

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

The **S&P 500** and **Dow** ended lower, while **Nasdaq** was slightly up as grim retail sales data dampened hopes for progress at the ongoing U.S.-China trade talks. **Treasury yields** fell after data showed that U.S. retail sales recorded their biggest drop in more than nine years in December. A weaker **dollar** pushed **spot gold** prices up. **Oil** prices rose.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	25475.27	-68.00	-0.27	26951.81	21712.53
Nasdaq	7426.96	6.58	0.09	7461.67	6457.13
S&P 500	2745.73	-7.30	-0.27	2761.85	2443.96
Toronto	15695.98	69.25	0.44	16586.46	13776.88
FTSE	7197.01	6.17	0.09	7205.07	6599.48
Eurofirst	1431.43	-4.44	-0.31	1439.85	1308.86
Nikkei	21139.71	-4.77	-0.02	21213.74	19241.37
Hang Seng	28432.05	-65.54	-0.23	28533.36	24896.87

TREASURIES	Yield	Price
10-year	2.6536	15 / 32
2-year	2.4976	3 / 32
5-year	2.4729	8 / 32
30-year	3.0008	20 / 32

FOREX	Last	% Chng
Euro/Dollar	1.1292	0.24
Dollar/Yen	110.51	-0.43
Sterling/Dollar	1.2792	-0.40
Dollar/CAD	1.3293	0.31
TR/HKEX RMB	94.79	-0.09

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	54.51	0.61	1.13
Spot gold (NY/oz)	1312.21	6.09	0.47
Copper U.S. (front month/lb)	0.0278	0.0000	-0.16
Reuters/CRB Index Total Return	185.76	0.02	0.01

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
Equinix Inc	420.59	28.68	7.32
Zoetis Inc	93.25	5.00	5.66
Electronic Arts Inc	105.25	3.00	2.93
Incyte Corp	83.42	2.36	2.91
<b>LOSERS</b>			
Coca-Cola Co	45.58	-4.21	-8.46
NetApp Inc	63.66	-3.69	-5.48
CME Group Inc	177.40	-3.00	-1.66
IDEXX Laboratories Inc	206.94	-3.45	-1.64

## Coming Up



**PepsiCo Inc** is expected to post a rise in fourth-quarter profit powered by strong demand at its snacking unit. In the company's first earnings report under a new chief, investors will keep a close eye for any sign of recovery in PepsiCo's soda business as it invests in less-sugary drinks to drive sales.

**Industrial production** is expected to have risen 0.1 percent in January, compared with December's reading of 0.3 percent. In another report, **import prices** in January are likely to have declined 0.1 percent, after dropping 1.0 percent in December.

Federal Reserve Bank of Atlanta President **Raphael Bostic** will speak on "Workforce Development" before the Public Affairs Research Council of Alabama annual meeting.

**Deere & Co** shall report its first-quarter earnings. It is expected to report higher profits.

**Newell Brands Inc** is expected to post a fall in fourth-quarter sales and profit, as lower demand for its appliances in the U.S. and higher costs related to tariffs and a strong dollar weigh on results. Investors will watch out for comments on tariffs and its full-year outlook.

### LIVECHAT- CHARTS & CHAT

Reuters Stocks Buzz writer and Chartist **Terence Gabriel** calls out risks and opportunities in global markets via the charts. (0930 ET/1430 GMT) To join the conversation, [click here](#).

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
NY Fed Manufacturing for Feb	0830	7.00	3.90
Import prices mm for Jan	0830	-0.1 pct	-1.0 pct
Export prices mm for Jan	0830	-0.1 pct	-0.6 pct
Industrial production mm for Jan	0915	0.1 pct	0.3 pct
Capacity utilization SA for Jan	0915	78.7 pct	78.7 pct
Manufacturing output mm for Jan	0915	0.1 pct	1.1 pct
Industrial production YoY for Jan	0915	--	3.95 pct
U Mich Sentiment Preliminary for Feb	1000	93.0	91.2
U Mich Conditions Preliminary for Feb	1000	112.1	108.8
U Mich Expectations Preliminary for Feb	1000	84.5	79.9
U Mich 1 year inflation preliminary for Feb	1000	--	2.7 pct
U Mich 5-year inflation preliminary for Feb	1000	--	2.6 pct
Net L-T flows,exswaps for Dec	1600	--	37.6 bln
Foreign buying, T-bonds for Dec	1600	--	-9.3 bln
Overall net capital flows for Dec	1600	--	31.0 bln
Net L-T flows, inclusion swaps for Dec	1600	--	25.3 bln



# Market Monitor

The **S&P 500** and the **Dow** slipped while the **Nasdaq** posted a slim gain as investors struggled to square grim retail sales data with hopes that high-level talks in Beijing could resolve the ongoing U.S.-China trade dispute. Talks to defuse the ongoing tariff dispute between the world's two largest economies moved to a higher level as U.S.-China negotiations progressed in Beijing ahead of the March 1 deadline. But optimism about the trade talks was undercut by a report from the U.S. Commerce Department showing retail sales in December suffered their biggest drop in more than nine years. Separate reports from the Labor Department, showing a surprise increase in unemployment claims and an unforeseen dip in producer prices, pointed to a slowdown in U.S. economic activity. The **Dow Jones Industrial Average** fell 0.20 percent, to 25,491.08, the **S&P 500** was down 0.27 percent, to 2,745.73 and the **Nasdaq Composite** added 0.09 percent, to 7,426.96.

**Treasury yields** fell after data showed that U.S. retail sales recorded their biggest drop in more than nine years in December, suggesting a slowdown in economic activity at the end of 2018. "It calls into question the underlying strength of the domestic consumer and in particular this kind of lays the groundwork to confirm the Fed's bias in pausing the tightening cycle," said Jon Hill, an interest rate strategist at BMO Capital Markets in New York.

**Benchmark U.S. 10-year notes** gained 15/32 in price to yield 2.65 percent. The **2-year treasury notes** were up 3/32, yielding 2.50 percent. The **30-year bonds** rose 21/32, to yield 3 percent.

The **dollar** fell after a report that U.S. retail sales recorded the biggest drop in



Reuters/Brendon McDermid  
Traders work on the floor of the New York Stock Exchange, in New York, February 13.

more than nine years in December, suggesting a sharp slowdown in economic activity at the end of 2018. "The dollar had been looking good until retail sales came in much weaker than expected. The data suggests there is less in the economy than people had thought, and has pushed the dollar lower," said Daniel Katzive, head of foreign exchange strategy North America at BNP Paribas. The **dollar index** was down 0.08 percent, last at 97.05. The **euro** rose on the back of the dollar's move, up 0.22 percent, last at \$1.13.

**Oil** prices edged higher and Brent hit the highest level this year but gains were capped after the steepest decline in U.S. retail spending since 2009 heightened investor fears of a global economic slowdown. "Oil prices sold off in reaction to the very weak retail sales data in the U.S. that drove selling across-the-board," said

John Kilduff, a partner at Again Capital Management in New York. "Once again, the weak demand narrative is outweighing some of the other supportive factors on the supply side." **Brent futures** were up 1.62 percent at \$64.64 a barrel, after hitting a 2019 high of \$64.81. **U.S. crude** rose 1.13 percent to \$54.51 a barrel.

**Spot gold** prices rose as the dollar fell on weak economic data from the United States, which bolstered expectations the Federal Reserve would stick to its dovish stance on monetary policy. **Spot gold** rose 0.46 percent to \$1,312.11 per ounce. **Gold futures** were up 0.03 percent at \$1,315.50 per ounce. "A lot of people think that gives the Fed more ammunition to not raise rates which is bullish for gold," said Michael Matousek, head trader at U.S. Global Investors.

# Top News

## Amazon pulls plug on New York City headquarters

Amazon.com abruptly scrapped plans for a new headquarters in New York that could have created 25,000 jobs, blaming opposition from local leaders upset by the nearly \$3 billion in incentives promised by state and city politicians. The company said it did not see consistently "positive, collaborative" relationships with state and local officials. Opponents of the project feared congestion and higher rents in Long Island City, Queens, and objected to incentives for a company run by Jeff Bezos, the world's richest man. Amazon said it would not conduct a new headquarters search and would focus on growing at other existing and planned offices. U.S. Congresswoman Alexandria Ocasio-Cortez cheered the reversal by the world's third most valuable public company. New York Governor Andrew Cuomo said that a small group of politicians had "put their own narrow political interests" above those of New Yorkers.

## Apple to ship iPhones with only Qualcomm chips to German stores

Apple said that it will resume selling older iPhone models in its stores in Germany, where they were banned last year due to a patent infringement ruling. The iPhones will be sold in Germany only with chips from Qualcomm, instead of a mix of chips from Qualcomm and Intel. Apple began phasing in Intel's modem chips in 2016 after years of using chips exclusively from Qualcomm. In last year's iPhone models, Apple dropped Qualcomm's chips completely in favor of Intel's. But Qualcomm has continued to supply Apple with chips for older models, and Apple said it would use only those for German iPhone 7 and 8 models. "Qualcomm is attempting to use injunctions against our products to try to get Apple to succumb to their extortionist demands," Apple said.

## Strong dollar dents Coca-Cola forecast

Coca-Cola forecast slowing sales in 2019, hit by a stronger dollar in the face of rising



*The logo of Amazon is seen on the door of an Amazon Books retail store in New York City, February 14.*

global economic uncertainty and lower demand for its fizzy sodas in some markets. Coca-Cola, which gets nearly two-thirds of its revenue from international markets, called out Middle East, Argentina and Turkey as being particularly weak and weighing on sales in the first half of 2019. To counter rising costs, Coca-Cola has raised prices of its beverages. But that has come at the expense of demand - volumes fell 1 percent in North America in the fourth quarter, while Latin America was down 2 percent. Coca-Cola forecast full-year profit to be between \$2.06 and \$2.10 per share, far below the average estimate of \$2.23. The company also said it expects core 2019 revenue growth of about 4 percent, down from 5 percent in 2018. Excluding one-time items, Coca-Cola said it earned 43 cents per share, in line with expectations.

## Avon revenue falls short on LatAm hit, dip in sales reps

Avon's quarterly revenue missed analysts' estimates, hurt by a fall in the number of its sales representatives and a dip in demand for products in Latin American markets. On a post-earnings call, Chief

Financial Officer Jamie Wilson said the cosmetics maker saw its largest active representative declines in the United Kingdom, Brazil and Russia during the quarter. Overall, the number of active sales representatives out selling Avon's signature cosmetics among friends and relatives and local communities, declined 6 percent in the quarter ended Dec. 31, 2018. By region, revenue in the company's southern Latin American business - which includes Brazil and Argentina - fell 15 percent to \$488.3 million. Total revenue fell 11 percent to \$1.40 billion, short of an average analysts' estimate of \$1.43 billion, according to IBES data from Refinitiv.

## Ford CFO to retire - CNBC

Ford Motor Chief Financial Officer Bob Shanks plans to retire and is expected to stay through the end of the year, CNBC reported, citing sources. A new finance chief is likely to be announced in the second half of this year, CNBC said. Shanks was named the automaker's chief financial officer in April 2012. Shanks, who joined Ford in 1977, has also been the CFO at Mazda Motor Corp.



### JPMorgan Chase to create digital coins using blockchain for payments

JPMorgan said it plans to launch its own digital coins, called "JPM Coin", that customers will be able to use for instant transfer of payments over a blockchain network. The bank said customers, on depositing money at the bank, will be issued the cryptocurrency that they will be able to use for transactions over the network with other JPMorgan clients. The coin can be redeemed for a U.S. dollar, so its value will largely remain stable, the bank said. When one client sends money to another over the blockchain, JPM Coins are transferred and instantaneously redeemed for the equivalent amount of U.S. dollars, reducing the typical settlement time, the bank said. The bank said in a presentation on its website discussing the new JPM Coin that it was supportive of "cryptocurrencies as long as they are properly controlled and regulated." JPMorgan said its new coin, which will be issued on its in-house blockchain technology Quorum, was currently a prototype. The company plans to make the coin operable on all standard blockchain networks.

### CME Group tops profit estimates on higher market volatility

CME Group's fourth-quarter profit trounced Wall Street estimates, as a broad market sell-off towards the end of the quarter prompted investors to rebalance their portfolios and boosted trading volumes. CME's average daily volume surged 31 percent to 20.8 million contracts in the quarter, lifting clearing and transaction fees, its biggest revenue stream, 36 percent to \$1.03 billion. It is now averaging 17 million contracts per day so far this year, it said, signaling the onset of a risk-off trading environment. Revenue from CME's market data and information services business, which help investors to take trading decisions and minimize risks, rose 28 percent to \$130 million in the quarter. The company's adjusted net income rose to \$624.5 million, or \$1.77 per share, in the quarter. Analysts had expected the company to report a profit of \$1.72 per share, according to IBES data from Refinitiv.



A file photo of the logo of Alibaba Group at the company's headquarters in Hangzhou, Zhejiang province, China, July 20, 2018. REUTERS/Aly Song

### Alibaba in talks on stake in China operations of Germany's Metro – sources

Chinese E-commerce giant Alibaba is in talks with Germany's Metro about taking a stake in the German retailer's China operations, three sources told Reuters. Metro and Alibaba declined to comment. The talks are at an early stage and could still fall apart, the sources said. Metro has 95 stores in China and real estate assets in major centres, such as Beijing and Shanghai, one of the sources said. Metro Chief Executive Olaf Koch has said the German firm was reviewing potential partnerships with local players in China.

### Google, Amazon among those targeted in EU unfair practices digital rules

Google, Amazon and other technology firms will have to tell companies how they rank their own or rival products on their platforms under new rules agreed by European Union negotiators aimed at stopping unfair practices by online platforms and app stores. Proposed by the European Commission in April last year, the platform-to-business law is targeted at Google Play, Apple App Store, Microsoft Store, Amazon Marketplace, eBay and Fnac Marketplace. Facebook, Instagram,

Skyscanner and Google Shopping, Google Search, Seznam.cz, Yahoo!, DuckDuckGo, Bing are also among the 7,000 online companies covered by the proposed rules. The rules include a blacklist of unfair trading practices, require companies to set up an internal system to handle complaints and allow businesses to group together to sue platforms.

### GM unveils 'Ariv' e-bikes, plans Europe launch in second quarter

General Motors announced that its brand of electric bicycles would be called "Ariv" and begin selling in Europe in the second quarter of 2019. Two such bicycles, a compact bike and a foldable one, will launch first in Germany, Belgium and the Netherlands, markets where cycles powered by lithium-ion batteries are already popular, the No. 1 U.S. automaker said. Riders can charge their Ariv bike batteries in about three and a half hours and get up to 64 kilometres or nearly 40 miles of ride time with a single charge. In Belgium and the Netherlands the compact e-bike would cost 2,800 euros, while the folding one would cost 3,400 euros. In Germany, the prices would be 2,750 euros and 3,350 euros, respectively.



*An elderly couple attends a wedding ceremony that is recreated for them by the local charities on their 70th wedding anniversary on Valentine's Day in Jiaxing, Zhejiang province, China, February 14. REUTERS/Stringer*

## Insight and Analysis

### **FOCUS-Why Walmart farms out same-day grocery deliveries to low-cost freelance drivers**

Jeff Leonard slides behind the wheel of his Honda Accord and heads to a Walmart store, where he picks up the package of groceries waiting for him. Roughly an hour later, the 62-year-old delivers vegetables, flavored water and cleaning supplies to a shopper's front door. It is one of nearly 100 such Walmart deliveries for Leonard since July, when he first signed up to courier for the world's largest retailer. But he does not wear a uniform or collect a traditional paycheck. Leonard is one of hundreds of independent drivers for DoorDash, the delivery service that Walmart uses to handle same-day delivery of groceries.

### **Big Tech's banking foray on regulators' radar**

The march of so-called Big Tech into financial services could pose a bigger threat to banks than upstart fintech specialists, warranting scrutiny for threats to financial stability, a global regulatory body said. While the report by the Financial Stability Board (FSB) stops short of recommending specific regulatory reform, it adds to widening scrutiny of Big Tech players, such as Alibaba, Google and Amazon, already under the gun from politicians over their market clout and use of consumers' data. Regulators have been tracking the rise of financial technology businesses, which offer services that were the preserve of mainstream banks.

### **In rural Mississippi, still waiting on recovery**

Here's what has happened in Leflore County, Mississippi, since the end of the U.S. recession in 2009. The number of jobs fell 4 percent and nearly 8 percent of the businesses disappeared. Average annual pay at private firms stalled. The median age spiked a full three years as working age adults voted with their feet and left. Home ownership rates tipped from just over half of families to below it. The U.S. near-decade-long recovery from the 2007 to 2009 recession has restored many measures of the national economy back to or better than what they were. But it has done little for Leflore County, whose continued slip from the economic mainstream worries Federal Reserve.



# CANADA

## Coming Up

REUTERS/Dan Riedlhuber



**Enbridge Inc** is likely to post a larger fourth-quarter profit, as its Canadian pipeline is oversubscribed with expanding

oil production. Of interest is an update on construction and final hurdles to complete an expansion of its Line 3 pipeline from Alberta to Wisconsin.

**Air Canada** is expected to report higher fourth-quarter operating revenues on strong demand from passengers, but faces pressure from rising fuel prices. Investors will be looking for details on the carrier's acquisition of loyalty program Aeroplan that was completed in January.

## MARKET MONITOR

**Canada's main stock index** eked out gains, as a rise in shares of Bombardier and Constellation Software on the back of strong quarterly results offset some of the gloom from a surprise drop in U.S. retail sales. Shares of **Bombardier Inc** and **Constellation Software** ended higher by 23.04 and 14.24 percent. The **Toronto Stock Exchange's S&P/TSX composite index** was up 0.444 percent, at 15,695.98.

The **U.S. dollar** was up 0.31 percent against the **Canadian dollar** at C\$ 1.3293.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
<b>GAINERS</b>			
Bombardier Inc	2.48	0.44	21.57
Precision Drilling Corp	3.24	0.41	14.49
Constellation Software Inc	1130.00	138.54	13.97
<b>LOSERS</b>			
Sierra Wireless Inc	15.10	-5.48	-26.63
New Gold Inc	1.21	-0.42	-25.77
Chemtrade Logistics Income	9.48	-2.24	-19.11

## Top News

### Bombardier earnings beat on demand for business jets

Bombardier topped analysts' forecasts for quarterly earnings, helped by its business jet unit, which benefited from demand for aftermarket services and higher-priced, large-cabin corporate planes, sending shares up 9.8 percent in early trading. The quarterly revenue from Bombardier's dominant transportation unit that makes rail cars and equipment, fell nearly 11 percent to \$2.16 billion as it faced delays in fulfilling a handful of contracts.

Bombardier reaffirmed its 2019 and 2020 guidance, reassuring investors fearful about the rail unit's performance. Bombardier also said that a Quebec pension fund's minority stake in its transportation unit would increase by 2.5 percent to 30 percent. Chief Financial Officer John Di Bert stressed that there was no "urgency" to buy back the stake acquired by the fund for \$1.5 billion in 2015, although Bombardier now has the

option to do so. Revenue from sales of business jets rose more than 3 percent to \$1.5 billion in the final quarter of 2018, Bombardier said. The company's quarterly net profit overall reached \$55 million, compared with a \$188 million net loss a year earlier when it made heavy investments in its jet programs. Earnings before interest and taxation (EBIT), a closely watched measure of Bombardier's profitability, also beat analysts' estimates, rising to \$342 million from \$73 million a year earlier. Excluding one-time items, the company earned 5 cents per share, above analysts' estimates of 2 cents, according to IBES data from Refinitiv.

### Keystone operator TransCanada profit beats on higher pipeline demand

Keystone pipeline operator TransCanada beat analysts' estimates for quarterly profit, as it moved more oil and gas amid a rise in crude production. TransCanada's earnings from its liquids pipelines came in

at C\$532 million (\$399.49 million) compared with a loss of C\$932 million a year earlier. The pipeline operator said it has secured commercial support for all available Keystone XL project capacity. The 590,000 barrels-per-day pipeline system is a critical artery that takes Canadian crude from northern Alberta to refineries in the U.S. Midwest. In the reported quarter, the company's net income from its natural gas system increased by C\$18 million because of higher investment base and continued system expansions. TransCanada's net income attributable to shareholders rose to C\$1.09 billion, or C\$1.19 per share, in the quarter. On an adjusted basis, it earned C\$ 1.03 per share and beat analysts' expectation of 96 Canadian cents per share, according to IBES data from Refinitiv. Revenue rose 7.7 percent to C\$3.9 billion in the quarter and beat the average analyst estimate of C\$3.83 billion.

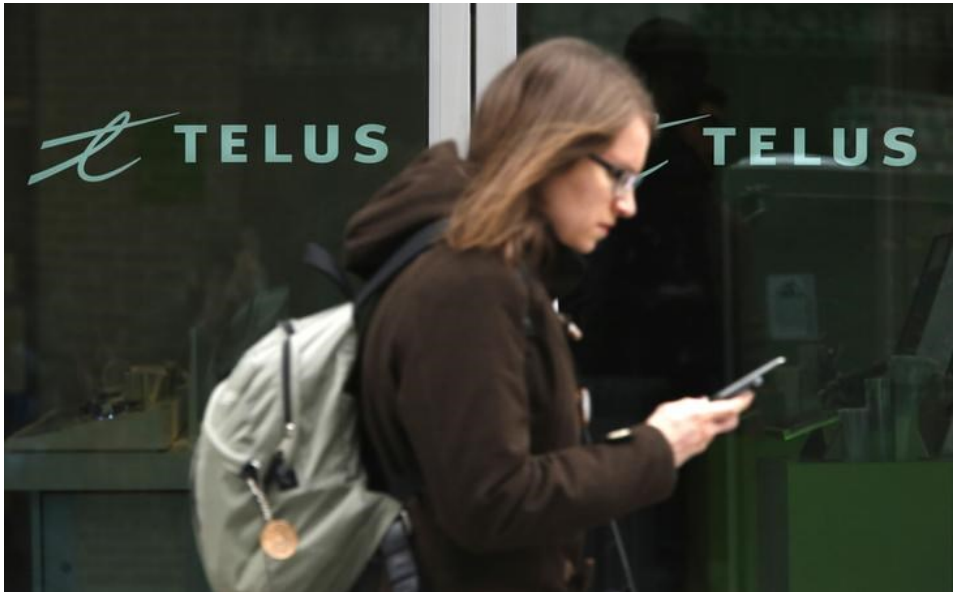


### Telus warns of higher 5G costs if Canada bans Huawei

Telecom company Telus said it expects costs related to setting up fifth-generation (5G) wireless network to escalate if the Canadian government bans Chinese tech giant Huawei Technologies. The Vancouver-based company said in a filing the setting up and deployment of 5G technology could be impacted, and the Canadian telecom market could undergo a "structural change" if such a ban came into place. Separately, the company reported profit in line with estimates, adding 112,000 total net wireless subscribers in the quarter ended Dec. 31, but the figure was 9,000 lower than a year ago. Telus, which faces stiff competition from rivals BCE and Rogers Communications in the wireless space, earned an adjusted profit of 69 Canadian cents per share, in line with analysts' average estimates, according to IBES data from Refinitiv. The company reported net income of C\$368 million, or 60 Canadian cents per share, in the fourth-quarter. Total operating revenue rose 6.3 percent to C\$3.76 billion.

### Canada Goose says labor costs hit profit margins

Canada Goose said higher labor costs in Ontario and investments to expand overseas hit profit margins in the third quarter. Profit margins at the company's direct-to-consumer business, which includes online stores and company-owned retail outlets, were 76.1 percent, compared with 76.5 percent a year earlier. At its wholesale unit, margins fell to about 48 percent from 51 percent. Higher labor costs affected the wholesale unit more because that business has lower profit margins, Chief Executive Dani Reiss. Reiss told analysts he was "really bullish and excited" about demand in China, the biggest market for luxury products in the world. Canada Goose expects to have about 20 brick-and-mortar stores around the world by 2020. The company now expects revenue growth of at least 35 percent in the year ending March,



A file photo of a woman using a mobile device while walking past a Telus store in Ottawa, February 19, 2014. REUTERS/Chris Wattie

compared with an earlier forecast of a 30 percent rise, as it bets on the overseas expansion. Its December-quarter revenue climbed 50 percent, while net income surged to C\$103.4 million from C\$63 million a year earlier. Excluding one-time items, Canada Goose earned 96 Canadian cents per share, beating analysts' average estimate of 81 Canadian cents, according to IBES data from Refinitiv. The per-share earnings figure was 18 percent ahead of Wall Street estimates, the smallest margin in at least eight quarters, according to Refinitiv data.

### Canadian Tire's quarterly profit beats estimates

Canadian Tire reported a better-than-expected fourth quarter profit, helped by strong demand for toys and electronics. Sales in Canadian Tire's retail unit, its biggest, rose 0.6 percent in the quarter, compared with 3.8 percent a year earlier. The company, which is broadening its retail offerings by including private labels in addition to rolling out options like home delivery, is competing against global ecommerce giants like Amazon.com and

Walmart Inc to win back market share. Canadian Tire's net income fell to C\$278.2 million (\$209.8 million), or C\$3.99 per share, in the fourth quarter ended Dec. 31, from C\$ 295.4 million, or C\$4.10 per share, a year earlier. Excluding one-time items, the company earned C\$4.78 per share, beating the average analyst estimate of C\$4.69, according to IBES data from Refinitiv. Revenue rose to C\$4.13 billion from C\$3.92 billion.

### Frontera Energy says lost \$10 million since Nov due to Peru pipeline rupture

Frontera Energy has lost \$10 million since November due to a rupture in Peru's state-owned pipeline that has left the company's output from the country's biggest oil field at "almost nothing," the company's chief executive said. Chief Executive Richard Herbert called for the government to work to reach a deal with local communities in the Amazon that have kept state-owned oil company Petroperu from repairing the rupture. Production from oil block 192 was previously about 12,000 barrels per day, he added.



# WEALTH NEWS

## BORDER BILL

### Trump to sign border bill, declare emergency seeking wall funds

U.S. President Donald Trump will sign a border security bill to avert another government shutdown, but also declare a national emergency to try to obtain funds for his promised U.S.-Mexico border wall, a White House spokeswoman said.

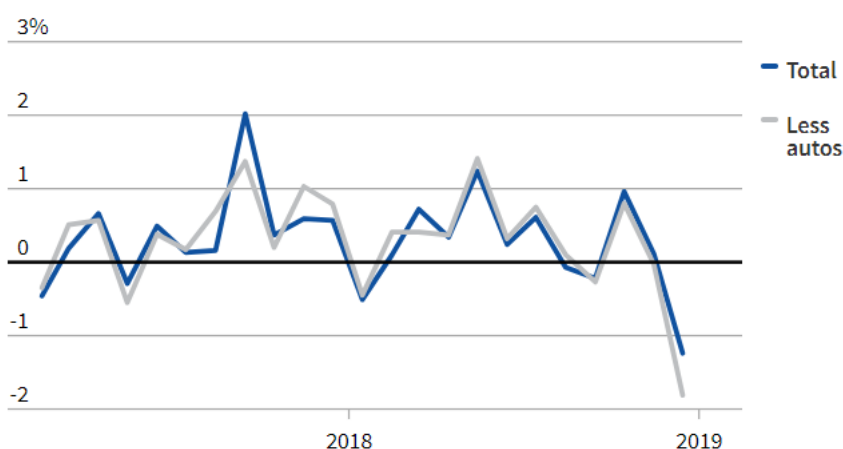
## ECONOMIC DATA

### Weakest U.S. retail sales since 2009 cast pall over economy

U.S. retail sales recorded their biggest drop in more than nine years in December as receipts fell across the board, suggesting a sharp slowdown in economic activity at the end of 2018. The Commerce Department said retail sales tumbled 1.2 percent, the largest decline since September 2009. Data for November was revised slightly down to show retail sales edging up 0.1 percent instead of gaining 0.2 percent as previously reported. Excluding automobiles, gasoline, building materials and food services, retail sales dropped 1.7 percent last month after an upwardly revised 1.0 percent surge in November. The initial claims for state unemployment benefits increased 4,000 to a seasonally adjusted 239,000 for the week ended Feb. 9. The producer price index for final demand dipped 0.1 percent last month as the cost of energy products and food fell. The PPI dipped 0.1 percent in December.

## U.S. retail sales

### MONTHLY CHANGE



Source: Thomson Reuters Datastream

By Jiachuan Wu and Stephen Culp | REUTERS GRAPHICS

## TRADE TALK

### Top U.S. trade envoys to meet China's Xi, no decision on deadline extension

The Trump administration's top two negotiators in trade talks with China will meet on Friday with Chinese President Xi Jinping, but there has been no decision to extend a March 1 U.S. deadline for a deal, White House economic adviser Larry Kudlow said.

## INVESTMENT STRATEGY

### Big hedge funds dumped China stocks, Apple as market tumbled

Prominent hedge fund managers sold out of Chinese technology stocks and dumped Silicon Valley giants like Apple and Facebook while global stock markets cratered during the fourth quarter, according to securities filings released.

## BRAINARD SPEAKS

### Fed's Brainard says balance sheet trimming should end this year

The U.S. Federal Reserve should stop paring its balance sheet by the end of this year, Governor Lael Brainard said, suggesting the Fed could wind up with a permanently bigger balance sheet than had been expected even a few months ago.

## M&A

### Elliott proposes 'superior' plan for Portuguese utility ED

Activist investor Elliott challenged a bid by China Three Gorges for utility EDP-Energias de Portugal, saying it had a "superior" plan that included raising 7.6 billion euros from asset sales.

## BUSINESS PLAN

### "Robo-advisor" Wealthfront launches cash account

Wealthfront, one of the largest digital wealth management firms known as "robo-advisors", said it is expanding its suite of financial products by introducing a cash account with a rate on deposits of 2.24 percent, significantly higher than the average U.S. rate.





## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Deere & Co	Q1	BMO	\$1.78	\$1.76	\$1.31	\$6,827.88
Moody's	Q4	BMO	\$1.63	\$1.67	\$1.51	\$1,119.34
Newell Brands	Q4	BMO	\$0.67	\$0.67	\$0.68	\$2,428.59
PepsiCo	Q4	06:00	\$1.49	\$1.49	\$1.31	\$19,518.78

\*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.

The Day Ahead - North America is compiled by Swathi Nair and Nachiket Tekawade in Bengaluru.

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