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## EUROPEAN EQUITY OPENING HEADLINES INCLUDING: Lloyds is to sell its interest in Crest Nicholson to US investment fund Varde

### ASIA

Nikkei rose 0.8% lifted by short-covering after successful bond auctions in Portugal and Poland helped worries about Europe's debt problems. But the strength of the JPY, which stayed within sight of a 15-year high versus the USD touched on Wednesday, weighed on investor confidence. (RTRS)

China stocks fell (Shanghai Composite -1.2% at 0740 BST) on Thursday morning after a sudden drop in the commodities futures prompted skittish investors to take money off the table ahead of a slew of economic data to be released in the next few days. Chinese commodities futures slid sharply in a widespread sell off that several market participants said was linked to an investigation into the rubber market. (RTRS)

### US

Equities posted modest gains as risk surrounding the Eurozone sovereign states subsided following a well received debt auction from troubled Portugal. The move higher was led by the financials and industrial sectors, closely followed by oil & gas which benefited from higher commodity prices on the back of a weaker USD. Elsewhere, NASDAQ 100 outperformed its peers, with Apple (+2.00%) leading gains after UBS analyst upped price target to USD 350 from USD 340. The latter half saw indices settle into a range-bound trade and at the closing bell DJIA closed up 0.45% at 10387.01, S&P 500 closed up 0.64% at 1098.87 and NASDAQ 100 closed up 1.27% at 1880.00.

**Goldman Sachs** – Co. is facing a near record fine from the UK's financial regulator following a five-month investigation into the investment bank's international business initiated in the wake of fraud charges against co. in the US. The fine is to be announced by the Financial Services Authority, and is likely to be a about GBP 20mln. (FT)

**Genzyme** – Sanofi-Aventis has pitched a new offer to acquire co. for USD 71 per share in exchange for the opportunity to conduct partial due diligence, according to sources. (RTRS)

### UK

**Large Banks** – Large Banks are considered to be systemically significant could be required to hold up to 4% more core Tier 1 capital than other lenders under so-called Basel III rules to be completed on September 12. (Telegraph)

**BP** - Co. says well may need to be cemented from top and bottom and says still deciding on how to proceed with final kill. (Sources)

b- Co. is unlikely to be prevented from taking majority control of Nedbank, according to a source familiar with the situation. (Sources)

**Lloyds** – Co. is to sell its interest in Crest Nicholson to US investment fund Varde, would have a combined normal value of about GBP 150mln. (Sources)

**Vodafone** – Co. has lost a landmark legal battle against the Indian tax authorities in a case that lawyers warn will have implications for future cross-boarder deals. The Mumbai high court ruled that co. must pay capital gains tax in India for its USD 11bln acquisition of a controlling stake in Hutchinson Essar, a domestic mobile phone operator. The UK mobile

operator could face a total tax bill of more than USD 2bln. (FT)

**Morrison** – Co.'s H1 underlying pretax profit GBP 410mln vs. Exp. GBP 409mln, and interim dividend up 14% to GBP 0.0123. Co. says has confidence that it will deliver its profit expectations for the year. (RTRS)

**Home Retail Group** – For FY co. expects to deliver group benchmark profit before tax of GBP 250mln – GBP 275mln, in line with bottom half of current analysts range. Co. says total group benchmark profit before tax in the first half is expected to reduce by approximately 20%-25%. Co. says Argos Q2 like-for-like sales down 5.0%, and Homebase Q2 like-for-like sales flat. (RTRS)

**Centrica** – Co. shares gained 2.1% yesterday on fresh bid rumours. (FT)

Companies paying Dividend: Rio Tinto (GBP 0.2821)

#### **FTSE 100 index changes:**

- Home Retail, Segro and Cable & Wireless Worldwide to exit Britain's FTSE 100 index.
- Weir Group, Tomkins and Resolution to enter FTSE 100 index.

#### **OTHER UK COMPANIES**

**Dana Petroleum** - Co.'s largest shareholder backs KNOC bid. (Guardian) Also, KNOC won't increase its USD 2.6bln bid for co. KNOC said that its offer of GBP 18.00 per share of co. is full and final. (Times/Sources)

**Hays** – Co. share price gained yesterday on rumours of a GBP 15 per share takeover from Adecco. (Daily Mail)

#### **FRANCE**

**Total** – CO. has agreed to buy a 20% stake in Australia's Gladstone liquefied natural gas project from Santos and Malaysia's Petronas, according to Santos. Santos said it was selling a 15% stake for USD 597.4mln, with co. buying 5% from Petronas. (RTRS)

**Sanofi-Aventis** - Co. says phase 3 trial of Aflibercept in second-line metastatic colorectal cancer to continue as planned at recommendation of independent data monitoring committee. Says final analysis expected in H2 2011 and says study will continue to completion as planned, with no modifications due to efficacy or safety concerns. (RTRS) In other news, co. has pitched a new offer to acquire Genzyme for USD 71 per share in exchange for the opportunity to conduct partial due diligence, according to sources. (RTRS)

**EDF** – Co. and Areva are in talks over strategic accord that has been demanded by the French government and which could be concluded by the end of the year. (La Tribune)

**EADS** - Co.'s CEO says strong cash position gives company room for 'reasonable' acquisitions. Says won't take too long on acquisition talks as 'we could lose some of the opportunities.' (RTRS)

**Axa** – Australia's competition regulator has blocked National Australia Bank's USD 12bln bid for Axa Asia Pacific for a second time, dealing a blow to NAB's efforts to cement its dominance in the world's fourth largest wealth management market. (RTRS)

#### **GERMANY**

**German banks** - ECB's Stark tells German lawmakers German banks are undercapitalised. ECB's Stark says the US is betting German banking system won't be able to stay in current form under Basel III and says advises privatisation of German savings banks, says Spain a role model. (RTRS)

**Infineon** – Co. is unlikely to funnel proceeds from its wireless unit sale into a special dividend in the near term.

(Sources)

## **PAN-EUROPEAN**

**Telefonica** – Co. will stick to its plan to raise its stake in China Unicom, the Hong-Kong listed mobile company. (Hong Kong Economic Times)

**Enel** - Co. says Enel Green power 2009 pro forma net profit EUR 453mln, pro forma ebitda EUR 1.331bln. (RTRS)

## **SMI**

**Swisscom** – Co. is open to further buys in Italy, according to co.'s spokesperson. (Tagesanzeiger)

## **BROKER MOVES**

**3I: M STANLEY DOWNGRADES TO EQUAL WEIGHT FROM OVERWEIGHT**

**LLOYDS BANKING: BARCAP UPS TO EQUAL-WEIGHT FROM U/W**

**SAINSBURY: CITI UPGRADES TO HOLD FROM SELL**

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