

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Treasuries and **gold** fell on efforts by China to smooth the path forward in U.S.-Sino trade talks, while uncertainty over the timing of a "phase one" deal weighed on **stocks**. The **dollar** was up against a basket of major currencies. **Oil** rose on hopes of longer OPEC cuts.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	27765.89	-55.2	-0.2	28090.21	21712.53
Nasdaq	8506.21	-20.52	-0.24	8589.76	6457.13
S&P 500	3103.47	-4.99	-0.16	3127.64	2443.96
Toronto	16999.19	-6.63	-0.04	17040.60	13776.88
FTSE	7238.55	-23.94	-0.33	7727.49	6599.48
Eurofirst	1575.11	-5.75	-0.36	1602.49	1308.86
Nikkei	23038.58	-109.99	-0.48	23591.09	19241.37
Hang Seng	26466.88	-422.73	-1.57	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.7688	-9 /32
2-year	1.6046	-2 /32
5-year	1.6139	-5 /32
30-year	2.2272	-17 /32

FOREX	Last	% Chng
Euro/Dollar	1.1057	-0.14
Dollar/Yen	108.59	-0.01
Sterling/Dollar	1.2905	-0.13
Dollar/CAD	1.3282	-0.16
TR/HKEX RMB	92.13	0.19

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	58.42	1.41	2.47
Spot gold (NY/oz)	1465.14	-6.01	-0.41
Copper U.S. (front month/lb)	0.0262	-0.0003	-0.96
CRB Index Total Return	190.95	1.87	0.99

S&P 500	Price	\$ Chng	% Chng
GAINERS			
L Brands Inc	17.17	1.58	10.10
Charles Schwab Corp	48.05	3.30	7.37
Devon Energy Corp	22.78	0.83	3.76
LOSERS			
E*TRADE Financial Corp	41.58	-4.28	-9.33
KLA Corp	161.59	-12.08	-6.96
Applied Materials Inc	56.44	-3.21	-5.38

Coming Up



A file photo of a worker assembling an industrial valve at Emerson Electric Co.'s factory in Marshalltown, Iowa, U.S., July 26, 2018. REUTERS/Timothy Appel

On the U.S. economic calendar, IHS Markit's flash U.S. **Manufacturing PMI** is expected to show a reading of 51.5 in November, compared with 51.3 in October. Also, IHS Markit's flash U.S. **Services PMI** is likely to show a reading of 51.0 in November, compared with 50.6 in the previous month. The University of Michigan Surveys of Consumers is likely to show its final November **consumer sentiment index** remained unchanged at 95.7.

Packaged food maker **J M Smucker Co** is likely to report a decline in second-quarter revenue and profit, hurt

by growing competition from private-label brands. Investors will be on the lookout for comments on performance of the company's dog food segment, which pulled down sales last quarter.

Reserve Bank of Cleveland President **Loretta Mester** is scheduled to speak before the "Fourth Annual Financial Literacy Day", hosted by the Global Interdependence Center in Sarasota, Florida.

Mexico's national statistics agency is expected to show **consumer prices** rose 0.65% during the first half of November.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Markit Composite Flash PMI for Nov	0945	--	50.9
Markit Manufacturing PMI Flash for Nov	0945	51.5	51.3
Markit Services PMI Flash for Nov	0945	51.0	50.6
U Mich Sentiment Final for Nov	1000	95.7	95.7
U Mich Conditions Final for Nov	1000	111.4	110.9
U Mich Expectations Final for Nov	1000	86.1	85.9

Market Monitor

Stock indexes dipped slightly as investors moved to the sidelines with mixed messages and no concrete signs of progress on U.S.-China relations. The U.S. House of Representatives passed two bills to back protesters in Hong Kong and send a warning to China about human rights, a measure which angered Beijing. But China has invited top U.S. trade negotiators for a new round of face-to-face talks in Beijing, the Wall Street Journal reported on Thursday, citing unnamed sources, adding Beijing hopes the round of talks can take place before next Thursday's Thanksgiving holiday in the United States. Shares in **TD Ameritrade** surged 16.92%.

Tiffany gained about 2.58% after a Reuters report that LVMH persuaded the jewelry chain to allow it to access its books following a raised bid. The **Dow Jones Industrial Average** fell 0.2%, to 27,765.89, the **S&P 500** lost 0.16%, to 3,103.47 and the **Nasdaq Composite** dropped 0.24%, to 8,506.21.

Treasury yields rose, bolstered by more positive news on trade negotiations with China and unwinding most of this week's safe-haven demand. **Benchmark 10-year notes** fell 9/32 to yield 1.77%, **two-year notes** were down 2/32 to yield 1.60%, while **30-year bonds** dipped 17/32 to yield 2.23%.

The **dollar** shook off early weakness to creep higher against other major currencies, with investors focused on the latest developments in a bitter 16-month long trade dispute between the United States and China that has



Traders work on the floor at the New York Stock Exchange in New York, November 13.

weighed on the world economy. The **dollar index** was up 0.07% at 98.0. The pound struggled to break through the \$1.30-mark yet again, as the rebound in the dollar and an election manifesto from the opposition Labour Party that fuelled some profit-taking on the British currency. The **pound** was 0.13% lower at \$1.2905.

Oil prices rose following a Reuters report that OPEC and its allies are likely to extend output cuts until mid-2020 and fresh signs that China had invited U.S. trade negotiators for a new round of talks. **Brent crude** was up 2.20%, at \$63.77 a barrel, while **West Texas Intermediate (WTI) crude** rose 2.47%, to \$58.42. To support oil prices, the Organization of the Petroleum

Exporting Countries and its allies are likely to extend output cuts to June when they meet next month, according to OPEC sources. BNP Paribas raised its oil price forecasts for this year and 2020 from its previous estimates, citing increased refinery throughputs due to upcoming new regulation on shipping fuels.

Gold prices eased as a report that China has invited top U.S. negotiators for a new round of talks rekindled some hopes regarding the U.S.-China trade deal, but mixed signals on the progress of talks limited bullion's losses. **Spot gold** dipped 0.42% to \$1,464.95 per ounce. **Gold futures** edged 0.65% lower to \$1,464.60 per ounce.

Top News

China says it will strive to reach 'phase one' trade deal with U.S.

China will strive to reach an initial trade agreement with the United States as both sides keep communication channels open, the Chinese commerce ministry said, in an attempt to allay fears talks might be unravelling. China is willing to work with the United States to resolve each other's core concerns on the basis of equality and mutual respect, and will try hard to reach a "phase one" deal, Gao Feng, spokesman at the ministry, told reporters. "This is in line with the interests of both China and the United States, and of the world," Gao said. Economists warn that the prolonged trade dispute between China and the United States is escalating risks to the global economy by disrupting supply chains, discouraging investment and dampening business confidence. Separately, a bipartisan group of 15 U.S. senators urged the Commerce Department to suspend issuing licenses to U.S. firms that conduct business with China's Huawei Technologies, saying it could threaten U.S. security. To read more, [click here](#)

Exxon aims to sell \$25 billion of assets to focus on mega-projects – sources

Exxon Mobil plans to sell up to \$25 billion of oil and gas fields in Europe, Asia and Africa in its biggest asset sales for decades, seeking to free up cash to focus on a handful of mega-projects, according to three banking sources. The sell-off would be a marked acceleration of the U.S. oil major's previous divestment plans. It would represent an ambitious attempt by Chief Executive Darren Woods to catch up with competitors who carried out sweeping portfolio reviews and sold swathes of assets following the 2014 market crash. Exxon's shares have underperformed its major rivals' in recent years. The disposals would help the company increase spending on

new developments and appease investors unhappy with weak cash generation and oil output, which flatlined under Woods' predecessor Rex Tillerson.

Charles Schwab in talks to buy smaller rival TD Ameritrade – CNBC

Charles Schwab is in talks to buy rival TD Ameritrade, CNBC reported, as profits in the industry come under pressure from a shift to zero commission. CNBC did not provide any financial detail on the deal, but Fox Business pegged the value at \$26 billion, citing sources. At that price, it would be a premium of roughly 18% to Ameritrade's market capitalization. Pressure on the discount broker business model has been rising in recent years, as the increased use of technology required huge spends on platforms but also undermined the fees charged to administer equity trades. The combined company would have assets of around \$5 trillion, according to Reuters calculations.

Macy's cuts profit outlook as tourist numbers drop

Macy's cut its annual profit forecast for the second time this year, as the

department store operator blamed weak international tourism, warm weather and sluggish mall traffic for the first drop in same-store sales in two years. Comparable sales at Macy's owned and licensed stores fell 3.5% in the third quarter ended Nov. 2, as warm weather hurt demand for coats and sweaters. Tourism was down 6.3% in the quarter, following on from a 4% fall the previous year, Macy's said. Macy's now expects 2019 adjusted profit of between \$2.57 per share and \$2.77 per share, compared with its previous forecast of between \$2.85 and \$3.05. It also projected full-year total comparable sales to fall between 1% and 1.5%, compared with a previous forecast of up to a 1% rise. Adjusted net income fell to \$21 million, or 7 cents per share, in the quarter, from \$83 million, or 27 cents per share, a year earlier.

WeWork to lay off 2,400 employees in SoftBank revamp

WeWork said it is laying off around 2,400 employees globally, as the office-sharing company seeks to drastically cut costs and stabilize its business after it transformed from a Wall Street darling into a pariah in a matter of



A file photo shows workers at the booth of ExxonMobil ahead of the International Conference & Exhibition on Liquefied Natural Gas (LNG2019) in Shanghai, China April 1. REUTERS/Stringer

weeks. The long-anticipated layoffs are the biggest move yet by Japanese technology investment company SoftBank Group, which is providing a \$9.5 billion lifeline and will soon own about 80 percent of its shares, to make sure WeWork refocuses on its core business and on trying to make money. Under co-founder and ex-CEO Adam Neumann, WeWork had become bloated, was diversifying into all kinds of areas - including setting up a school and running apartment buildings - and was expanding at a breakneck speed without any clear route to profitability.

Trump wants Apple to be involved in 5G infrastructure building in U.S.

U.S. President Donald Trump said he had asked Apple Chief Executive Officer Tim Cook to look into helping develop telecommunications infrastructure for 5G wireless networks in the United States. "They have it all - Money, Technology, Vision & Cook!" Trump tweeted, without elaborating on how he expects the iPhone maker to contribute. Apple is not known to have made any investments in 5G telecoms infrastructure to date and is yet to release a 5G device. This is not the first time Trump has used his Twitter account to address Cook. In one of his latest tweets, Trump, who uses a government-issued iPhone, lamented the loss of the home button on some iPhone models because it forced users to swipe upward, rather than tap a button to unlock the phone. Separately, Apple and Intel on Wednesday filed an antitrust lawsuit against Fortress Investment Group, alleging the SoftBank Group unit stockpiled patents to hold up tech firms with lawsuits demanding as much as \$5.1 billion. To read more, [click here](#)

Fiat Chrysler brushes off GM lawsuit, sees Peugeot deal by year end

Fiat Chrysler (FCA) brushed off a shock lawsuit from General Motors (GM) and said it was confident of

reaching a binding merger deal with Peugeot owner PSA Group by the end of this year to create the world's fourth largest carmaker. FCA said the suit, seeking substantial damages, was "meritless" and appeared intended to disrupt the Italian-American company's planned \$50 billion merger with France's PSA. "The GM lawsuit will be dealt with in appropriate places, but as we've said already it is absolutely groundless and so it does not worry us," FCA Chairman John Elkann told reporters at a strategy briefing for Exor, the holding company of the Agnelli family which is FCA's largest shareholder. "Looking at how teams are working, both in FCA and PSA, I am encouraged to say that between now and year-end, we'll have a binding memorandum signed," he added.

Xerox threatens hostile bid unless HP opens its books

Xerox threatened to take its \$33.5 billion buyout bid for HP hostile, if the personal computer maker did not agree to a "friendly" discussion and open its books before Nov. 25. HP on Sunday rejected Xerox's offer of \$22 per share, saying it undervalued the company, and that it was open to exploring its own bid for the U.S. printer maker. "We are confused by this reasoning in that your own financial adviser, Goldman Sachs & Co, set a \$14 price target with a 'sell' rating for HP's stock after you announced your restructuring plan," Xerox wrote in its letter to HP. "Unless you and we agree on mutual confirmatory due diligence to support a friendly combination by Nov. 25, Xerox will take its compelling case to create superior value for our respective shareholders directly to your shareholders," the company said in the letter.

Tesla picks a fight with Detroit by going after the pickup market

Tesla CEO Elon Musk has talked for years about building an electric pickup truck that would threaten the heart of

the Detroit automakers' profits, and on Thursday he will finally take the wraps off the so-called cyberpunk truck. Analysts expect the Tesla pickup, which Musk has said would combine the performance of a Porsche 911 sports car with the functionality of Ford Motor's industry-leading F-150 full-size truck, to debut in late 2021 or early 2022 with a starting price of under \$50,000. As Musk pushes to take a bite of Detroit's profits, Ford and larger rival General Motors are gearing up to challenge Tesla more directly with new offerings like the Ford Mustang Mach E electric SUV as well as electric pickups. The pickup's introduction will shift Tesla more toward trucks and SUVs, where Detroit's automakers get most of their profits.



REUTERS/Paulo Whitaker

Boeing settles more than half of Lion Air crash lawsuits -lawyer

Boeing has settled more than half of some 118 claims related to the fatal crash of a Lion Air flight on a 737 MAX aircraft in October 2018, attorney Dan Webb said at a court hearing. Webb, a former U.S. attorney and veteran litigator, recently joined Boeing's legal team to defend the company in cases related to the Lion Air crash in Indonesia that killed all 189 on board and another deadly 737 MAX crash on a flight operated by Ethiopian Airlines five months later. Webb said 63 or 64 of the Lion Air cases had settled or were close to settlement. He did not disclose the settlement amount. The second crash, which killed all 157 on board after nose-diving soon after take-off from Addis Ababa in March, led to a global grounding of the Boeing 737 MAX that is still ongoing and a crisis for the world's biggest planemaker.





Fiona Hill, former senior director for Europe and Russia on the National Security Council, takes her seat before she and David Holmes, political counselor at the U.S. Embassy in Kiev, testify to a House Intelligence Committee hearing as part of the impeachment inquiry into U.S. President Donald Trump on Capitol Hill in Washington, November 21. REUTERS/Loren Elliott

Insight and Analysis

COLUMN-U.S. oil refiners trim runs amid weak domestic and export demand: Kemp

U.S. oil refineries have cut their crude processing by almost 100 million barrels so far this year, mostly in response to slack demand at home and overseas. Crude processing in the year-to-date has fallen for the first time since the recession of 2008/09, according to data from the U.S. Energy Information Administration. U.S. refineries have processed 16.61 million barrels per day (bpd) of crude so far in 2019, down from 16.91 million bpd at the same point in 2018 ("Weekly petroleum status report", EIA, Nov. 20). Some of the reduction can be attributed



to the closure of the 335,000 bpd Philadelphia Energy Solutions refinery on the East Coast following an explosion and fire on June 21. East Coast processing has fallen 138,000 bpd (13%) this year, but processing is also down by 147,000 bpd (1.6%) on the Gulf Coast and by 54,000 bpd (2.2%) on the West Coast. Nationwide

processing has fallen by 1.8% compared with 2018, with refineries on the East Coast accounting for less than half the total reduction. Instead, refineries have trimmed crude throughput in line with reduced demand for petroleum products to avoid a build up of unwanted stocks crushing their margins. Nationwide consumption of finished products was down 1.0% in the eight months from January through August, including an 0.5% decline in gasoline and a 1.2% decline in distillates. Total consumption of finished products, including imports, fell by 44 million barrels in January-August compared with the same period a year ago, the first decline since 2012.



CANADA

Market Monitor

Canada's main stock index dipped, as conflicting cues on U.S.-China trade discussions dampened sentiment, but gains in shares of energy and cannabis producers kept losses at bay. The **Toronto Stock Exchange's S&P/TSX Composite index** was down 0.04%, at 16,999.19. The **energy shares** rose 0.95% to 133.77. **Canopy Growth** jumped 15.07% and **Aurora Cannabis**

climbed 18.29%. Meanwhile, a report from payroll services provider ADP showed the country lost 22,600 **jobs in October**, driven by a decline in hiring in education and health care as well as the trade, transportation, utilities, natural resources and mining sectors.

The **U.S. dollar** was 0.16% down at C\$1.3282.

COMING UP

Statistics Canada is expected to show the country's **retail sales** fell 0.1% in September, the same as in August.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Hexo Corp	3.39	0.86	33.99
Aurora Cannabis Inc	4.14	0.64	18.29
Canopy Growth Corp	27.03	3.54	15.07
LOSERS			
OceanaGold Corp	2.25	-0.28	-11.07
Eldorado Gold Corp	10.08	-0.52	-4.91
Seabridge Gold Inc	16.04	-0.80	-4.75

Top News



REUTERS/Blair Gable

Canada's monetary conditions 'about right' given economic situation -Poloz

Bank of Canada Governor Stephen Poloz (*pictured*) said he thought Canada's monetary conditions were about right given the current economic situation that is being challenged by global trade tensions. The central bank was watching to see whether trade uncertainty spilled over and affected confidence within the rest of the economy, Poloz told a business audience during a fireside chat in Toronto. "So where we sit today we're watching this, we think we got monetary conditions about right given the situation," he said.

U.S House Democrats see progress on USMCA, passage still possible this year

U.S. House Democrats said they ironed out some differences with the Trump administration about a trade agreement with Canada and Mexico,

and that Congress could still vote on the deal - one of President Donald Trump's top priorities - this year. House of Representatives Speaker Nancy Pelosi said the two sides made progress during her more than hour-long meeting with U.S. Trade Representative Robert Lighthizer and House Ways and Means Committee Chairman Richard Neal. "We've made progress. I think we're narrowing our differences," she told reporters at the U.S. Capitol. The USMCA deal, which will replace the \$1 trillion North American Free Trade Agreement, or NAFTA, faces opposition from labor unions that worry it will not protect U.S. jobs.

Pot stocks soar as U.S. House committee clears bill on federal weed legalization

Shares of marijuana companies rose after a U.S. congressional committee passed a legislation to decriminalize cannabis, taking it a step closer to being approved by the Democratic-controlled House of Representatives. The bill, which was passed 24 to 10 in the House Judiciary Committee on Wednesday, sent shares of Canopy Growth, Aurora Cannabis, Aphria and Tilray up. The latest bill, which has more than 50 co-sponsors, enables

states to set their own policies while allowing to expunge federal marijuana convictions and arrests.

Propane shortage looms as strike at Canada's biggest railroad enters third day

Shippers scrambled to shift freight onto trucks as a strike at Canadian National Railway, entered its third day and left many goods stranded. The strike over working conditions has slowed output at industrial plants making chemicals, canola oil and other products. It has also held up deliveries of propane, used to heat homes in some provinces and to fuel crop dryers for farmers.

Catalyst seeks financing to top Hudson's Bay deal-sources

Catalyst Capital Group is seeking financing for a bid for Saks Fifth Avenue owner Hudson's Bay that would top a C\$1.9 billion deal the retailer reached last month to sell itself to a consortium led by the department store operator's executive chairman, Richard Baker, according to sources. Baker's consortium already owns 57% of Hudson's Bay, and it has informed the company it would block a sale to another party.



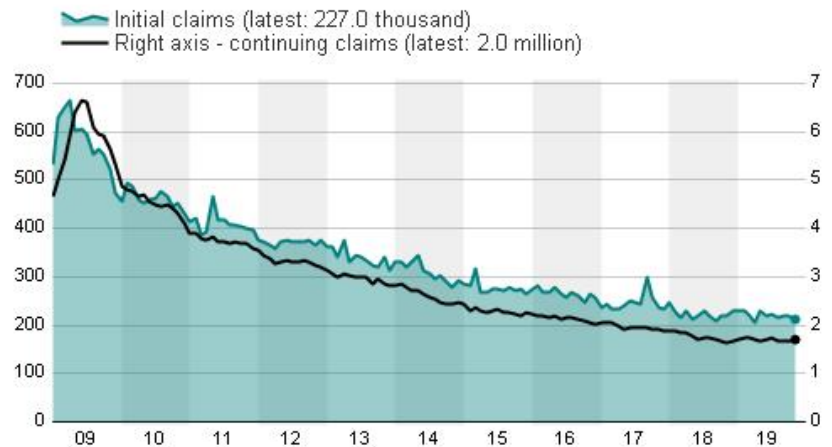
WEALTH NEWS

ECONOMIC DATA

U.S. labor market, manufacturing data point to slowing economy

The number of Americans filing applications for unemployment benefits was unexpectedly unchanged at a five-month high last week, suggesting some softening in the labor market. While other data showed a mild pick-up in factory activity in the mid-Atlantic region this month, manufacturers reported a sharp slowdown in new orders, shipments and unfilled orders. Initial claims for state unemployment benefits were flat at a seasonally adjusted 227,000 for the week ended Nov. 16, the highest level since June 22, the Labor Department said. Separately, the National Association of Realtors said existing home sales rose 1.9% to a seasonally adjusted annual rate of 5.46 million units in October.

U.S. jobless claims



Source: Refinitiv Datastream — Reuters graphic/Stephen Culp 21/11/2019

BID FOR COTY'S BEAUTY BRANDS

Unilever, Henkel and buyout funds eye bids for Coty's \$7 billion beauty brands –sources

Unilever and Henkel and a series of buyout funds including Advent and Cinven are talking to U.S. cosmetics maker Coty to submit bids for some of its most popular beauty brands, three sources told Reuters.

CLIENT CAPITAL

Bacon's Moore Capital to return client capital after 30 years

Louis Moore Bacon, the billionaire hedge fund manager whose macroeconomic bets on currencies, interest rates and other securities earned his Moore Capital Management LP double-digit returns over 30 years, will stop investing for outside clients, according to a letter sent to investors.

MOVES

Seadrill chairman steps down, company in talks over debt

Seadrill Chairman John Fredriksen, the oil rig firm's top shareholder, is stepping down with immediate effect, the company said, as it holds discussions with lenders about restructuring its massive debts.

OIL SUPPLY CUT

OPEC+ likely to extend oil supply cuts until June - sources

OPEC and its allies are likely to extend existing oil output cuts when they meet next month until mid-2020, with non-OPEC oil producer Russia supporting Saudi Arabia's push for stable oil prices amid the listing of state oil giant Saudi Aramco.

CYBERSECURITY

Cleveland Fed's Mester urges regulators to be more agile on cybersecurity risks

Cleveland Federal Reserve President Loretta Mester said that financial firms and regulators should be more agile and share information to better combat cybersecurity threats.

IPO EFFECT ON BANKS

Alibaba, Aramco share sale bonanza fails to produce fee windfall for banks

A late-year rush of giant global share sales led by Alibaba's \$13 billion Hong Kong listing and Aramco's \$26 billion initial public offering is failing to deliver an equivalent payday for equities bankers.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
J M Smucker	Q2	0700	\$2.12	\$2.13	-	\$1.97

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

The Day Ahead - North America is compiled by Hrithik Kiran Bagade and Sourav Bose in Bengaluru.

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