

THE DAY AHEAD

MARKET RECAP at 4 pm ET

The **S&P 500** and the **Dow** edged higher while the **Nasdaq** dipped as investors looked for more clarity on the U.S.-China trade talks. **Treasury yields** slipped. **Gold** inched higher as the **dollar** firmed on U.S. jobs data. **Brent** briefly hit \$70 a barrel for the first time since November on expectations of tight global supply.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26384.63	166.5	0.64	26951.81	21712.53
Nasdaq	7891.78	-3.77	-0.05	7938.26	6457.13
S&P 500	2879.39	5.99	0.21	2885.25	2443.96
Toronto	16311.61	31.75	0.20	16586.46	13776.88
FTSE	7401.94	-16.34	-0.22	7418.31	6599.48
Eurofirst	1523.94	-3.27	-0.21	1527.21	1308.86
Nikkei	21724.95	11.74	0.05	21860.39	19241.37
Hang Seng	29936.32	-50.07	-0.17	29999.34	24896.87

TREASURIES	Yield	Price
10-year	2.5080	3/32
2-year	2.3370	0/32
5-year	2.3134	1/32
30-year	2.9157	9/32

FOREX	Last	% Chng
Euro/Dollar	1.1225	-0.08
Dollar/Yen	111.60	0.12
Sterling/Dollar	1.3078	-0.62
Dollar/CAD	1.3353	0.07
TR/HKEX RMB	95.98	0.21

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	62.14	-0.32	-0.51
Spot gold (NY/oz)	1293.36	3.71	0.29
Copper U.S. (front month/lb)	0.0291	-0.0004	-1.10
CRB Index Total Return	195.05	0.21	0.11

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Constellation Brands Inc	191.49	11.80	6.57
Macy's Inc	25.98	1.37	5.57
Capri Holdings Ltd	49.31	2.36	5.03
LOSERS			
Fortinet Inc	83.50	-3.99	-4.56
Take-Two Interactive Software Inc	93.70	-4.21	-4.30
FirstEnergy Corp	39.46	-1.63	-3.97

Coming Up

The Labor Department is expected to release its closely-watched employment report for the month of March. Economists polled by Reuters expect **non-farm payrolls** to have risen by 180,000 after adding 20,000 jobs in February. The **unemployment rate** is seen unchanged at 3.8 percent, while **average hourly earnings** probably rose 0.3 percent. A report from the U.S. Federal Reserve will likely show **consumer credit** fell to \$17 billion in March, from \$17.05 billion in February.

At an event hosted by the Andrew Young School of Policy Studies and the Fiscal Research Center at Georgia State University in Atlanta, Federal Reserve Bank of Atlanta President **Raphael Bostic** will deliver a lecture followed by a discussion on "Disruption and Opportunity: Shaping Policy in a Digital World".



Economic activity index data released by **Chile's** central bank will likely show economic activity in the month of February rose 2.0 percent, compared to 2.4 percent rise in January.

LIVECHAT – CHARTS AND 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 discussion, [click here](#)

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Non-farm payrolls for March	0830	180,000	20,000
Private payrolls for March	0830	170,000	25,000
Manufacturing payrolls for March	0830	10,000	4,000
Government payrolls for March	0830	--	-5,000
Unemployment rate for March	0830	3.8 pct	3.8 pct
Average earnings mm for March	0830	0.3 pct	0.4 pct
Average earnings yy for March	0830	3.4 pct	3.4 pct
Average workweek hours for March	0830	34.5 hrs	34.4 hrs
Labor force participation for March	0830	--	63.2 pct
U6 underemployment for March	0830	--	7.3 pct
Consumer credit for Feb	1500	\$17.00 bln	\$17.05 bln

KEY RESULTS

No major S&P 500 companies are scheduled to report.

Market Monitor

The benchmark **S&P 500** stock index edged higher, nearing six-month highs, with losses in technology stocks countered by gains in Boeing and Facebook as investors waited for more clarity on the U.S.-China trade talks. "Trade has been in the news the last couple of days, but there hasn't been a lot of other market-moving stuff, so the rally has backed off somewhat," said James Ragan, director of wealth management research at D.A. Davidson in Seattle. The **technology sector** fell 0.44 percent to 1326.56. **Boeing** shares rose 2.91 percent and **Facebook** shares were up 1.43 percent. **Tesla** shares fell 8.23 percent. The **Dow Jones Industrial Average** was up 0.64 percent at 26,384.63, the **S&P 500** was up 0.21 percent at 2,879.39 and the **Nasdaq Composite** was down 0.05 percent at 7,891.78.

Treasury yields slipped modestly, below 1-1/2-week highs, as traders awaited a possible breakthrough in the latest round of trade negotiations between China and the United States. A deal between the world's two biggest economies would remove a concern that has been hanging over financial markets since the two nations imposed tariffs on each other last year. Meanwhile, Federal Reserve Bank of Cleveland President Loretta Mester said U.S. interest rates may need move "a bit higher" if the economy performs as expected. **Benchmark notes** were up 2/32 to yield 2.5097 percent and the **30-year bonds** rose 7/32 to yield 2.9180 percent.

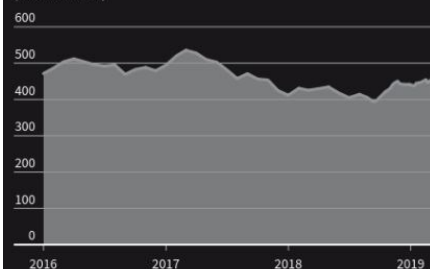
Oil was lower, pressured by U.S. government data that showed an unexpected rise in the crude inventories. **U.S. crude** dropped 0.53 percent to \$62.13 per barrel. **Brent** was down 0.07 percent at \$69.26 per

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

barrel. Earlier it touched a 2019 high of \$70.03 a barrel. "We keep having these headwinds," said John Kilduff, a partner at Again Capital Management.

The **euro** dipped as weak German economic data and a report that Italy would slash its growth forecasts prompted fears about weakening growth in the region. "I'm a little bit surprised we didn't get more reaction on the back of the German factory orders data, which really suggests that we're not seeing a significant pickup in the industrial sector after a pretty soft second half to last year," said Shaun Osborne, chief FX strategist. The **euro** was 0.09 percent lower against the **greenback** at \$1.1224. The **dollar index** was 0.20 percent higher at 97.29.

Gold inched higher, after touching a near 10-week low earlier in the session as the dollar firmed on U.S. jobs data, while investors awaited clarity on U.S.-China trade talks. **Spot gold** rose 0.28 percent to \$1,293.31 per ounce, while **U.S. gold futures** were 0.17 percent higher at \$1,297.50 an ounce. The yellow metal had earlier touched its lowest since Jan. 25 at \$1,280.59 weighed down by a stronger dollar. "We bounced off a support level around the 100-day moving average, given the backdrop of weakening data for the most part and central banks on an easing path, markets were suddenly reluctant to keep selling gold below the \$1,280 region," said Ryan McKay, commodity strategist at TD Securities.

Top News

Ethiopia inquiry shows Boeing MAX hurtling uncontrolled to disaster

Ethiopia Airlines' doomed 737 MAX jet hit excessive speed and was forced downwards by a wrongly-triggered automation system as pilots wrestled to regain control, a preliminary report into the crash that has shaken the aviation world showed. Three times the captain Yared Getachew cried "pull up", before the Boeing plane plunged into a field six minutes after takeoff from Addis Ababa last month, killing all 157 passengers and crew, said the report by Ethiopian investigators. While the Ethiopian Civil Aviation Authority's Accident Prevention and Investigation Bureau had a remit to investigate rather than blame, it implicitly pointed the finger at Boeing by defending the pilots, recommending the U.S. company fix its control systems, and saying regulators must be certain before allowing the MAX back in the air. Separately, the family of an American woman killed in the crash of an Ethiopian Airlines 737 MAX filed a lawsuit against the airline, Boeing and Rosemount Aerospace, which makes a part of the aircraft that is the focus of investigators. To read more [click here](#)

Tesla's Elon Musk, SEC ordered by U.S. judge to try to settle

A federal judge ordered the U.S. Securities and Exchange Commission and Elon Musk to meet over the next two weeks to try to resolve matters underlying the regulator's contempt motion against the Tesla chief executive. U.S. District Judge Alison Nathan in Manhattan said she may rule on whether to hold Musk in contempt if both sides are unable to reach an agreement. The SEC accused Musk of contempt over a Feb. 19 Twitter post that it said violated his October 2018 fraud settlement with the regulator. Separately, a bigger-than-expected drop in Tesla deliveries spooked stock

and bond investors, raising concern about the electric-car maker's ability to make money as Chief Executive Elon Musk headed into another legal tussle with regulators. Separately, a bigger-than-expected drop in Tesla deliveries spooked stock and bond investors, raising concern about the electric-car maker's ability to make money as Chief Executive Elon Musk headed into another legal tussle with regulators. To read more [click here](#)

Jeff Bezos' ex-wife cedes control of Amazon in divorce deal

MacKenzie Bezos, ex-wife of Amazon.com founder and Chief Executive Officer Jeff Bezos, will give 75 percent of their stake in the company and all voting rights to the billionaire entrepreneur as part of their divorce settlement. MacKenzie Bezos will also relinquish all her interests in the Washington Post newspaper and rocket company Blue Origin, she said in a tweet. The announcement resolves

questions about the direction of the world's largest online retailer that have abounded since the couple announced their divorce in January. The agreement still leaves MacKenzie Bezos with vast wealth. Her remaining stake in Amazon, valued at roughly \$36 billion, is worth more than the stock market values of nearly 70 percent of the components of the S&P 500. Meanwhile, Amazon.com confirmed its plan to build a network of over 3,000 satellites through "Project Kuiper" to provide high speed internet. To read more [click here](#)

Elite U.S. school MIT cuts ties with Chinese tech firms Huawei, ZTE

The Massachusetts Institute of Technology has severed ties with Huawei and ZTE as U.S. authorities investigate the Chinese firms for alleged sanctions violations, the school said on Wednesday. "MIT is not accepting new engagements or renewing existing ones with Huawei



Tesla CEO Elon Musk arrives at Manhattan federal court for a hearing on his fraud settlement with the Securities and Exchange Commission in New York City, U.S. April 4. REUTERS/Brendan McDermid

and ZTE or their respective subsidiaries due to federal investigations regarding violations of sanction restrictions," Maria Zuber, its vice president for research, said. Collaborations with China, Russia and Saudi Arabia would face additional administrative review procedures, Zuber added. "The institute will revisit collaborations with these entities as circumstances dictate," she said. "We're disappointed by MIT's decision, but we understand the pressure they're under at the moment," Huawei said. The company denies the allegations of the U.S. government.

Target raises hourly minimum wage to \$13, further topping Walmart's \$11

Target will raise its U.S. minimum wage to \$13 an hour in June, from \$12, increasing its payroll costs and putting new pressure on rival Walmart to follow suit, given a labor market that is among the tightest in half a century. In a blog post due to be published on Target's website, the company's chief human resources officer, Melissa Kremer, tied the minimum wage hikes to the company's strong holiday performance, saying it "made a big difference." "We were able to start them all (seasonal hires) at \$12 or more - and that helped us reach our seasonal hiring goal ahead of schedule, which gave our teams a lot of extra time to train and prepare for our busiest season of the year," Kremer said. It was not immediately clear if Target employees who already make \$13 an hour will also see an increase in pay. Target's spokeswoman said the company would evaluate hourly pay rates for such employees and make adjustments as appropriate.

Corona, Modelo beers drive Constellation beat, wines leave a stain

Constellation Brands reported quarterly sales and profit that beat Wall Street forecasts, benefiting from new beer

launches in its Corona and Modelo brands, though wine sales struggled. Net sales from wine and spirits are expected to fall 25-30 percent and operating income to drop 30-35 percent in fiscal 2020, following the sale. This is also expected to take a big chunk out of its 2020 earnings. The company said it expects adjusted earnings in the range of \$8.50 to \$8.80 per share, excluding its earnings from pot producer Canopy Growth, compared with \$9.34 in fiscal 2019. Constellation earned an adjusted profit of \$1.84 per share on sales of \$1.80 billion in the fourth quarter.

Facebook launches WhatsApp Business for iPhones

Facebook launched a business version of its WhatsApp messaging app for Apple's iOS, more than a year after the service was rolled out for Android users. WhatsApp Business will be available for free downloads from the App Store in Brazil, Germany, Indonesia, India, Mexico, the UK and the United States starting Thursday and will be rolled out around the world in the coming weeks, WhatsApp said in a blog post. The app, which allows small businesses to communicate with customers through the platform, currently has over 5 million users.

Apple cuts iPhone XR prices in India -sources

Apple has cut prices of one of its latest iPhones in India by around one-fourth, sources said, as the U.S. tech giant looks to boost sales in the world's second-biggest smartphone market following a similar move in China. The price of the 64 GB iPhone XR has been reduced by at least 17,900 rupees due to a price cut and a credit card cashback campaign, two people with direct knowledge of the matter told Reuters. "Apple is going to change their game," one of the people said, adding the company could also adjust prices for other devices depending on their demand. On Apple's India

website, the price of the 64 GB iPhone XR was unchanged at 76,900 rupees, but is on sale for less than 59,000 rupees at stores, the people said. The change in pricing of the iPhone XR is a short-term promotional offer, an industry source said.

Retailer At Home Group explores sale -sources

At Home Group is exploring options that include a sale of itself, as the poor performance of its stock has turned it into an acquisition target, people familiar with the matter said. The deliberations come as the Plano, Texas-based company is trying to reinvent its offerings in the face of increasing competition from other brick-and-mortar retailers as well as e-commerce firms. At Home Group is working with Bank of America to engage with potential buyers, the sources said, cautioning that no deal is certain and asking not to be identified because the matter is confidential. The company did not respond to requests for comment. Bank of America declined to comment.

Drugmakers Jazz, Alexion, Lundbeck to pay \$123 million to resolve U.S. charity kickback probe

Three drugmakers will pay \$122.6 million to resolve claims they used charities that help cover Medicare patients' out-of-pocket drug costs as a way to pay kickbacks aimed at encouraging use of their medications, including some expensive ones. The U.S. Justice Department said Jazz Pharmaceuticals, Lundbeck A/S and Alexion Pharmaceuticals had become the latest companies to settle claims stemming from an industry-wide probe of drugmakers' financial support of patient assistance charities. The investigation came amid growing attention to skyrocketing U.S. drug prices. Jazz will pay \$57 million, Lundbeck will pay \$52.6 million and Alexion will pay \$13 million. None of the companies admitted wrongdoing, a fact Lundbeck noted in a statement.



Diane Cohen, 64, who was forced to leave her home when the Kilauea Volcano erupted and covered it with lava last summer, plants a coconut tree on her property in Kapoho, in Hawaii, U.S., April 1. REUTERS/Terray Sylvester

Insight and Analysis

How cannabis is firing up the U.S. supply chain

U.S. companies cannot stop talking about marijuana, hoping in part they can catch investor interest as the booming economy around the drug lifts revenues throughout the supply chain. With the recreational use of cannabis now legal in 10 states and the District of Columbia and medical marijuana legal in 23 states, marijuana is on its way to becoming an \$80 billion industry in the United States by 2030, according to estimates by Cowen. That outsized growth is starting to bleed into adjacent industries ranging from energy to packaging to point-of-sale technology whose products are used in the production or sale of marijuana.

EXPLAINER-How countries are getting tougher with mining companies

A mix of political populism, higher commodity prices and the expectation electrification will spur demand for some raw materials has led resource-holding governments to change the rules for miners operating in their countries. In most cases, governments are seeking to increase their share of profits, rather than all-out resource nationalism, although Mongolia has been trying to nationalise a stake in a copper mine. The toughness is not universal. Some governments see the hardened stance of other countries as a chance to lure investment.

Rage within the machine: Brexit headline blizzard overloads FX algos

Brexit is so confusing it's even confounding the robots. Machine-driven trading systems in the \$5.1 trillion-a-day global currency market are struggling to cope with the blizzard of headlines about Britain's efforts to extricate itself from the European Union, making it more expensive and risky to bet for or against sterling. Prime Minister Theresa May's failure, after three attempts, to get her divorce deal with Brussels through parliament has sent the UK's planned departure careering off-piste, raising questions over who is in charge and when, how or even if the UK will actually leave.



CANADA

Coming Up

Statistics Canada is scheduled to report **jobs data**. After two months of bumper job gains, Canada is expected to have added far more subdued 1,000 jobs in March with the **unemployment rate** unchanged at 5.8 percent.

Corus Entertainment Inc is expected to report a rise in second-quarter revenue, helped by its investments in developing original TV content and its video-on-demand platform. Investors will be looking forward to the media company's strategies to better compete in a market dominated by rivals such as Netflix and Amazon.



MARKET MONITOR

Canada's main stock index rose, with the **Toronto Stock Exchange's S&P/TSX composite index** gaining 0.20 percent to 16,311.94. The **materials sector** was up 1.79 percent at 241.30.

The **U.S. dollar** was up 0.07 percent against its **Canadian counterpart** at C\$1.3353.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Pretium Resources Inc	11.82	0.96	8.84
Fortuna Silver Mines Inc	4.58	0.30	7.01
Turquoise Hill Resources Ltd	2.36	0.14	6.31
LOSERS			
Richelieu Hardware Ltd	22.29	-1.45	-6.11
Shopify Inc	260.25	-13.45	-4.91
Enghouse Systems Ltd	32.40	-1.34	-3.97

Top News

Goldcorp shareholders approve Newmont's \$10 billion takeover offer

Goldcorp shareholders approved Newmont Mining's \$10 billion takeover offer, removing one of the last remaining hurdles to create the world's largest gold producer. While some Goldcorp shareholders had voiced concerns in recent weeks, in the end there was little push back against blessing the biggest-ever corporate takeover in the gold sector's history, according to Refinitiv data. The deal, which would create a company with assets in the Americas, Africa and Australia, will be voted on by Newmont shareholders next Thursday. If approved, the deal is expected to close by June. About 97 percent of Goldcorp's outstanding shares that were voted at a special meeting were cast in favor of the deal, the company said in a statement. Newmont had offered 0.328 of its shares and 2 cents for each Goldcorp share.

Canada's Ivey purchasing index shows faster expansion in March

The pace of purchasing activity in Canada, measuring the monthly variation in economic activity, climbed off at 5-month low in March, according to Ivey Purchasing Managers Index data. The seasonally adjusted index rose to 54.3, up from 50.6 in February, surpassing analysts' expectations for 51.1. The Ivey PMI measures the month-to-month variation in economic activity as indicated by a panel of purchasing managers from across Canada. A reading above 50 indicates an increase in the pace of activity.

RBC CEO says Canada losing some of its economic spark

The chief executive of Royal Bank of Canada said that Canada's struggle to compete with global peers is hurting its ability to grow the economy. "Our competitiveness is challenged. Our capacity to grow and advance our

economy is stalling," said RBC Chief Executive Dave McKay, in prepared remarks for shareholders at the company's 150th annual meeting, in Halifax, Nova Scotia.

Health Canada plans to suspend Allergan's breast implant license

Health Canada said it was advising Allergan of the regulator's plans to suspend the license for the Botox-maker's Biocell breast implants, after a review regarding the risk of a rare cancer linked to breast implants. The health regulator said its move followed the completion of its assessment of textured breast implants as part of a larger ongoing safety review. Allergan's Biocell implant is the only macro-textured device available in Canada. Health Canada said it was monitoring all available scientific information regarding the safety of textured breast implants, including new evidence to be provided by Allergan.

WEALTH NEWS

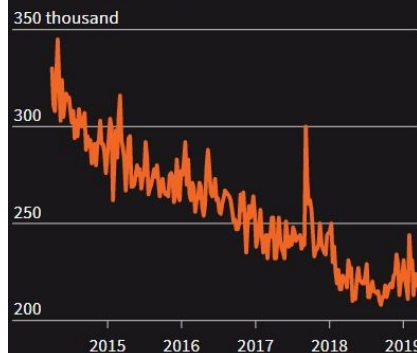
ECONOMIC REPORT

U.S. jobless claims hit 49-year low; labor market resilient

The number of Americans filing applications for unemployment benefits fell to a nearly half-century low last week. Initial claims for state unemployment benefits declined 10,000 to a seasonally adjusted 202,000 for the week ended March 30, the lowest level since early December 1969, the Labor Department said. The Labor Department said only claims for California were estimated. The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, fell 4,000 to 213,500 last week, the lowest level since early October 2018.

Weekly U.S. jobless claims

INITIAL CLAIMS



CONTINUING CLAIMS



Source: Thomson Reuters Datastream
By Jiachuan Wu and Stephen Culp | REUTERS GRAPHICS

Click on the chart for a detailed and interactive graphic

TRADE TALKS

Trump says China trade talks going well, will only accept 'great' deal

U.S. President Donald Trump said that trade talks with China were going well and he would only accept a "great" deal as negotiators hammered out differences ahead of a meeting between Trump and China's vice premier later in the day.

POLICY

Powell gets the heat, but all Trump Fed appointees backed rate hikes

U.S. President Donald Trump may feel he is "stuck" with Federal Reserve Chairman Jerome Powell, whom he has blasted for engineering four interest rate hikes since Trump appointed him, but none of Trump's other Fed appointees has stood in the way of the tightening campaign and at least one has said even higher rates may be necessary.

FED BOARD SEAT

Trump to pick former presidential candidate Herman Cain for Fed seat -official

U.S. President Donald Trump plans to nominate former pizza chain executive and Republican presidential candidate Herman Cain for a seat on the Federal Reserve Board, an administration official said.

CALL FOR REFORMS

JPMorgan's Dimon urges infrastructure, mortgage reform to spur U.S. growth

JPMorgan Chase & Co chief executive Jamie Dimon called for reforms to U.S. public policy on education, infrastructure and mortgages to repair what he called the "fraying" American dream.

UNICREDIT EYES COMMERZBANK BID

UniCredit eyes bid for Commerzbank if Deutsche talks fail -sources

Deutsche Bank came under increased pressure to move forward on a tie-up with Commerzbank after Italy's UniCredit was named as a potential alternative bidder for the German lender.

U.S. OIL

South Korea tests U.S. super light oil as Iran waiver uncertainty grows -sources

South Korea has begun testing super-light U.S. oil sold by Anadarko Petroleum as a substitute for Iranian crude while it awaits word from Washington on whether it can keep buying oil from the Middle Eastern nation, sources said.



Snow-covered blossoms of a cherry tree are seen near Lindencham, Switzerland, April 4. REUTERS/Arnd Wiegmann

The Financial and Risk business of Thomson Reuters is now Refinitiv.

The Day Ahead - North America is compiled by Priyanka Das and Pathikrit Bandyopadhyay in Bengaluru.

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