

THE DAY AHEAD

MARKET RECAP at 4 pm ET

The **S&P 500** and **Nasdaq** gained ahead of the G20 summit this weekend, where investors hope for a truce between the U.S. and China in their trade dispute. **Treasury yields** fell on negative sentiment arising from the complexities of trade talks. The **dollar index** and **gold** were little changed. **Oil** prices were in the red.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26525.77	11.05	0.04	26951.81	21712.53
Nasdaq	7967.76	57.79	0.73	8176.08	6457.13
S&P 500	2924.76	10.98	0.38	2964.15	2443.96
Toronto	16307.73	-4.49	-0.03	16672.71	13776.88
FTSE	7402.33	-14.06	-0.19	7528.93	6599.48
Eurofirst	1505.46	0.02	0.00	1541.32	1308.86
Nikkei	21338.17	251.58	1.19	22362.92	19241.37
Hang Seng	28621.42	399.44	1.42	30280.12	24896.87

TREASURIES	Yield	Price
10-year	2.0140	10/32
2-year	1.7469	2/32
5-year	1.7713	6/32
30-year	2.5313	23/32

FOREX	Last	% Chng
Euro/Dollar	1.1368	0.00
Dollar/Yen	107.76	-0.01
Sterling/Dollar	1.2672	-0.13
Dollar/CAD	1.3100	-0.19
TR/HKEX RMB	93.22	-0.01

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	59.24	-0.14	-0.24
Spot gold (NY/oz)	1408.69	0.34	0.02
Copper U.S. (front month/lb)	0.0271	0.0000	-0.06
CRB Index Total Return	191.32	0.13	0.07

S&P 500	Price	\$ Chng	% Chng
GAINERS			
CenturyLink Inc	11.65	0.74	6.78
L Brands Inc	26.34	1.54	6.21
TripAdvisor Inc	46.58	2.53	5.74
LOSERS			
Conagra Brands Inc	25.42	-3.51	-12.13
Boeing Co	363.93	-11.01	-2.94
ConocoPhillips	61.27	-1.48	-2.36

Coming Up

Leaders of G20 nations attend a special meeting on digital economy during the two-day **G20 summit** in Osaka, Japan. U.S. President **Donald Trump** is scheduled to hold talks with Russian President **Vladimir Putin** on the sidelines of the summit.

U.S. **consumer spending** rose 0.4% in May, following a 0.3% growth in the month before, the Commerce Department is likely to report.

Constellation Brands Inc is likely to report lackluster first-quarter results, hurt by poor weather and the lack of

innovation in its beer portfolio. Profit is expected to take a hit, weighed by rising marketing expenses and the company's investments in Canada's booming pot grower Canopy Growth.

Brazil's jobless rate for May is expected to be at 12.3%, compared to 12.5% in April.

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](#)



A file photo of Modelo beers produced by Constellation Brands pictured at a BevMo! store in Pasadena, October 4, 2016. REUTERS/Mario Anzuoni

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Personal income mm for May	0830	0.3%	0.5%
Personal consumption real mm for May	0830	--	0%
Consumption, adjusted mm for May	0830	0.4%	0.3%
Core PCE price index mm for May	0830	0.2%	0.2%
Core PCE price index yy for May	0830	1.6%	1.6%
PCE price index mm for May	0830	--	0.3%
PCE price index yy for May	0830	--	1.5%
U Mich Sentiment Final for Jun	1000	98.0	97.9

Market Monitor

The **S&P 500** and the **Nasdaq** closed higher after a broad-based rally as investors looked to the G20 summit in Osaka, Japan this weekend for progress in the long-running U.S.-China trade dispute, which has whipsawed markets for months. "There seem to be a lot of cross-currents in language depending on who's talking," said Chuck Carlson, chief executive at Horizon Investment Services in Hammond, Indiana. "The market seems to be discounting that positive is going to happen" at the G20 summit. The **Philadelphia Semiconductor index** rose 1.47%. The **Dow** fell 0.04%, to 26,525.77, the **S&P 500** gained 0.38%, to 2,924.8 and the **Nasdaq** added 0.73%, to 7,967.76.

Treasury yields fell on concerns that trade discussions between the United States and China on Saturday may be more complicated than previously expected, boosting demand for safe-haven debt. News headlines suggest that "the meeting in Osaka is going to be a lot more tense than some of the initial optimism suggested," said Ian Lyngen, head of U.S. rates strategy at BMO Capital Markets in New York. The Treasury Department sold \$32 billion of seven-year notes at a yield of 1.889%, which was the lowest yield for this debt maturity at an auction since October 2016. The bid-to-cover ratio was 2.44, up from 2.30 at the prior seven-year auction in May. **Benchmark 10-year notes** were up 11/32 in price to yield 2.01%. The **2-year notes** were up 2/32 to yield 1.74% and the **30-year bonds** were up 24/32, yielding 2.53%.

The **dollar** was little changed against most major currencies as traders



Traders work on the main trading floor after the opening bell at New York Stock Exchange in New York, June 20. REUTERS/Brendan McDermid

moved to the sidelines in advance of this weekend's G20 summit where China and the United States may reach a truce on their trade conflict. "It's just a lot of noise until there is a deal," said Minh Trang, senior foreign exchange trader at Silicon Valley Bank in Santa Clara, California. "We are in a holding pattern." The **dollar index** was flat at 96.21.

Oil prices lower, pressured by worries about whether the G20 summit will produce a breakthrough on trade that could strengthen the global economy and boost oil demand. "It's all about the G20," said Craig Erlam, analyst at OANDA. "It's clear that investors are a little cautious when it comes to this meeting, given how talks collapsed previously and the fighting talk we've since seen from both sides." **Brent**

crude futures fell 0.3% to \$66.29 a barrel. **U.S. crude futures** were down 0.24% at \$59.24 a barrel.

Spot gold was little changed as investors looked for further cues from trade talks between the United States and China, but the metal held on to support around the key \$1,400 per ounce pivot. "We are still in a bullish momentum for gold with a couple of days of consolidation ... (We are seeing) a little pull-back on profit taking," said Phillip Streible, senior commodities strategist at RJO Futures, adding a stronger dollar and equities were weighing on bullion. "People are fearful of giving up their whole gains (in gold)." **Spot gold** edged 0.02% up to \$1408.57 per ounce. **U.S. gold futures** were 0.28% lower at \$1411.40 per ounce.

Top News

China urges U.S. to lift sanctions on Huawei as Trump-Xi meeting looms

The United States should immediately remove sanctions on Chinese telecoms equipment maker Huawei, a commerce ministry spokesman said, days before the two countries' leaders are due to meet for talks on trade. China opposes U.S. abuse of export controls and urges the United States to return to a track of cooperation, said the spokesman, Gao Feng. "We urge the United States to cancel immediately sanctions on Chinese companies including Huawei to push for the healthy and stable development in Sino-U.S. ties," Gao said, when asked whether the two sides were expected to reach a deal on measures facing Huawei and other Chinese tech firms. Separately, Huawei pegged its patent talks with U.S. carrier Verizon as "common" business activity and said such negotiations should not be politicised, days after a senator filed legislation to prevent the Chinese firm from seeking damages in U.S. courts.

Ford to cut 12,000 jobs in Europe by end 2020

Ford said it will cut 12,000 jobs in Europe by the end of next year to try to return the business to profit, part of a wave of cost reductions in an auto industry facing stagnant demand and huge investments to build low emission cars. Ford said it would close three plants in Russia, a plant in France and Wales, and cut shifts at factories in Valencia, Spain and Saarlouis, Germany. Following the sale of the Kechnec Transmission plant in Slovakia, to Magna, Ford's manufacturing footprint will be reduced to 18 facilities by end-2020, from 24 today. "We have largely concluded consultations with social partners regarding restructuring actions," Stuart Rowley, president, Ford of Europe told Reuters. About 12,000 jobs will be

affected at Ford's wholly owned facilities and consolidated joint ventures in Europe by the end of 2020, primarily through voluntary separation programmes. Ford shares were up 2.93% at \$10.20.

Boeing shares slip as grounded 737 MAX faces new hurdle

Shares of Boeing fell after the U.S. aviation regulator found a new flaw in the 737 MAX jet, potentially delaying the aircraft's return to service and piling more pressure on the planemaker's suppliers. The U.S. Federal Aviation Administration did not elaborate on the latest setback, but sources familiar with the matter told Reuters that the flaw was discovered during a simulator test last week. It was not yet clear if the issue could be addressed with a software upgrade or would require a more complex hardware fix. Boeing shares ended 2.94% down at \$363.93. Separately, Southwest Airlines will not schedule Boeing 737 MAX flights until at least Oct. 1, the airline said, just as the families of some Ethiopian Airline crash victims told a Chicago judge they are not ready to settle litigation. To read full story, [click here](#)

Facebook outlines ideas for oversight board

Facebook released the findings from its

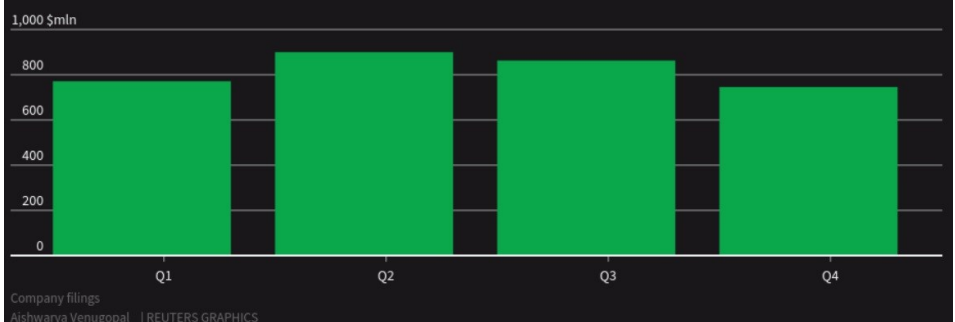
consultations with outside experts into its content review process, providing a glimpse into how its plans for a proposed "external oversight board" might take shape. Facebook has been soliciting feedback over the past six months from more than 650 people at workshops in 88 countries on its draft plan for the board, which it says will function as an independent court of appeals on content decisions. The company will finalize the board's charter in August, it said. According to the report, attendees at the workshops broadly agreed that Facebook employees should not sit on the board. The company also should not be able to remove members without cause, and should clarify how it would define "cause," they said.

Conagra misses estimates as rivals step up promotions, cut prices

Conagra Brands' missed Wall Street estimates for quarterly earnings and sales as low prices and aggressive store promotions by rival food makers ate into demand for Marie Callender's, Hunt's and Chef Boyardee products. Conagra told Reuters it expected another inflationary year, driven by increased costs for raw materials such as pork amid African swine fever outbreaks. "By the end of the quarter, price gaps were simply too wide for

Conagra's Grocery&Snacks Sales Fall in Fiscal '19

Q4 results miss largely due to Conagra's 7% Decline in Grocery & Snacks



Click on the chart for an interactive graphic.

consumers to ignore and we lost volume," Conagra Chief Executive Sean Connolly said, noting that quarterly results were below expectations. Net sales rose 32.9% to \$2.61 billion, mostly because of the acquisition of Pinnacle Foods, but missed expectations of \$2.66 billion. Excluding items, the company earned 36 cents per share, short of the average analyst estimate of 41 cents. Conagra shares ended 12.13% down at \$25.42.

Walgreens beats estimates on prescription drug sales

Walgreens Boots Alliance posted a better-than-expected quarterly profit as the drugstore chain benefited from a rise in branded drug prices and an increase in the number of prescriptions it fills in the United States. Same-store sales at its U.S. pharmacies rose 6% in the third quarter as it filled 290.7 million prescriptions. Three analysts polled by Refinitiv had expected a 2.9% rise in same-store sales. Excluding items, the company earned \$1.47 per share in the third quarter ended May 31, beating analysts' expectations of \$1.43 per share, according to IBES data from Refinitiv. Shares of the company ended 4.28% up at \$54.62.

Exxon to partner with carbon capture firm

Exxon Mobil said it would partner with Global Thermostat to try to bring carbon capture technology to industrial scale. It is the latest low-carbon investment for Exxon, which has come under criticism for its climate policies. Exxon did not say what the project would cost. Global Thermostat's technology uses chemicals called amines to capture and concentrate carbon dioxide from flue gas at industrial facilities or directly from the atmosphere. The companies hope to take technology tested on a small scale and bring it to large industrial plants, said Vijay Swarup, vice president of research and development for ExxonMobil Research and Engineering Company.

Accenture's fall in bookings dampens upbeat quarterly profit, forecast

Accenture reported a 9% fall in quarterly bookings, overshadowing better-than-expected third-quarter results and an upbeat full-year forecast. New bookings at the company, which gets about half of its revenue from outside the United States, were \$10.6 billion, down from \$11.7 billion in the year ago quarter, due to a 4% hit from a stronger dollar. For the third quarter, Accenture's net income rose about 20% to \$1.25 billion, or \$1.93 per share, and beat analysts' average estimate of \$1.89, according to IBES data from Refinitiv. For the full-year, the company now expects revenue growth to be in the range of 8% to 9%, compared with previous forecast of a growth of 6.5% to 8.5%. It expects to post profit between \$7.28 per share to \$7.35 per share, up from \$7.18 to \$7.32 per share it estimated earlier.

Twitter to deemphasize, label politician tweets that break its rules

Twitter said it would identify and deemphasize tweets that broke its rules but came from important sources, such as politicians, in order to strike a balance between free expression and accountability. "We'll now clearly label any tweets which violate our terms of

service but decide to keep up due to public interest," Twitter Chief Executive Jack Dorsey said. If flagged, the notice would cover the offending tweet and require a user to click on a link to view it. Twitter said the new rules would apply to politicians and government officials with more than 100,000 followers.

Amazon launches new in-store pickup option with Rite Aid as first partner

Amazon.com has steadily added options for customers to receive their packages including in car trunks, inside home garages and potentially by drone. Amazon added another alternative for U.S. customers: Walk into a nearby retailer and pick up an Amazon package over the counter. The new option, called Counter, will launch with pharmacy Rite Aid offering the service in 100 stores, with an expansion to 1,500 stores by year's end, the companies said. Amazon is also looking to get other retailers, including small businesses, to join the program as it expands. In other news, Amazon Web Services, a unit of Amazon.com, said it will bolster its presence in Latin America with an "Edge" location in Argentina, its first in the country that will help speed up use for local users. To read more [click here](#)



A file photo of the logo of Exxon Mobil seen at the Rio Oil and Gas Expo and Conference in Rio de Janeiro, Brazil, September 24, 2018. REUTERS/Sergio Moraes



A large volcanic ash and gas plume is seen from the International Space Station rising above the Kuril Islands in the North Pacific Ocean after an unexpected series of blasts from the Raikoke Volcano erupts, June 22. NASA/Expedition 59 Crew/Handout via REUTERS

Insight and Analysis

G20 leaders more preoccupied by domestic woes than ever: Peter Apps

World leaders have no shortage of global issues to discuss at this week's Group of 20 summit but, perhaps more than ever before, most will be more focused on their own domestic politics than on international diplomacy. The two priorities, of course, remain indissolubly linked. For U.S. President Donald Trump, success on trade and holding U.S. allies and potential foes to account feels central to his prospects for re-election in 2020. Indeed, it is possible, perhaps even likely, that he is paying more attention to the first

televised debates between his potential Democratic Party challengers than anything taking place in Osaka on Friday and Saturday. Several of those Western leaders, however, must feel their own power ebbing fast.

Slumbering FX confounds traders, prompts fear of rude awakening

Currency markets are so listless, the head of European foreign exchange sales at Nomura has taken to selling bonds instead. Pitching currency opportunities to clients is pointless without the big exchange rate swings that pique investor interest, Fabrizio Russo told Reuters. "There's no point. When markets are quiet there's really

no point in calling." "I've been selling them bonds," he added, contrasting the slow pace with the frenzied buying of European government bonds in recent weeks. Russo's experience is echoed in dealing rooms across London, the main trading centre for the \$5.1 trillion-a-day FX market. Some trading veterans said it reminded them of conditions before the 2008 global financial crisis erupted. Deutsche Bank's Currency Volatility Index has declined since 2017 to its lowest in 4-1/2 years and currently stands at about two-thirds its levels of early 2019 and less than half the peaks of three years ago. "The Fed is totally in play and rates are moving drastically and there's no translation to FX.

CANADA

Market Monitor

Canada's main stock index edged lower, as investors digested conflicting reports of a potential trade truce between the United States and China at a high-stakes meeting of their leaders at the G20 summit this weekend.

The **Toronto Stock Exchange's S&P/TSX composite index** was down 0.3%, at 16,307.73.



The **U.S. dollar** was down 0.20% against its **Canadian counterpart** at C\$1.3099.

COMING UP

Statistics Canada data is expected to show **gross domestic product** in April grew 0.1%, after increasing 0.5% in the month of March.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Hexo Corp	7.08	0.46	6.95
Empire Company Ltd	32.97	1.62	5.17
Stars Group Inc	22.23	0.99	4.66
LOSERS			
OceanaGold Corp	3.57	-0.30	-7.75
Kelt Exploration Ltd	3.97	-0.31	-7.24
ARC Resources Ltd	6.47	-0.43	-6.23

Top News



A file photo of an Air Canada Boeing 737 MAX 8 aircraft seen on the ground at Toronto Pearson International Airport in Toronto, Ontario, March 13. REUTERS/Chris Helgren

Transat accepts Air Canada's buyout offer in deal requiring shareholder approval

Air Canada said that tour operator Transat accepted an all-cash bid of C\$520 million, or C\$13 a share, over a rival's higher offer in an agreement that still requires Transat shareholder approval. Canada's largest airline pursued Transat to boost its leisure travel business against the backdrop of a potential turnaround at rival WestJet Airlines under a new owner. Air Canada was challenged by real estate

developer Group Mach, which weighed in with a C\$14 per share offer. The Air Canada deal requires Transat to pay a break-up fee of C\$15 million if it backs out of the agreement in favor of a fully-financed offer of C\$14 a share or more that is not matched by Air Canada.

Mexico's president defiant in row with Canada over pipeline contracts

Mexican President Andres Manuel Lopez Obrador pushed backed against Canadian concerns that gas pipeline contracts awarded under his

predecessor might not be honored, saying the terms of the agreements were "abusive" toward the state. Mexican state power utility CFE said this week it would negotiate a more fair resolution to contractual disputes over several pipelines being built by companies including Mexico's IEnova and Canada's TC Energy.

Michigan sues Enbridge in U.S., seeks to shut oil pipeline under Great Lakes

The U.S. state of Michigan has filed a lawsuit asking for an Enbridge oil pipeline that runs under the Straits of Mackinac in the Great Lakes to be decommissioned, a statement from Michigan's attorney general said. The Line 5 oil pipeline ships 540,000 barrels per day of crude oil and propane and is a critical part of Enbridge's Mainline network, which delivers the bulk of Canadian crude exports to the United States. In the lawsuit Michigan Attorney General Dana Nessel asked the court to find that Enbridge's continued operation of the Straits Pipelines under an easement granted in 1953 violates the public trust doctrine.

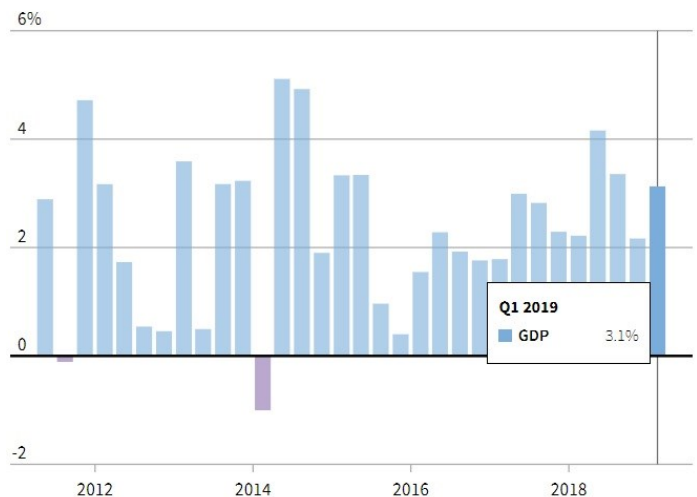
WEALTH NEWS

ECONOMIC INDICATOR

U.S. economic growth surges in Q1, but momentum fizzling

U.S. economic growth accelerated in the first quarter, the government confirmed, but the export and inventory boost to activity masked weakness in domestic demand, some of which appears to have prevailed in the current period. Federal Reserve Chairman Jerome Powell last week acknowledged the temporary lift to economic growth from trade and inventories, which he described as "components that are not generally reliable indicators of ongoing momentum." Gross domestic product increased at a 3.1% annualized rate, driven by more spending on highways and defense, the Commerce Department said in its third reading of first-quarter GDP. That was unchanged from its estimate last month. The GDP report showed the trade deficit narrowed to \$905.0 billion in the first quarter, instead of \$903.6 billion as reported last month. Trade contributed 0.94 percentage point to GDP rather than the 0.96 percentage point estimated last month.

U.S. GDP ANNUALIZED CHANGE



Source: Thomson Reuters Datastream

By Jiachuan Wu and Stephen Culp | REUTERS GRAPHICS

Click on the chart for a detailed and interactive graphic.

MARKET CHATTER

Russell remake and G20 leave Wall Street primed for blowout volume

U.S. equity markets are set up for a blast of volume, as investors prepare for news on the U.S.-China trade dispute from the Group of 20 meeting and the annual reconstitution of the Russell indexes, traditionally one of the largest trading days of the year.

OPEC UPDATE

OPEC set for rollover, may discuss deeper oil curbs - Iraq

OPEC is expected to roll over a deal on cutting supplies at a meeting next week and discuss deepening the curbs that have been in place since Jan. 1, Iraq's oil minister.

ELLIOTT APPROVAL

Bayer lifted by new plan to tackle glyphosate lawsuits, Elliott approval

Bayer shares jumped after it revealed plans aimed at resolving multi-billion dollar lawsuits linked to glyphosate, a move welcomed by activist shareholder Elliott, which has taken a sizeable stake in the chemicals company.

EASING DEAL

IBM gains unconditional EU approval for \$34 billion Red Hat deal

International Business Machines won unconditional EU antitrust approval for its \$34 billion acquisition of software company Red Hat.

JOINT VENTURE

Moody's, Israel's Team8 to create cyber risk standard for businesses

Moody's and Israeli cyber group Team8 launched a joint venture to assess how vulnerable businesses are to cyber attacks and create what they hope will become a global benchmark.

SETTLING CHARGES

State Street pays \$94.3 million to settle U.S., state charges over hidden fund markups

State Street agreed to pay \$94.3 million to settle federal and state regulatory charges it routinely overcharged mutual fund customers and other clients over roughly 17 years by adding hidden markups on back-office expenses.



KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Constellation Brands	Q1	BMO	\$1.98	\$2.04	\$2.20	\$2,066.48

**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.



U.S. President Donald Trump attends a bilateral dinner with the Prime Minister of Australia Scott Morrison, ahead of the G20 summit in Osaka, Japan, June 27. REUTERS/Kevin Lamarque

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

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