

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

**Wall Street** ended higher after strong earnings from JPMorgan boosted risk appetite. **Treasury yields** rose as Chinese exports rebounded. The **dollar** fell against the **euro**, while **gold** prices were little changed. **Oil** traded higher as supply cuts from Venezuela and Iran supported perceptions of a tightening market.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26412.27	269.22	1.03	26951.81	21712.53
Nasdaq	7984.16	36.81	0.46	7975.20	6457.13
S&P 500	2907.41	19.09	0.66	2895.95	2443.96
Toronto	16480.53	81.06	0.49	16586.46	13776.88
FTSE	7437.06	19.11	0.26	7477.62	6599.48
Eurofirst	1523.40	2.18	0.14	1530.76	1308.86
Nikkei	21870.56	159.18	0.73	21900.55	19241.37
Hang Seng	29909.76	70.31	0.24	30222.02	24896.87

TREASURIES	Yield	Price
10-year	2.5633	-17 /32
2-year	2.3955	-2 /32
5-year	2.3802	-10 /32
30-year	2.9753	-25 /32

FOREX	Last	% Chng
Euro/Dollar	1.1293	0.38
Dollar/Yen	112.01	0.32
Sterling/Dollar	1.3076	0.17
Dollar/CAD	1.3330	-0.40
TR/HKEX RMB	95.89	0.13

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	63.81	0.23	0.36
Spot gold (NY/oz)	1290.56	-1.78	-0.14
Copper U.S. (front month/lb)	0.0295	0.0006	2.01
CRB Index Total Return	196.53	1.10	0.56

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
Anadarko Petroleum Corp	61.85	15.05	32.15
Walt Disney Co	130.30	13.70	11.75
Pioneer Natural Resources Co	168.29	17.37	11.51
<b>LOSERS</b>			
Anthem Inc	252.33	-23.96	-8.67
National Oilwell Varco Inc	26.92	-2.42	-8.23
UnitedHealth Group Inc	222.80	-12.62	-5.36

## Coming Up - On Monday

**Goldman Sachs Group Inc** is expected to report slightly lower first-quarter profit compared to the year-ago, as trading revenues fell and debt underwriting weakened. Investors will look for commentary on the front-to-back business review, which new CEO David Solomon said may be announced in spring, and an update on the status of talks between the U.S. Department of Justice and the bank over its involvement in the multibillion dollar fraud involving the Malaysia sovereign wealth fund 1MDB.

**Citigroup Inc** is also scheduled to report its first quarter earnings report.

Federal Reserve Bank of Chicago President **Charles Evans** appears on CNBC's "Squawk Box," and speaks on current economic conditions and monetary policy before the New York Association for Business Economics. Separately, Federal Reserve Bank of Boston President **Eric Rosengren** delivers the 33rd Annual Cornelison Distinguished Lecture hosted by Davidson University. The New York Federal Reserve releases its **barometer of business activity in New York state**. The regional Fed's "Empire State" index on current business conditions is expected to have increased to 7 in April from 3.7 in March.



A file photo of the Citigroup Inc logo seen at the SIBOS banking and financial conference in Toronto, Ontario, Canada October 19, 2017. REUTERS/Chris Helgren

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
NY Fed Manufacturing for April	0830	6.70	3.70
Net L-T flows,exswaps for Feb	1600	--	-7.2 bln
Foreign buying, T-bonds for Feb	1600	--	23.0 bln
Overall net capital flows for Feb	1600	--	-143.7 bln
Net L-T flows,inclusion swaps for Feb	1600	--	-19.7 bln

# Coming Up - Week Ahead

**Bank of America Corp**, the second largest US bank, will report first quarter earnings on Tuesday. Investors will be looking for evidence that the bank can continue to improve its profitability ratios amid a slowing economy and fewer interest rate hikes. **Morgan Stanley** is expected to report on Wednesday that first quarter revenues rebounded from the end of last year, as higher trading revenues and investment management fees offset a decline in investment banking fees. Investors will be listening for an update on the firm's succession plans, after it was announced that CEO James Gorman's second-in-command President Colm Kelleher will retire in June. **Bank of New York Mellon** is expected to report its first quarter results on Wednesday, before markets open. The company is expected to report a fall in profit compared to the year-ago quarter. Slower equity markets activity in the quarter following the market turmoil in December is expected to weigh on income from fees.

**Johnson & Johnson** is expected to report a fall in first-quarter profit on Tuesday as some of its older drugs face competition from cheaper copycat versions. Investors will look out for comments on its medical devices and consumer products units and initial uptake of its recently approved depression drug Spravato. **Abbott Laboratories** is expected to report a higher first quarter profit on Wednesday, helped by demand for its glucose monitoring and heart devices. Investors will focus on commentary on the diabetes landscape and comments on its generic drugs business, which has been under pressure due to volatility in emerging markets.

**UnitedHealth Group Inc**, the largest U.S. health insurer, is expected to report a higher first-quarter profit on



A file photo of a Bank Of America sign pictured in the Manhattan borough of New York August 21, 2014. REUTERS/Carlo Allegri

Tuesday driven by the strength in its Optum services business. Investors will focus on commentary on the proposed drug rebate rule and the increased scrutiny PBMs have faced in recent weeks.

A flurry of economic data is due next week, including **manufacturing output** on Tuesday, **international trade data** on Wednesday, **weekly jobless claims** and **retail sales data** on Thursday and housing start numbers on Friday. Economists polled by Reuters forecast **manufacturing production** rising 0.2 percent in March from a fall of 0.4 percent in February. February trade deficit likely widened to \$53.5 billion from \$51.1 billion in the month before. **Initial claims for state unemployment benefits** are expected to have risen 9,000 to a seasonally adjusted 205,000 for the week ended April 13. According to a Reuters survey of economists, retail sales likely rebounded 0.8 percent in March from a drop of 0.2 percent in February. **Housing starts** likely increased to a seasonally adjusted annual rate of 1.236 million units in March.

**BlackRock Inc**, the world's largest asset manager, is expected to post first -quarter results on Tuesday. Wall Street analysts expect the company to have benefited from a sharp rebound in financial markets during the quarter. Investors will be focused on pricing/fee pressures and will be keen to hear more about BlackRock's growth plans after the sweeping organizational overhaul that the company recently announced. **Blackstone Group** reports earnings for the first three months of 2019 on Thursday. The value of Blackstone's private equity holdings may have benefited from a rising stock market in the quarter.

On Tuesday, Federal Reserve Bank of Dallas President **Robert Kaplan** participates in a moderated question-and-answer session before a community forum hosted by the Federal Reserve Bank of Dallas's El Paso Branch. On Wednesday, Federal Reserve Bank of Philadelphia President **Patrick Harker** speaks on the economic outlook before a Greater Vineland Chamber of Commerce luncheon and Federal Reserve Bank of

# Coming Up - Week Ahead

St. Louis President **James Bullard** gives presentation on the U.S. economy and monetary policy before the 28th Annual Hyman P. Minsky Conference. On Thursday, Federal Reserve Bank of Atlanta President **Raphael Bostic** participates in conversation on the economic outlook and monetary policy before the Economic Roundtable of Jacksonville.

**American Express** is expected to report its first quarter results on Thursday, before markets open. The company is expected to report a rise in profit, despite spending more on rewards to customers. Investors will be looking for the company to register a growth in revenue and to beat profit estimates, after a rare miss last quarter.

On Tuesday, **Netflix Inc** is expected to post a rise in international subscribers in its first quarter, as original shows such as "Sex Education" and "Fyre Festival" pulled in users.

**Schlumberger Inc** is expected to post a drop in first-quarter profit on Thursday as U.S. shale producers reduce drilling activity to focus on earnings growth. Investors will look out for commentary on U.S. production activity and signs of growth in Schlumberger's international business, which hasn't fully recovered from the 2014 slump in crude oil prices.

**PepsiCo** is expected to report a rise in first-quarter sales on Wednesday, driven by higher demand for beverage and snacks in North America. However, its international business is likely to show a drop in sales, hurt by currency fluctuations and ongoing geopolitical tensions. Investors will also watch for the management's comments on investments in advertising and its



A file photo of a man standing near an IBM logo at the Mobile World Congress in Barcelona, Spain, February 25, 2019. REUTERS/Sergio Perez

impact on annual profit.

**IBM Corp** is expected to report a drop in first-quarter revenue on Tuesday as tapering sales of its latest mainframes more than offset demand for its newer businesses such as cloud, analytics, software and services.

**United Continental Holdings Inc** is expected to report higher revenue and profit for the first-quarter on Tuesday, as the carrier benefits from strong demand for air travel. United has warned that the use of larger aircraft on routes previously flown by Boeing Co's grounded 737 MAX jets is costing the airline money in the short-term. Investors will look for comments on the impact from the groundings and the outlook for the second quarter.

**Honeywell International Inc** is expected to report lower first-quarter revenue on Thursday, as the company has divested certain of its businesses. Honeywell is benefiting from robust demand for its aircraft parts and warehouse automation equipment. Investors will look for comments on possible disruption to operations from the groundings of Boeing's 737 MAX aircraft.

**Omnicom Group Inc** is expected to report a fall in quarterly revenue on Tuesday, hurt by a cut in marketing

expenditure of several U.S. clients and intensifying competition.

**The Travelers Companies Inc** plans to report its first-quarter 2019 results on Thursday, before the market opens. Analysts will be looking for signs of whether the insurer is taming some profit concerns in its commercial auto business, driven by higher bodily injury costs. A call with analysts will follow.

**New York international Auto Show** begins on Friday. Automakers will debut new models and auto dealers will gather for a conference. The U.S. auto industry is bracing for sales declines in 2019, as well as trade tensions that could threaten imported German and Japanese vehicles popular in the coastal states.

On Wednesday, **Statistics Canada** is expected to report **consumer prices** rose 0.6 percent in March, down from a 0.7 percent increase in February. Other economic events in Canada for the coming week include manufacturing sales to be announced on Tuesday, trade balance on Wednesday and retail sales on Thursday.

## LIVECHAT- FX WEEK AHEAD

FX Buzz Analyst **Jeremy Boulton** analyses G7 currencies. (0830 ET/ 1130 GMT on Monday) To join the conversation, [click here](#)





# Market Monitor

**Stocks** closed near record highs after the largest U.S. bank, JPMorgan Chase, soothed worries that the first-quarter earnings season would curb Wall Street's big rally back from last year's slump. "I think people were heading into this earnings season fearing the beginning of an earnings recession. The JPMorgan news has given them a little bit of hope," said Robert Pavlik, chief investment strategist, senior portfolio manager at SlateStone Wealth LLC in New York. "I would liken it to someone drifting on a raft and seeing land." **JPMorgan** shares rose 4.66 percent, while **financials** rose 1.92 percent to 450.62. **Walt Disney** shares jumped 11.53 percent after the media company priced its upcoming streaming service. Streaming rival **Netflix** fell 4.49 percent. The **Dow Jones** rose 1.03 percent to 26,412.27, the **S&P** gained 0.66 percent to 2,907.41 and the **Nasdaq Composite** added 0.46 percent to 7,984.16. For the week, Dow Jones fell 0.05 percent, S&P 500 rose 0.51 percent and Nasdaq gained 0.57 percent.

**Treasury yields** rose to three-week highs as investors put money into riskier assets after data showed Chinese exports rebounded in March, easing concerns about global economic growth. "This move in yields is driven largely by stronger data out of China overnight," said Bill Merz, head of fixed income research at U.S. Bank Wealth Management in Minneapolis. Data showed that China's exports rose 14.2% in March from a year earlier, although imports contracted for a fourth straight month. **Benchmark notes** were down 17/32 to yield 2.5633 percent and **30-year bonds** were down 24/32 to yield 2.9745 percent.

**Oil prices** rose as involuntary supply cuts from Venezuela and Iran plus



Traders work on the floor at the New York Stock Exchange (NYSE) in New York, U.S., April 9, 2019. REUTERS/Brendan McDermid

conflict in Libya supported perceptions of a tightening crude market, while upbeat Chinese economic data eased concerns about waning crude demand. "Equities are getting off to a good start with earnings season and the dollar index being weaker helps reaffirm confidence in the oil market," said Phil Streible, senior commodities strategist at RJO Futures in Chicago. **Brent crude** was up 0.93 percent at \$71.49 a barrel. **U.S. West Texas Intermediate** was 0.31 percent higher at \$63.78 a barrel.

The **dollar** weakened against the **euro** as the common currency climbed in a move dealers said may have been driven by anticipated currency demand arising from a Japanese bank's plans to purchase a German multi-billion dollar aviation finance business. Signs of economic stabilization in China and a strong start to U.S. corporate

earnings season boosted demand for riskier assets, leaving the dollar to turn in its worst weekly performance against the euro in four weeks. The **euro** was 0.39 percent higher against the **dollar** at \$1.1294. The **dollar index** was down 0.22 percent at 96.96.

**Gold** prices were little changed as the **dollar** weakened although the metal's advances were capped by stronger equities. "We're recovering a little bit after yesterday's big sell-off. The **dollar** strength really hurt precious metals and we're seeing some of that reverse with most currencies running a little higher versus the dollar this morning," said Chris Gaffney, president of world markets at TIAA Bank. **Spot gold** fell 0.14 percent to \$1,290.57 per ounce. **U.S. gold futures** increased 0.03 percent to \$1,293.70 an ounce.

# Top News

## Chevron to buy Anadarko for \$33 billion in shale, LNG push

Chevron said it will buy oil and gas producer Anadarko Petroleum for \$33 billion in cash and stock in a deal that doubles down on its bet on U.S. shale and LNG as U.S. energy production shatters records. The deal makes Chevron the second-largest major by crude production, behind Exxon Mobil, up from fourth. It expands Chevron's reach in two areas where U.S. energy output is surging - shale from the Permian Basin of west Texas and New Mexico, and liquefied natural gas (LNG) - which have helped make the U.S. one of the world's largest energy exporters. "Chevron now joins the ranks of the 'ultramajors' - and the big three becomes the big four," said Roy Martin, senior analyst at consultants Wood Mackenzie. "The acquisition makes the majors' peer group much more polarized. Exxon Mobil, Chevron, Shell and BP are now in a league of their own." The combined companies are expected to produce more than 1.6 million barrels of oil equivalent per day (boepd) in the United States this year, according to Wood Mackenzie.

## JPMorgan's solid quarterly profit beats back recession fears

JPMorgan posted a better-than-expected quarterly profit, easing fears that slowing economic growth could weigh on its results. The largest U.S. bank by assets showed strength across its businesses in the first quarter, driven by what Chief Executive Jamie Dimon described as solid U.S. economic growth, moderate inflation and strong consumer and business confidence. Loans in JPMorgan's consumer banking division rose 4 percent from a year ago. Overall revenue rose 4.7 percent to \$29.85 billion. The bank said net income rose to a record \$9.18 billion, or \$2.65 per share, in the quarter ended March 31,

from \$8.71 billion, or \$2.37 per share, a year earlier.

## Wells Fargo's revenue outlook spooks investors

Wells Fargo shares fell after the bank dialed back its net interest income outlook for this year and reported a decline in total quarterly revenue. The lowered outlook comes at a time of uncertainty for the fourth-largest U.S. lender following the abrupt departure of former Chief Executive Tim Sloan last month. Interim CEO Allen Parker said on Friday he was working on improving relations with regulators and making the bank more efficient but acknowledged "we have more work ahead of us." Finance chief John Shrewsbury reaffirmed that the lender was on track to hit its 2019 cost target. But the longer-term outlook is less certain, since the bank suspended its expense targets for 2020 after Sloan's exit. Wells Fargo's net income applicable to common stock rose to \$5.51 billion, or \$1.20 per share, from \$4.73 billion, or 96 cents per share, a year earlier. But on an adjusted basis, the bank earned \$1.03 per share, short

of analyst expectations for an adjusted profit of \$1.09 per share, according to IBES data from Refinitiv. Shares of the company were 2.62 percent lower at \$46.49.

## Bristol-Myers says shareholders vote to approve Celgene takeover

Bristol-Myers Squibb's shareholders voted to approve the drugmaker's \$74 billion acquisition of biotech Celgene despite a campaign by activist hedge fund Starboard Value LP to scuttle the deal. The company said investors holding 75.7 percent of the shares voted were in favor of the deal in a preliminary count. "We, from a management perspective, from a board perspective, truly believe this is the right transaction for us," Bristol-Myers Chief Executive Giovanni Caforio told reporters after the vote. "The focus is on us right now to execute on the integration and then deliver the value of the combined portfolio, to confirm that the new company will deliver significant value for shareholders," he said. Celgene said separately in a statement that its shareholders representing more than 70 percent of its shares



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

outstanding who were entitled to vote, voted in favor of the transaction. The companies expect the deal to close in the third quarter.

### David Einhorn's Greenlight says Tesla 'on the brink' of failure

David Einhorn's Greenlight Capital renewed criticism of Elon Musk and Tesla, saying the electric car company appeared to be "on the brink" of failure again, according to a letter sent to clients of the hedge fund. The letter cited a lack of demand, "desperate" price cuts, layoffs, "closing-and-then-not-closing" stores, closing service centers, slashing capital expenditures, rushed product announcements and "a new effort to distract investors from the demand problem with hyperbole over TSLA's autonomous driving capabilities." "We believe that right here, right now, the company appears to again be on the brink," the letter said. Greenlight is short Tesla stock, recently a profitable bet. Tesla's share price declined from \$332.80 to \$279.86 in the first quarter. Tesla did not immediately reply to a request for comment.

### PNC Financial sees higher second-quarter net interest income

PNC Financial Services said it expects second-quarter net interest income and fee revenue to be higher than first quarter. Second-quarter interest income is expected to rise in low-single digits, and fee income in mid-single digits, the bank said on a post-earnings conference call with analysts. Earlier on Friday, the U.S. lender - one of the largest by assets - just about met first quarter profit estimates, as provisions for bad loans and a rise in expenses overshadowed growth in loans and higher interest income. Net income attributable to shareholders stood at \$1.20 billion in the reported quarter ended March 31, up 2.7 percent from a year ago. Earnings per share came in at \$2.61, in line with analysts' expectations.

### Merck KGaA clinches \$6.5 billion Versum takeover in bet on electrochemicals

Germany's Merck KGaA sealed a \$6.5 billion takeover deal with Versum Materials after overturning a deal it had agreed with rival bidder Entegris. A bet on a recovery in electronic materials markets for semiconductor makers, the transaction will boost the share of profit that diversified Merck derives from high-tech chemicals to 27 percent from 19 percent previously. Merck, also maker of pharmaceuticals and biotech production gear, this week won the backing of Versum's board for its \$53-per-share offer, lifted from \$48 previously, having been spurned for weeks. "The business combination is expected to significantly strengthen Merck's Performance Materials business sector, creating a leading electronic materials player focused on the semiconductor and display industries," it said in a statement. Merck's swoop comes amid depressed stock prices in the volatile semiconductor industry after demand for mobile devices slowed and prices for memory chips sank.

### BlackRock trims CEO Larry Fink's pay for 2018 -filing

BlackRock cut total compensation for Chairman and Chief Executive Officer Larry Fink by 4.3 percent in 2018, according to a filing. Fink was awarded \$26.5 million in compensation last year, compared with \$27.7 million in 2017, based on a calculation of his pay in line with U.S. Securities and Exchange Commission guidelines. Going by a set of calculations BlackRock prefers, Fink's total compensation for the year fell 14 percent to \$24 million. The figures differ because BlackRock reports some incentive pay in a different year. "BlackRock's Board of Directors and I both believe that the performance of our stock price should be a factor in determining the compensation of our senior

executives," Fink, who is often quoted for his views on the markets and corporate governance and has been listed among the world's best CEOs by the newspaper Barron's, said in the filing.

### Fiat Chrysler CEO sees acceleration as year goes on

Fiat Chrysler gave an upbeat forecast for 2019 after a tricky end to last year and a slow start to this one, confirming the carmaker was on track to meet its targets and easing fears of a slowdown on the North American market. Speaking at a time when deal talk is bubbling again in the industry, Chairman John Elkann told investors the Italo-American group was ready to play a part in the "new and exciting" era for the auto industry. He also struck a positive tone on the short-term outlook. "Despite the (fact that the) second part of 2018 included trade difficulties in some areas that persisted in the first part of this year, we forecast a significant improvement in the second half of 2019," Elkann said. Chief Executive Michael Manley, who took up his post last July, said the group's operating performance this year would exceed the record results posted in 2018.

### Campbell to sell Bolthouse Farms for \$510 million

Campbell Soup said it would sell its Bolthouse Farms business to an affiliate of private equity firm Butterfly Equity for \$510 million, in the U.S. food company's first major sale as part of its cost-cutting divestiture plan. With the completion of the deal, expected by July 2019, Campbell will have divested its entire fresh division, it said. In February, it agreed to sell salsa maker Garden of Eatin' to a unit of Frito-Lay. Butterfly said its operating partner Jeff Dunn will take the role of chief executive officer at Bolthouse Farms.





Women stand together al-Hol displacement camp in Hasaka governorate, Syria, April 2. REUTERS/Ali Hashisho

## Insight and Analysis

### Inside SoftBank's push to rule the road

SoftBank's leader Masayoshi Son has much bigger ambitions for transportation than simply seeing his investment in Uber turn into more than \$13 billion when the company goes public next month. The Japanese entrepreneur is placing a \$60 billion bet in more than 40 companies in a bid to steer the \$3 trillion global automotive industry now dominated by vehicles people own. They show how Son has emerged as one of the power players trying to influence how people and goods move about the world in the coming decades.

### Cufflinks and the Caribbean: How Virgin Galactic kept space tourists' interest and money

Virgin Galactic's goal to fly tourists into space as early as this summer is about 12 years later than initially promised by its founder, Sir Richard Branson. But many of its customers, including Gisli Gislason, aren't sweating it. Right up there with a few minutes in space on Gislason's bucket list is his time on earth with other space enthusiasts and Branson, a fellow adrenaline junkie. "It's more than just a trip to space, it's a huge, ongoing event," said Icelandic ticket holder Gislason.

### Russia cashes in as European oil refiners pay for U.S. sanctions

European refiners are paying the price for U.S. oil sanctions on Venezuela and Iran as they scramble to replace the sour crude Washington has blocked from the global market with increasingly expensive Russian oil, trading sources said and data showed. Compounding the impact of sanctions, OPEC members have mainly cut sour crude output as part of their deal with allied producers to boost oil prices while a large, new refinery, designed to run on sour oil, has just started up in Turkey. U.S. output is soaring and exports are set to jump later this year.



## CANADA

## Market Monitor

Canada's main stock index rose, after a jump in oil prices.

The **Toronto Stock Exchange's S&P/TSX Composite index** closed 0.49 percent up at 16,480.53. The **financial sector** closed 0.66 percent higher at 303.71, while the **energy sector** ended 0.95 percent up at 163.94.

The **U.S. dollar** was 0.40 percent down against its **Canadian counterpart** at C\$1.3330.



## COMING UP—ON MONDAY

No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
<b>GAINERS</b>			
Canopy Growth Corp	56.39	2.94	5.50
Encana Corp	10.07	0.50	5.22
Crescent Point Energy Corp	5.62	0.26	4.85
Vermilion Energy Inc	35.12	1.10	3.22
<b>LOSERS</b>			
Bausch Health Companies Inc	33.09	-1.65	-4.75
Torex Gold Resources Inc	13.46	-0.53	-3.79
MAG Silver Corp	12.98	-0.48	-3.57
Canada Goose Holdings Inc	64.01	-2.12	-3.21

## Top News

### Canada home prices drop in March for sixth straight month - Teranet

Canadian home prices fell in March for the sixth straight month as most major markets weakened, data showed. The Teranet-National Bank Composite House Price Index, which measures changes for repeat sales of single-family homes, showed prices fell 0.3 percent last month from February. It was just the second March decline in the index's 20-year history - the only other March fall was in 2009 amid a recession during the global financial crisis, Marc Pinsonneault, senior economist at National Bank of Canada, said in a news release. Prices fell in seven of the 11 markets in the index, led by a 1.5 percent drop in the capital region of Ottawa-Gatineau. In Victoria, British Columbia's capital city, prices were down 1.1 percent, with Vancouver prices down 0.5 percent. Canada's once-hot housing market has softened

since the start of last year, as tighter mortgage rules and five interest rate hikes from the Bank of Canada since July 2017 have curbed buyer spending power. Prices rose 1.5 percent in March on an annual basis, led by a 5.5 percent increase in Montreal and a 5.2 percent increase in Ottawa-Gatineau.

### Canada's Trudeau isn't talking about it, but legal pot is going well

Long lines formed on a sub-zero morning last week to buy marijuana over the counter from three different shops in Ottawa, the first capital in the industrialized world to open them. Though the day highlighted the realization of Prime Minister Justin Trudeau's promise to legalize cannabis during his 2015 campaign, neither he nor anyone else from the ruling Liberal party was out taking credit for it - a sign that the social stigma around marijuana is still strong. "Canadians are accepting

of legalization, but I don't think they're celebratory," said Peter Donolo, a political strategist at Hill + Knowlton and communications director for former Liberal Prime Minister Jean Chretien. Aside from difficulty keeping up with demand, legalization has gone smoothly. Online pot sales to adults began nationally on Oct. 17, but storefronts only opened in the province of Ontario, which includes the capital, on April 1. Six months before a national election, polls show Liberals deadlocked or trailing the rival Conservative Party, and Trudeau is being cautious about weed. Though Conservative leader Andrew Scheer has said he would not reverse legalization if elected, he has repeatedly expressed worries about safety - especially around people driving while high - and has said more young people might try marijuana now.



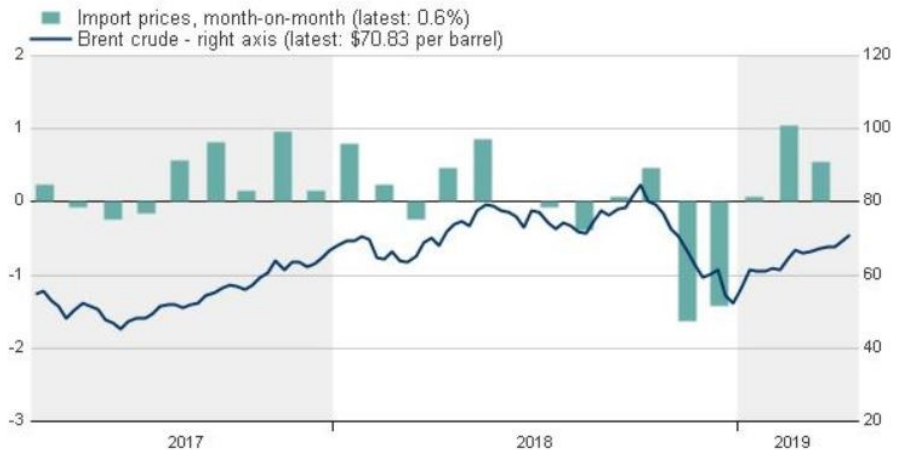
# WEALTH NEWS

## ECONOMIC REPORT

### U.S. import prices rise for third month

U.S. import prices increased for a third straight month in March, driven by higher fuel prices, but the underlying trend remained soft. The Labor Department said import prices rose 0.6 percent last month, boosted by increases in the costs of fuels and industrial supplies. Data for February was revised higher to show import prices rising 1.0 percent. Petroleum prices rose 4.7 percent in March, slowing from February's 9.7 percent gain. Industrial supplies and materials were up 2.7 percent. Export prices rose 0.7 percent in March, after rising by the same margin in February. Export prices rose 0.6 percent on a year-on-year basis in March after rising 0.3 percent in February.

## U.S. import prices and oil



Source: Thomson Reuters Datastream — Reuters graphic/ Stephen Culp 4/12/2019

## IMF FUNDING

### U.S. opposes more IMF funding, at odds with other stakeholders

The United States repeated its opposition to increasing overall funding and shareholding quotas for the International Monetary Fund, putting it at odds with other stakeholders on the need to boost the global lender's resources and update its governance.

## EXCLUSIVE

### EU tariffs to target 20 billion euros of U.S. imports - diplomats

The European Commission has drawn up a list of U.S. imports worth around 20 billion euros that it could hit with tariffs over a transatlantic aircraft subsidy dispute, EU diplomats said.

## WALL STREET WEEK AHEAD

### Industrials' gains put to test as earnings ramp up

Investors betting on industrial stocks this year have been rewarded, with the group among the best-performing sectors so far, but that strength will be tested in the coming weeks as companies.

## TRADE TALKS

### Mexico, U.S. to discuss NAFTA replacement, border delays

Mexican government and business leaders meet with their U.S. counterparts for a second straight day, seeking to hasten ratification of a trade deal, resolve border delays that are hurting exporters, and discuss metals tariffs.

## GLOBAL ECONOMY

### Growth stumbling but central bank arsenals are near-empty

Global economic growth is slowing, according to the International Monetary Fund, policymakers and hundreds of economists polled by Reuters - but that downturn is coming at a time when central banks' arsenals are running on empty.

## GE TO PAY FINE

### GE to pay \$1.5 billion U.S. fine over crisis-era subprime mortgages

General Electric will pay a \$1.5 billion civil fine to resolve a long-running U.S. probe into defective subprime mortgages from its former WMC Mortgage unit prior to the 2008 global financial crisis.

## ON THE RADAR

Events	ET	Poll	Prior
<b>Tue:</b> Industrial production mm for March	0915	0.2 pct	0.1 pct
Capacity utilization SA for March	0915	79.1 pct	78.2 pct
Manufacturing output mm for March	0915	0.1 pct	-0.4 pct
Industrial production YoY for March	0915	--	3.54 pct
NAHB Housing Market Index for April	1000	63	62
<b>Wed:</b> International trade for Feb	0830	-\$53.5 bln	-\$51.1 bln
Goods trade balance (R) for Feb	0830	--	--
Wholesale inventory, R mm for Feb	1000	0.5 pct	--
Wholesale sales mm for Feb	1000	--	0.5 pct
<b>Thu:</b> Initial jobless claims	0830	205,000	196,000
Jobless claims 4-week average	0830		207,000
Continued jobless claims	0830	1.720 mln	1,713 mln
Philly Fed Business Index for April	0830	10	13.7
Philly Fed 6M Index for April	0830	--	21.80
Philly Fed Capex Index for April	0830	--	19.50
Philly Fed Employment for April	0830	--	9.60
Philly Fed Prices Paid for April	0830	--	19.70
Philly Fed New Orders for April	0830	--	1.90
Retail sales ex-autos mm for March	0830	0.7 pct	-0.4 pct
Retail sales mm for March	0830	0.9 pct	-0.2 pct
Retail ex gas/autos for March	0830	--	-0.6 pct
Retail control for March	0830	0.4 pct	-0.2 pct
Retail sales YoY for March	0830	--	2.73 pct
Markit Composite Flash PMI for April	0945	--	54.6
Markit Manufacturing PMI Flash for April	0945	52.7	52.4
Markit Services PMI Flash for April	0945	55.0	55.3
Business inventories mm for Feb	1000	0.4 pct	0.8 pct
Leading index change mm for March	1000	0.4 pct	0.2 pct
<b>Fri:</b> Building permits: number for March	0830	1.300 mln	1.291 mln
Build permits: change mm for March	0830	--	-2 pct
Housing starts number for March	0830	1.236 mln	1.162 mln
House starts mm: change for March	0830	--	-8.7 pct

## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Citigroup	Q1	BMO	\$1.80	\$1.80	\$1.68	\$18,633.87
Goldman Sachs Group	Q1	BMO	\$5.01	\$4.89	\$6.95	\$8,994.19
J B Hunt Transport Services	Q1	AMC	\$1.24	\$1.26	\$1.07	\$2,208.13
M&T Bank	Q1	BMO	\$3.30	\$3.30	\$2.96	\$1,509.66

\*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.

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For questions or comments about this report, email us at: [TheDay.Ahead@thomsonreuters.com](mailto:TheDay.Ahead@thomsonreuters.com).

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