom investor day / Hewlett-Packard 2.00) / Thomas Cook (GBP) AGM / Annual Gaming, Lodging, Restaurants & 7,777778) / WPP (GBP 11,42222)	Leisure conf at JM Morgan



TRADING IDEAS

SELL AHOLD / BNP / CARREFOUR / UNILEVER / AIR LIQUIDE / SCHNEIDER / ST GOBAIN / LAFARGE / FRANCETEL toppish
SELL ZURICH FI / ALLIANZ / VINCI / STM to play double top possibility

BUY AIR FRANCE / SELL LUFTHANSA // BUY TOTAL / SELL BP // BUY GLAXO / SELL SANOFI // BUY B SKY B / SELL PEARSON // BUY PFIZER / SELL JNJ // BUY IBM / SELL HEWLETT PACKARD

BROKER METEOROLOGY

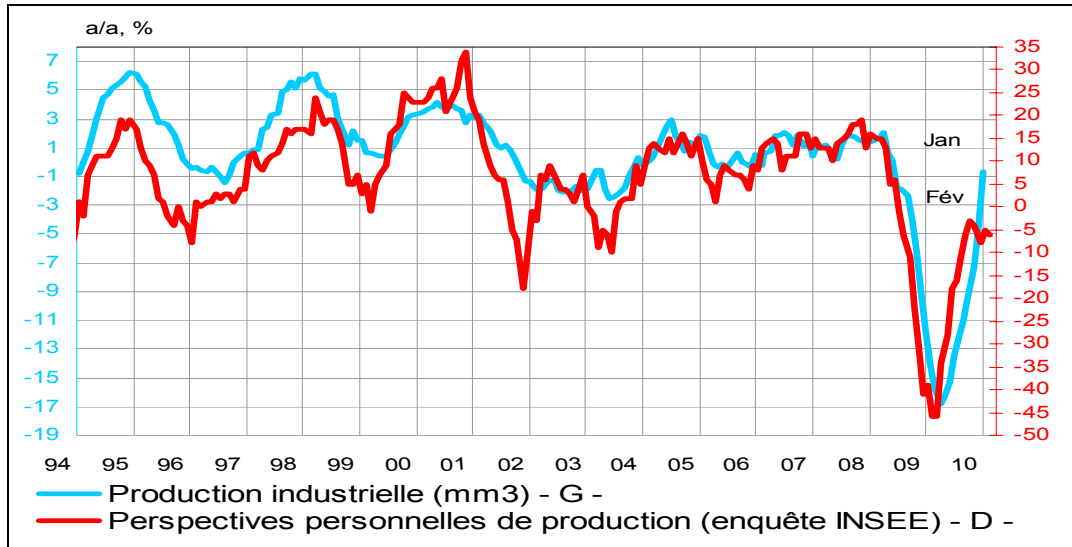
ANTOFAGASTRA..... RAISED TO HOLD FROM SELL..... BY DEUTSCHE BANK

ARCELOR MITTAL CUT TO HOLD FORM BUYBY ING
LUKOIL..... CUT TO REDUCE FROM NEUTRAL BY NOMURA

PLEASE FIND BELOW ON THE NEXT PAGE OUR MORNING ECO

CHART OF THE DAY

France industrial production (mm3) G and personal production outlook (INSEE survey) D Since 1994



Sources: INSEE

The INSEE survey showed a rise of 1.6% in industrial production for January. For the Q4 as a whole the rise reached 1.7% which is very encouraging for the GDP over the same period. Nevertheless industrial production has been boosted by the car production rising by 3.1% in January after decreasing by 2.7% in December./JB

Time	Country	Indicator	Period	GE forecasts	Consensus	Previous
23.50 GMT	Japan	GDP (final)	4th quarter		+1,0% QoQ	+1,1%QoQ
23.50 GMT	Japan	GDP annualised (final)	4th quarter		+4,0%	+4,6%
2.00 GMT	China	Consumer price index	February		+2,5% YoY	+1,5% YoY
2.00 GMT	China	Retail sales	February		+18,1% YoY	+ 17,5% YoY
2.00 GMT	China	Industrial production	February		+19,0% YoY	+18,5% YoY
7.45 GMT	France	Central government balance	January		- € 140,0 bn	- € 138,0 bn
8.45 GMT	France	Non-farm payrolls (final)	4th quarter		-0,4% QoQ	-0,4% QoQ
13.30 GMT	United-States	Trade balance	January	-\$ 40,3 bn	-\$ 41,0 bn	-\$ 40,2 bn
13.30 GMT	United-States	Initial jobless claims	6 March		460 000	469 000
13.30 GMT	United-States	Continuing claims	February 27th		4 500 000	4 500 000

Indexes	Price	% 5 Days	Ytd
DJIA	10567,3	1,70%	1,34%
S&P 500	1145,6	2,44%	2,74%
Nasdaq	2359,0	3,46%	3,96%
CAC 40	3943,6	2,63%	0,18%
DAX	5936,7	2,04%	-0,35%
Eurostoxx 50	2909,4	3,10%	-1,87%
DJ 600	258,2	2,36%	1,71%
FTSE 100	5640,6	2,12%	4,21%
Nikkei	10665,0	3,03%	1,12%
Shanghai Comp	3045,8	-1,55%	-7,06%
Sensex (India)	17104,0	0,58%	-2,07%
MICEX (Russia)	1402,4	2,50%	2,36%
Bovespa (Brasil)	69979,3	3,46%	2,03%

Forex	Price	% 5 Days	Ytd
EUR/USD	1,3639	0,38%	-4,85%
EUR/JPY	123,24	-1,75%	-8,37%
USD/JPY	90,35	-1,36%	-3,10%
Oil	Price	% 5 Days	Ytd
Brent \$/b	79,3	1,22%	2,76%
Gold	Price	% 5 Days	Ytd
Gold \$/oz	1109,0	-2,08%	1,06%
Rates	USA	Euro	Japan
Central Banks*	0,25	1,00	0,10
Overnight	0,04	0,33	0,10
3 Months	0,15	0,28	0,20
10 Years**	3,71	3,15	1,33

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

** Euro: German Bund rate Source : Bloomberg

ECONOMIC DATA PREVIEW

Watch in [THE UNITED-STATES](#) the [trade balance](#) for January released at 13.30 GMT. After narrowing in October, the US trade deficit which increased to 40.18 billion dollars in December, should rise further in January. Indeed, as the dollar rose in January, exports which increased by 3.3% in December should slow down. Meanwhile imports which increased by 4.8% should remain strong, led as well be the consumption rebound./**JB**

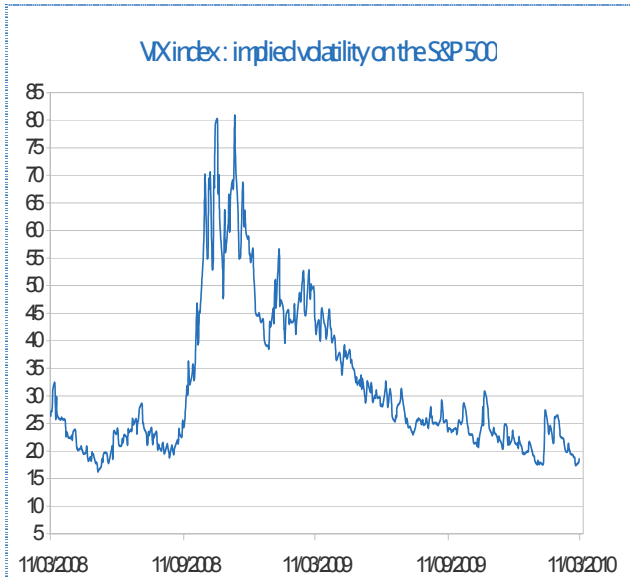
ECONOMY

FRANCE : INDUSTRIAL PRODUCTION INCREASED SIGNIFICANTLY IN JANUARY

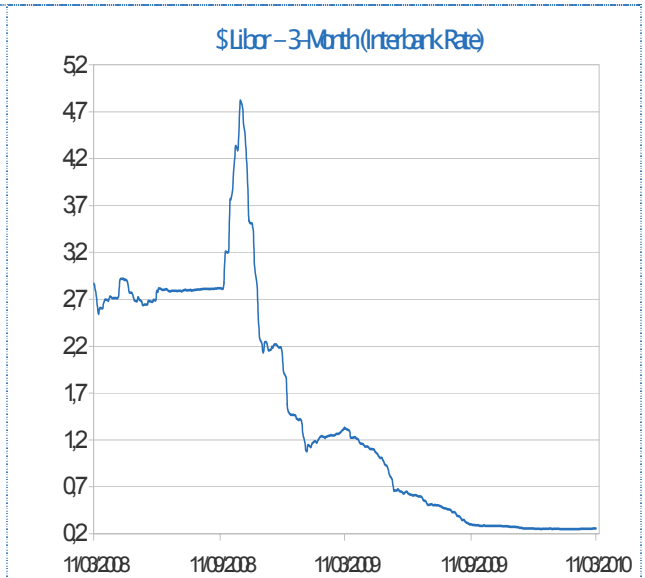
This is probably the best statistic news in France since the beginning of 2010. After the sharp drop of household consumption in January, the decline of the business climate in the industrial sector and in the services, the INSEE survey showed a rise of 1.6% in industrial production for January. For the Q4 as a whole the rise reached 1.7% which is very encouraging for the GDP over the same period. Nevertheless industrial production has been boosted by the car production rising by 3.1% in January after decreasing by 2.7% in December. The extension of the “cash for clunker program” maintained despite the reduction of public subventions played fully in favour of the industrial production. On the other hand as when the “cash for clunker program” will ended the correction will be sharp. Moreover at the exception of the transport material and the energy sector (rising by 6.9% in January after being up by 6.8% in December), all the sectors are down in January. Even if the French industry is now out of the recession it remained far to reverse the downturn of 2008-2009

GERMANY: THE TRADE SURPLUS SHARPLY NARROWED IN JANUARY

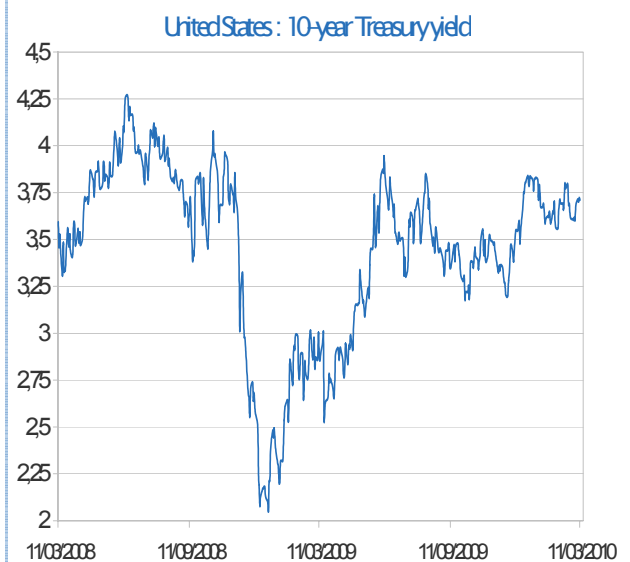
The German trade surplus narrowed from 13.4 billion euro in December to 8.0 billion euros in January. This is a the third consecutive months of decline. This drop was led by the sharp decrease of exports declining by 6.3% ending four consecutive months of rise despite the rebound of international trade. Meanwhile imports rose by 6.0% after being up by 5% in December. Structurally strong German economy is not as hit by the strong euro as the other euro area countries and exports should improved and remained consistent in the coming months./**JB**



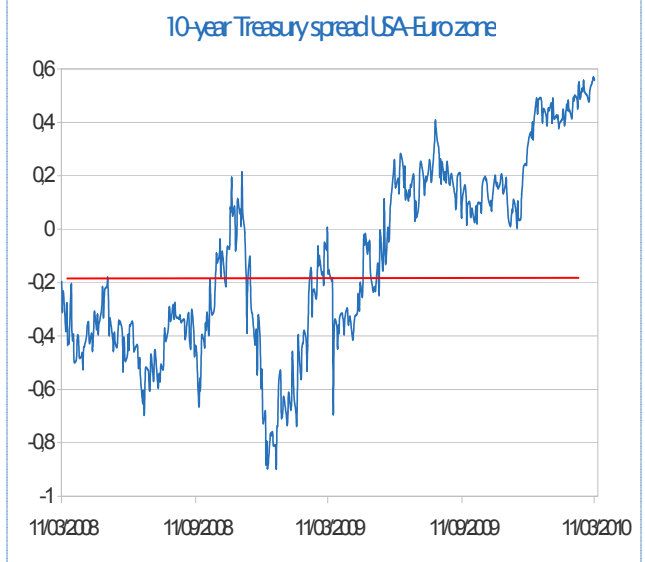
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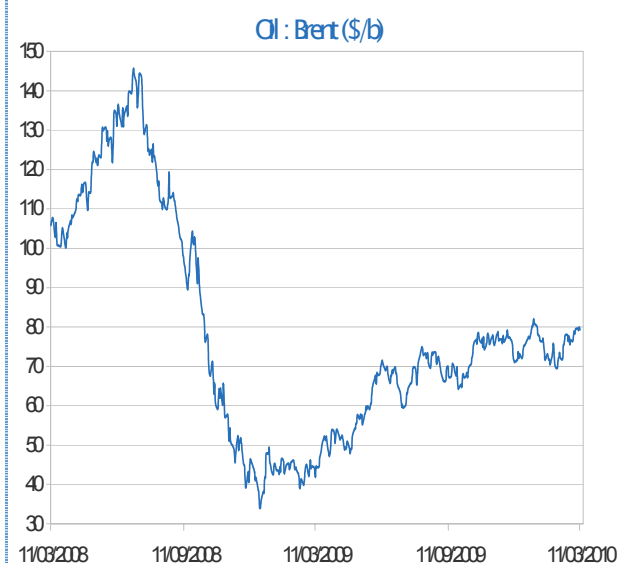
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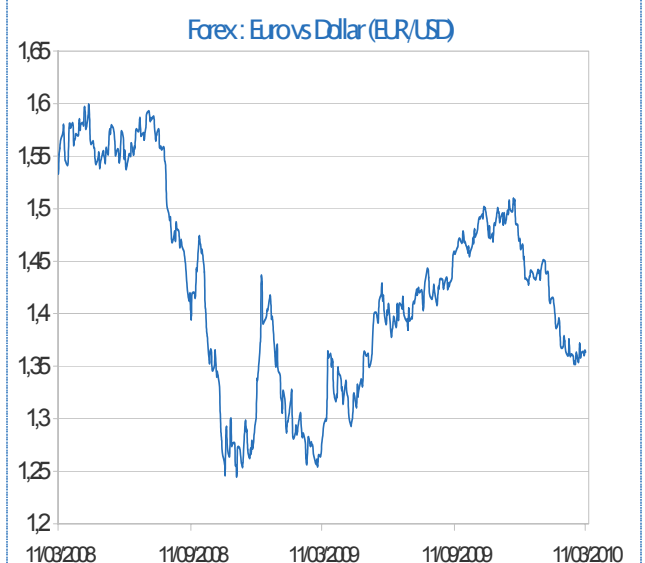
Source : Bloomberg



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