

From The Desk Of John Colley...

- **Greek talks** had broken down yesterday and the EU leaders had failed to cut a deal, but a 15-day extension was granted and now there is new news: *They've agreed on terms resolving the pension cuts issues.* Austerity measures seem to have been met so this could help sentiment and accelerate a deal really getting done. Hold onto your hats.
- **Despite the EU/Greek confusion**, stocks in Europe rose overnight; the underlying tone is that a deal will eventually get done. The euro's currency is also rebounding and central banks are keeping rates low. (U.K. left rates unchanged at 0.5%.)
- **Mortgage and foreclosure-related settlements** "hit the fan" for big banks in the U.S. today. Most affected include Citi, Bank of America, Wells Fargo, Goldman Sachs, and JP Morgan. This also serves to bring some welcome resolve and closure to the outstanding issues.
- **In China, CPI (inflation) tipped higher than expected** (+4.5%), confirming that GDP growth and material, resource and labor costs continue to escalate. Not exactly a surprise, but it underscores that the slowdown thesis is not a valid conclusion.

Profits/Results Continue To come From Corporate America

- **Pepsi (PEP)** beat on both revenues (\$20.2 billion versus \$19.0 billion) and earnings (\$1.15 versus \$1.13 estimate) in the last quarter, but will cut 8,700 jobs (3%) in 30 countries as part of a corporate streamlining. PEP will repurchase \$3 billion in shares. PEP is not splitting in two and will stay together as one beverage/food company.
- **Qualcom (QCOM) and Broadcom (BRCM)**, leaders in the NFC chip industry, both raise year-ahead projections.

- **Dunkin Brands (DNKN)**, a 2011 IPO, releases good results, beating on earnings and revenue growth.
- **Apple (AAPL)** stock continues to rise and gain market share around the world. The stock has jumped 60 points in recent weeks after announcing record sales and earnings.
- **Cisco (CSCO)** beat the Street and raised its dividend—the first real sign of a turnaround as CEO Chambers seemed positive about the future.
- **Chrysler's** results were also impressive as they outperformed expectations (\$2.4 billion versus \$1.5 billion estimate).
- **CVS Caremark's (CVS)** results were well-received (at the high end of analysts expectations) and management raises forward guidance.
- **Credit Suisse** posts their first quarter loss in the last six quarters in a surprise disappointment (bank turnaround still challenging).

Warm Regards,

John Colley

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