

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

**Wall Street** ended little changed, as investors waited for U.S. first-quarter earnings reports. **Treasury yields** and the **dollar** rose on strong U.S. economic data, while gold prices dropped. **Oil** fell, after a report said OPEC may raise output.

| STOCKS    | Close    | Chng    | %Chng | Yr-high  | Yr-low   |
|-----------|----------|---------|-------|----------|----------|
| DJIA      | 26143.05 | -14.11  | -0.05 | 26951.81 | 21712.53 |
| Nasdaq    | 7947.36  | -16.89  | -0.21 | 7965.33  | 6457.13  |
| S&P 500   | 2888.32  | 0.11    | 0.00  | 2895.95  | 2443.96  |
| Toronto   | 16399.47 | 3.18    | 0.02  | 16586.46 | 13776.88 |
| FTSE      | 7417.95  | -3.96   | -0.05 | 7477.62  | 6599.48  |
| Eurofirst | 1521.22  | 0.80    | 0.05  | 1530.76  | 1308.86  |
| Nikkei    | 21711.38 | 23.81   | 0.11  | 21900.55 | 19241.37 |
| Hang Seng | 29839.45 | -280.11 | -0.93 | 30222.02 | 24896.87 |

| TREASURIES | Yield  | Price   |
|------------|--------|---------|
| 10-year    | 2.5024 | -7 /32  |
| 2-year     | 2.3581 | -2 /32  |
| 5-year     | 2.3141 | -5 /32  |
| 30-year    | 2.9328 | -19 /32 |

| FOREX           | Last   | % Chng |
|-----------------|--------|--------|
| Euro/Dollar     | 1.1257 | -0.14  |
| Dollar/Yen      | 111.62 | 0.56   |
| Sterling/Dollar | 1.3054 | -0.27  |
| Dollar/CAD      | 1.3363 | 0.32   |
| TR/HKEX RMB     | 95.73  | 0.11   |

| COMMODITIES (\$)             | Price   | Chng    | % chng |
|------------------------------|---------|---------|--------|
| Front Month Crude /barrel    | 63.69   | -0.92   | -1.42  |
| Spot gold (NY/oz)            | 1291.88 | -15.92  | -1.22  |
| Copper U.S. (front month/lb) | 0.0289  | -0.0004 | -1.16  |
| CRB Index Total Return       | 195.43  | -2.43   | -1.23  |

| S&P 500                | Price  | \$ Chng | % Chng |
|------------------------|--------|---------|--------|
| <b>GAINERS</b>         |        |         |        |
| Fastenal Co            | 68.48  | 3.29    | 5.05   |
| Kroger Co              | 25.75  | 0.77    | 3.08   |
| United Rentals Inc     | 124.72 | 3.53    | 2.91   |
| <b>LOSERS</b>          |        |         |        |
| UnitedHealth Group Inc | 235.33 | -10.70  | -4.35  |
| Anthem Inc             | 276.30 | -11.74  | -4.08  |
| Diamondback Energy Inc | 99.92  | -3.95   | -3.80  |

## Coming Up



A file photo of a view of the exterior of the JP Morgan Chase & Co. corporate headquarters in New York City May 20, 2015. REUTERS/Mike Segar

**JPMorgan Chase & Co** is expected to report a rise in first-quarter earnings, driven mostly by its investment banking unit. In February, the bank said it expects first-quarter markets revenue to fall from the year-ago quarter. Investors will look for comments from the management on a possible U.S. recession.

**Wells Fargo & Co** is expected to report a slightly lower first-quarter profit compared with the year-ago quarter, which could be due to higher expenses and a drop in total loans. Investors will look for commentary on the direction the company will take after its CEO Tim Sloan left last month and try to gauge the strategy going forward.

## KEY ECONOMIC EVENTS

| Events  | ET   | Poll    | Prior   |
|---|------|---------|---------|
| Import prices mm for March                    | 0830 | 0.4 pct | 0.6 pct |
| Export prices mm for March                    | 0830 | 0.2 pct | 0.6 pct |
| U Mich Sentiment Preliminary for April        | 1000 | 98.0    | 98.4    |
| U Mich Conditions Preliminary for April       | 1000 | 112.5   | 113.3   |
| U Mich Expectations Preliminary for April     | 1000 | 88.5    | 88.8    |
| U mich 1-year inflation preliminary for April | 1000 | --      | 2.5 pct |
| U mich 5-year inflation preliminary for April | 1000 | --      | 2.5 pct |

A Labor Department report will probably show **import prices** rose 0.4 percent in March, compared with a 0.6 percent rise in February and **export prices** likely rose 0.2 percent in March, compared with a 0.6 percent rise in February. A survey by University of Michigan is expected to show that its **consumer sentiment index** falling to 98.0 in April.

**PNC Financial Services Group Inc** is expected to report its results for the first quarter, before markets open. The regional bank is expected to report a rise in first-quarter profit, helped by higher interest income. Investors will be looking for loan growth and the amount set aside for covering bad loans.

**2019 Spring Meetings of the International Monetary Fund** and the **World Bank Group** will begin in Washington.

Automaker **Fiat Chrysler Automobiles NV** will hold its annual general meeting in Milan.



A file photo of logo of global biopharmaceutical company Bristol-Myers Squibb pictured at the headquarters in Le Passage, near Agen, France March 29, 2018. REUTERS/Regis Duvignau

**Bristol-Myers Squibb Co** shareholders are scheduled to vote on the company's takeover of rival **Celgene**, which is considered as the largest pharmaceutical deal ever. Analysts expect shareholders to support the bid after activist hedge fund abandoned its campaign to scuttle the

deal last month.

**LIVECHAT - CHARTS & CHAT**  
Reuters Stocks Buzz writer and chartist **Terence Gabriel** calls out risks and opportunities in global markets via the charts. (1030 ET/1430 GMT) To join the conversation, [click here](#)

## KEY RESULTS

| Company Name*                | Quarter | ET    | Smart Estimates | EPS Estimates** | Year Ago | Rev Estimates (mln) |
|------------------------------|---------|-------|-----------------|-----------------|----------|---------------------|
| JPMorgan Chase & Co          | Q1      | BMO   | \$2.35          | \$2.35          | \$2.26   | \$28,448.12         |
| PNC Financial Services Group | Q1      | BMO   | \$2.61          | \$2.61          | \$2.43   | \$4,269.81          |
| Wells Fargo & Co             | Q1      | 08:00 | \$1.10          | \$1.10          | \$1.12   | \$21,037.40         |

\*Includes companies on S&P 500 index. \*\*Estimates may be updated or revised; release times based on company guidance or past practice.

I/B/E/S EPS and revenue estimates, and StarMine Smart Estimates, provided by Refinitiv.

# Market Monitor

The **S&P 500** ended flat as investors waited for earnings season to kick into high gear, but healthcare stocks fell. Healthcare stocks pulled **Wall Street** lower as growing fears of a global economic slowdown countered upbeat economic data and investors waited for earnings season to kick into high gear. "We've had this very large rally without much of a breather since Christmas," said Paul Nolte, portfolio manager at Kingsview Asset Management. "And now we're waiting for confirmation from the economic data or from earnings that the rally we've seen is justified."

**Financial stocks** were up 0.56 percent at 442.13 ahead of a string of earnings reports from six major U.S. banks.

**Healthcare stocks** fell 1.21 percent to 1,049.47. **UnitedHealth Group** shares dropped 4.35 percent. **Tesla** shares were 2.77 down. The **Dow Jones** fell 0.05 percent down to 26,143.05, the **S&P 500** was up 0.11 percent to 2,888.32 and the **Nasdaq Composite** dropped 0.21 percent to 7,947.36.

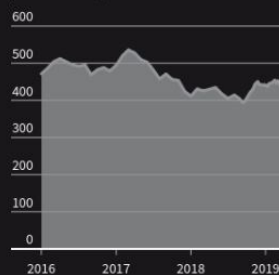
**Treasury yields** rose after generally solid data on U.S. jobless claims and producer prices that somewhat eased worries about a steep downturn for the U.S. economy. "PPI (producer price index) sparked early selling across the curve that started as a flattener then shifted to parallel rate increases as the 30-year auction came into view," said Jim Vogel, interest rates strategist, at FTN Financial in Memphis. The Treasury Department sold \$16 billion of 30-year bonds at a yield of 2.930

## U.S. oil production, storage & drilling levels

**U.S. CRUDE OIL PRODUCTION**  
(million barrels per day)



**U.S. CRUDE OIL STORAGE LEVEL**  
(million barrels)



**U.S. RIG COUNT**  
(number of rigs)



Sources: EIA, Baker Hughes  
Henning Gloystein | REUTERS GRAPHICS

percent, which was the lowest yield since January 2018. The bid-to-cover ratio was 2.25. **Benchmark notes** fell 8/32 to yield 2.5042 percent and **2-year notes** were down 2/32 to yield 2.3601 percent.

**Oil prices** fell after sources said OPEC may raise output from July if Venezuelan and Iranian supplies fall further and prices keep rallying. "Now there is a suggestion that OPEC may surprise us and raise production preemptively if we get a price spike," said Phil Flynn, an analyst at Price Futures Group in Chicago. **U.S. crude** fell 1.45 percent to \$63.67 a barrel. **Brent** fell 1.10 percent to \$70.94 a barrel.

The **dollar** rose on strong producer price and jobless-claims data while sterling was weaker after news of a Brexit delay and the euro dinged by

Wednesday's European Central Bank statement. The **dollar index** was up 0.21 percent at 97.15. The **euro** was down 0.15 percent against the **greenback** at \$1.1256, while the **sterling** was 0.26 percent lower at \$1.3055.

**Gold prices** fell more than 1 percent, slipping below the key \$1,300 level, as robust economic data from the United States boosted the dollar, taking the sheen off the safe-haven metal. "Gold is under a lot of pressure right now as it lost a critical support at \$1,300," said Phillip Streible, senior commodities strategist at RJO Futures. **Spot gold** was down 1.24 percent at \$1,291.59 per ounce. **U.S. gold futures** were 1.45 percent lower at \$1,294.80 per ounce.



# Top News

## Uber files for IPO, lifting curtain on finances

Uber Technologies filed publicly with the U.S. Securities and Exchange Commission for its initial public offering, taking it a step closer to one of the largest technology stock listings of all time. The Uber filing gives the first comprehensive financial picture of the ride-hailing and transportation services company. Started in 2009 after its founders struggled to get a cab on a snowy night, Uber has changed the way millions of people travel and commute but continues to lose money. The filing revealed Uber had 91 million users on its platforms at the end of 2018.

## Tesla, Panasonic to seek productivity gains before new battery investments

Panasonic and Tesla will continue to make new investments in the U.S. electric carmaker's Gigafactory as needed, but believe they can squeeze more out of existing resources than previously planned, Tesla said. Separately, Panasonic said it was watching the demand situation in the electric car market before making any further investments in expanding the capacity of the Nevada plant. The two companies were responding to a report by Japan's Nikkei that said they had frozen previous plans to raise the capacity of the plant, which supplies battery packs for Tesla cars. "Both Tesla and Panasonic continue to invest substantial funds into Gigafactory," a Tesla spokesperson said. "That said, we believe there is far more output to be gained from improving existing production equipment than was previously estimated." Giving no details of its sources, the Nikkei reported that financial issues had led the companies to rethink plans to expand the capacity of Gigafactory 1 by another 50 percent next year.

## Disney to pitch video streaming service to Wall Street

Walt Disney will unveil a family-friendly streaming service with TV shows and movies from some of the world's most popular entertainment franchises in a bid to challenge the digital dominance of Netflix. The ad-free monthly subscription called Disney+ is set to launch later this year. In addition to Disney films and TV shows, it will feature programming from the Marvel superhero universe, the "Star Wars" galaxy, "Toy Story" creator Pixar animation and the National Geographic channel. Disney is hosting Wall Street analysts at its Burbank, California, headquarters to showcase the Disney+ app and provide additional details about its online media strategy. The entertainment giant is trying to transform itself from a cable television powerhouse into a leader of streaming media. Chief Executive Bob Iger in February called streaming the company's "No. 1 priority."

## Bed Bath and Beyond sinks as doubts around turnaround linger

Shares of Bed Bath and Beyond fell, after the home furnishing retailer forecast dismal first-quarter profits that raised doubts on the efficacy of its turnaround plan. The company expects current quarter same-store sales to fall between 5 and 6 percent. This, after the retailer said its turnaround initiatives including its experimental store formats, investments in its decorative furnishing business and digital platforms would drive its revenue growth and gross margin in mid and long term. "(Q1) comp outlook (is) the largest rate of decline in the company's history," said Telsey Advisory Group analyst Cristina Fernandez. The retailer also reported its first annual sales decline since it went public in 1992. Comparable sales in fourth quarter fell 1.4 percent, below analysts' expectations, hurt by mid-single digit drop in sales at its brick and mortar stores which overshadowed strong



A file photo of the sign of Walt Disney Studios Park seen at the entrance at Disneyland Paris ahead of the 25th anniversary of the park in Marne-la-Vallee, near Paris, France, March 21, 2017. REUTERS/Benoit Tessier

growth from digital channels. Shares of the company were 8.76 percent lower at \$17.71.

### **FAA to meet with U.S. airlines, pilot unions on Boeing 737 MAX**

The Federal Aviation Administration will hold a meeting Friday with major U.S. airlines that fly now grounded Boeing 737 MAX airplanes and three major pilots' unions, the agency confirmed. The meeting with safety representatives from the airlines and unions is set for three hours at FAA headquarters in Washington and will include American Airlines, United Airlines and Southwest Airlines and officials from the three unions. The FAA said the meeting is to help "the FAA to gather facts, information, and individual views to further understand their views as FAA decides what needs to be done before returning the aircraft to service."

### **Apple in Dutch antitrust spotlight for allegedly promoting own apps**

Apple, already the subject of EU antitrust scrutiny, became the target of a Dutch investigation for allegedly favouring its own apps on its popular App Store. Dutch competition agency ACM suggested the investigation may be expanded to Google's Play Store in future because of similar business practices by the company. Both services are lucrative money spinners for Apple and Google. The investigation was triggered by Dutch apps for news media which provided indications of possible anti-competitive behaviour by the iPhone maker during the agency's study into app stores, ACM said. Apple said it treats all app developers equally. Google declined to comment.

### **Chevron, investor reach deal on Myanmar shareholder resolution**

Chevron will put a focus on human rights in Myanmar under an agreement with an investor group that had urged it to pay more attention to violence in the Asian nation where the U.S. oil company has operations. Chevron will undertake steps including social investment reviews in Myanmar's Rakhine State, donate to humanitarian organizations for Rohingya refugees, and help develop practices for companies operating amid risks of crimes against humanity, according to a letter signed by a company executive. Azzad Asset Management, an activist investor that submitted a shareholder resolution calling on Chevron to report on its business with governments complicit in genocide or crimes against humanity, agreed to withdraw the proposal, according to a copy of the agreement viewed by Reuters. "Chevron appreciates Azzad's constructive engagement and commends them for recognizing our actions related to human rights," Mary Francis, Chevron's governance officer who signed the letter, said in an emailed statement.

### **Marriott says variety of brands is a strength not weakness**

Marriott International, the world's biggest hotel company with luxury brands such as St. Regis and Ritz-Carlton, says it is committed to all of its brands which give it the breadth to take advantage of fast-growing markets like China. The company was criticized recently by activist investor Jonathan Litt who, according to media reports, has urged Marriott to consider culling its 30 brands to better align itself with competitors such as Hilton Worldwide

Holdings. Marriott's Global Chief Commercial Officer Stephanie Linnartz, however, said the group aimed to keep expanding across all sectors of the market, especially in Asia.

### **Amazon's Bezos challenges retail rivals to raise minimum wages**

Amazon.com Chief Executive Officer Jeff Bezos challenged rival retailers to increase their minimum wages to \$16 an hour. "Today I challenge our top retail competitors (you know who you are!) to match our employee benefits and our \$15 minimum wage," the billionaire entrepreneur said in a letter to shareholders. "Do it! Better yet, go to \$16 and throw the gauntlet back at us." The online retailer giant raised its minimum wage to \$15 per hour for U.S. employees from November, giving in to critics of poor pay and working conditions at the company.

### **Head of Citigroup's institutional clients unit retires – memo**

James Forese, president and chief executive officer of Citigroup's institutional clients business, which contributed two-thirds of the bank's profits last year, is retiring, according to an internal memo seen by Reuters. This would be the biggest departure from the executive team at the third largest U.S. bank since consumer banking head Manuel Medina-Mora left three years ago. The division fell short of some annual targets in 2018 and Forese was the only executive on the operating committee not to receive a raise for the year, according a recent filing. Citi said Forese, 56, decided to retire after 34 years at the company. He has told acquaintances he was frustrated and unhappy, sources told Reuters.



WikiLeaks founder Julian Assange arrives at the Westminster Magistrates Court, after he was arrested in London, Britain April 11. REUTERS/Hannah McKay

## Insight and Analysis

### EXPLAINER-Five questions on Trump's feud with the Fed

President Donald Trump's announced plan to name economic commentator Stephen Moore and businessman Herman Cain to the Federal Reserve board has come with assertions by the president the central bank is undermining economic growth and with demands from him for lower interest rates. Both Moore and Cain are more overtly partisan than most previous nominees to the Federal Reserve, and Trump has been unusually critical of recent Fed decisions.

### How to say the 'R-word': bank executives grapple with recession talk

Executives at the largest U.S. banks are grappling with how to best talk about the slowing economy and its impact on their businesses as they enter earnings season. Of particular concern is how to deal with the word "recession" which has become all but verboten as U.S. gross domestic product growth has decelerated. Although many economists are predicting a downturn, a big bank executive doing so can become a self-fulfilling prophecy.

### COLUMN-Energy, employment and economic growth: Kemp

Policymakers in the advanced economies are worried by the economic, social and political disruption resulting from the decline of traditional manual jobs in manufacturing, mining and distribution. Globalisation, trade, migration, the rise of the internet, and the advent of artificial intelligence have all been blamed for the adverse impact on those who make a living from manual labour. In reality, the loss of manual employment is the extension of a trend dating back more than 200 years.



# CANADA

## Market Monitor

Canada's main stock index ended higher with the **Toronto Stock Exchange's S&P/TSX Composite** index closing 0.21 percent up at 16,430.95.

The **financials sector** gained 0.17 percent to 301.72, while the **energy sector** dropped 0.15 percent to 162.40 and the **materials sector** lost 0.83 percent to 237.72.

The **U.S. dollar** was 0.33 percent up against its **Canadian counterpart** at C\$1.3368.

### COMING UP

No major events are scheduled.

| TSE's S&P/TSX composite  | Price  | C\$ chng | % chng |
|--------------------------|--------|----------|--------|
| <b>GAINERS</b>           |        |          |        |
| SSR Mining Inc           | 16.76  | 0.62     | 3.84   |
| Mullen Group Ltd         | 12.41  | 0.35     | 2.90   |
| Shopify Inc              | 282.17 | 7.02     | 2.55   |
| <b>LOSERS</b>            |        |          |        |
| MTY Food Group Inc       | 53.79  | -4.78    | -8.16  |
| Cronos Group Inc         | 22.54  | -1.59    | -6.59  |
| Torex Gold Resources Inc | 13.99  | -0.79    | -5.35  |

## Top News

### Newmont shareholders OK \$10 billion Goldcorp takeover, creating biggest gold producer

Newmont Mining shareholders approved the company's \$10 billion takeover of Goldcorp which is set to create the world's biggest gold producer with assets across the Americas, Africa and Australia. About 98 percent of votes at a special meeting were in support of Newmont's proposal to issue new stock to fund its takeover of Goldcorp, the company said. The deal faced some opposition from Newmont investors who said it overly favored Goldcorp shareholders. But they rallied behind the proposal on the promise of a special dividend. "We thank Newmont's shareholders for their overwhelming support for this compelling value creation opportunity as we build the world's leading gold company," Newmont Chief Executive Gary Goldberg said. Newmont Goldcorp expects to shed between \$1 billion and \$1.5 billion of assets to focus on its most promising operations. This, combined with mines Barrick plans to sell in the wake of its acquisition of Randgold Resources, is expected by analysts to fuel a flurry of deals in a sector that has been focused on cutting costs rather than pursuing



A file photo of liquid gold poured to form gold dore bars at Newmont Mining's Carlin gold mine operation near Elko, Nevada May 21, 2014. REUTERS/Rick Wilking

growth for several years.

### Canadian billionaire Watsa to focus on internal growth at insurance empire

Canadian billionaire Prem Watsa told shareholders of Fairfax Financial that the company will focus on internal growth at its key insurance business and step up efforts to boost its stock price by focusing on investment

returns. Watsa expressed disappointment at the company's weak stock performance and book value over the past five years, largely the result of unimpressive returns from its investment holdings. He said Fairfax was de-emphasizing acquisition-driven growth, but assured shareholders that would not limit the company's overall performance.

# WEALTH NEWS

## WEEKLY JOBLESS CLAIMS FALL

### U.S. labor market strong; inflation pressures benign

The number of Americans filing applications for unemployment benefits dropped to a 49-1/2-year low last week, pointing to sustained labor market strength that could assuage fears the economy was rapidly losing momentum. Initial claims for state unemployment benefits fell 8,000 to a seasonally adjusted 196,000 for the week ended April 6, the Labor Department said. The Department also said its producer price index for final demand rose 0.6 percent in March. In the 12 months through March, the PPI rose 2.2 percent after advancing 1.9 percent in the 12 months through February. The core PPI increased 2.0 percent in the 12 months through March. "The recent consumer and producer price data don't point to any major acceleration or deceleration in inflation," said Joel Naroff, chief economist at Naroff Economic Advisors. "Therefore, the Fed will feel no economic pressure to do anything."

## Weekly U.S. jobless claims

### INITIAL CLAIMS



Source: Thomson Reuters Datastream

By Jiachuan Wu and Stephen Culp | REUTERS GRAPHICS

[Click on the chart for a detailed and interactive graphic](#)

## EU-U.S. TRADE TALKS

### EU clears way for start of formal trade talks with U.S.

European Union countries gave initial clearance to start formal trade talks with the United States, EU sources said, a move designed but not guaranteed to smooth strained relations between the world's two largest economies.

## OPEC PRODUCTION

### OPEC could raise oil output if prices increase, shortages mount -sources

OPEC could raise oil output from July if Venezuelan and Iranian supply drops further and prices keep rallying, because extending production cuts with Russia and other allies could overtighten the market, sources familiar with the matter said.

## POLICY PERSPECTIVE

### U.S. economy 'healthy' from a monetary policy perspective -Fed's Williams

The U.S. economy is in a healthy place "from a pure monetary policy perspective," but there is more work policymakers can do to make sure growth is widely shared, a top Federal Reserve official said.

## CORPORATE TAX

### U.S. presidential hopeful Warren proposes new corporate profits tax

U.S. Senator Elizabeth Warren is proposing a new 7 percent tax on corporate profits that exceed \$100 million, her presidential campaign said.

## SLOWING U.S. CRUDE DELIVERIES

### U.S. super-light oil output rise roils Texas, Oklahoma markets

Growing production of Texas super-light oil - and worries about its quality compared with other types of crude - is slowing down deliveries into the main U.S. storage hub in Oklahoma, draining supply there and adding to a glut in Texas.

## LIKELY DEAL

### Campbell to sell fresh food business for about \$500 million to former executive - WSJ

Campbell Soup is nearing a deal to sell its fresh foods unit, including Bolthouse Farms, for about \$500 million to a group led by the former chief executive officer of the unit, the Wall Street Journal reported.





A statue of Saint John is removed from the spire of Notre Dame cathedral by a crane before restoration work, in Paris, France, April 11.  
REUTERS/Philippe Wojazer

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