

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street rallied and **Benchmark Treasury yields** rose on news of potential German economic stimulus. The **dollar** rose against the **euro**, while **gold** prices fell. **Oil** prices rose but downbeat OPEC outlook capped gains.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	25887.08	307.69	1.2	27398.68	21712.53
Nasdaq	7895.99	129.38	1.67	8339.64	6457.13
S&P 500	2888.68	41.08	1.44	3027.98	2443.96
Toronto	16149.79	137.26	0.86	16672.71	13776.88
FTSE	7117.15	50.14	0.71	7727.49	6599.48
Eurofirst	1456.14	17.68	1.23	1554.34	1308.86
Nikkei	20418.81	13.16	0.06	22362.92	19241.37
Hang Seng	25734.22	238.76	0.94	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.5555	-9 /32
2-year	1.4824	1 /32
5-year	1.4202	0 /32
30-year	2.0335	-40 /32

FOREX	Last	% Chng
Euro/Dollar	1.1091	-0.14
Dollar/Yen	106.32	0.20
Sterling/Dollar	1.2146	0.51
Dollar/CAD	1.3266	-0.32
TR/HKEX RMB	92.33	0.10

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	54.91	0.44	0.81
Spot gold (NY/oz)	1513.40	-9.55	-0.63
Copper U.S. (front month/lb)	0.0259	0.0000	0.41
CRB Index Total Return	179.19	0.40	0.22

S&P 500	Price	\$ Chng	% Chng
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GAINERS			
General Electric Co	8.79	0.78	9.68
NVIDIA Corp	159.56	10.79	7.25
Westinghouse Air Brake Technologies Corp	66.61	4.30	6.90

LOSERS			
Alliance Data Systems Corp	138.69	-13.81	-9.06
TripAdvisor Inc	37.99	-0.46	-1.20
Applied Materials Inc	46.63	-0.53	-1.12

Coming Up - On Monday

Cosmetics company **Estee Lauder Companies Inc** is expected to post a rise in fourth-quarter revenue, boosted by growing demand for its skin care products such as Clinique, and La Mer. Investors will look out for comments on impact of the ongoing U.S.-China trade tensions and the Hong Kong protests on its Asia-Pacific business.

Chinese search engine operator **Baidu Inc** is expected to report a more than 70% plunge in second-quarter profit.

Chile's gross domestic product (GDP) data for second-quarter is scheduled for release. The country's GDP grew 1.6% in the first quarter of 2019.

KEY ECONOMIC EVENTS

No major events are scheduled.

Coming Up - Week Ahead

Home improvement chain **Home Depot Inc** on Tuesday is expected to report a rise in its second-quarter same-store sales as its expanding line of professional equipment brings in more high-spending builders and handymen. Investors will also pay close attention to any commentary the company gives on the effects of potential tariffs and the outlook for the U.S. home building market this year. On Wednesday, **Lowe's Co Inc**, like larger rival Home Depot, is also expected to report a rise in second-quarter same-store sales, boosted by customers spending more to spruce up their homes in a sluggish U.S. housing market. On the same day, **Nordstrom Inc's** second-quarter revenue and profit are expected to fall, as the company continues to increase promotions in stores to attract shoppers in a tough retail market. Though Nordstrom Rack, the company's off-price channel, is likely to

show growth, focus will be on its mainstream business. Investors will also look for any updates on the Nordstrom family's push to gain more control of the company by increasing their stake, as reported by media.

Salesforce.com Inc is expected to report a rise in second-quarter revenue on Thursday, helped by rising demand for its cloud-based products. The software maker has been spending billions in buying companies like Tableau and Israel-based ClickSoftware to fight off rivals such as Microsoft, Oracle and SAP. Investors will look for forecast and revenue from its flagship product, Sales Cloud.

On Wednesday, the **Federal Open Market Committee** is scheduled to issue minutes from its July 30-31 meeting. The **European Central Bank** is scheduled to publish the account of

its July 24-25 policy meeting on Thursday, at which it raised the possibility of further interest rate cuts, money printing and a reprieve from its penalty charge on bank deposits.

Medtronic Plc will report first-quarter earnings on Tuesday, when the medical device maker is also expected to raise its full-year profit forecast. Investors will watch for the company's comments on the recent closure of a contract sterilization plant, safety concerns around its drug-coated balloons and updates on the reported cybersecurity risk to some of its insulin pumps.

Big-box retailer **Target Corp** is set to post a ninth consecutive rise in comparable store sales in its second quarter on Wednesday, benefiting from its investments in store remodeling and delivery services. Target has been beefing up its online business, while enticing customers to visit its stores with a revamped loyalty scheme and pick-up in store options. With growing U.S.-China trade tensions, how a possible increase in tariffs on all of the Chinese imports would impact the retailer is likely to be a talking point on the conference call.

Federal Reserve Chair **Jerome Powell** is set to deliver remarks at the Jackson Hole Economic Policy Symposium: Challenges for Monetary Policy in Jackson Hole, Wyoming on Friday. Federal Reserve Vice Chair **Randal Quarles** is scheduled to speak on community development at the 10-year celebration for the Utah Center for Neighborhood Stabilization in Salt Lake City on Tuesday.

U.S. luxury homebuilder **Toll Brothers Inc** on Tuesday is expected to post lower third-quarter revenue and profit, partly due to bad weather in North California that hurt home sales. Investors are likely to look for signs of a slowdown in the luxury housing segment amid slowing global economic growth.

On Tuesday, department store operator **Kohls Corp** is expected to post a drop in second-quarter same-store sales, weighed down by weak margins due to excess spring inventory. Analysts and investors will be looking out for the company's comments on the impact of escalating tariffs. On the same day, off-price retailer **TJX Companies Inc** is expected to post a rise in second-quarter revenue and profit as deep discounts drive bargain hunters to its T.J. Maxx and Marshalls stores. Investors will look out for updates on its full-year earnings.

On the U.S. economic calendar, the National Association of Realtors on Wednesday is expected to show **existing home sales** for July have risen 2.5% to a seasonally adjusted annual rate of 5.4 million units, from 5.27 million units in June. On Friday, the Commerce Department is expected to report **new homes sales** rose to 0.647 million units in July, from 0.646 million units in the month before. The Labor Department on Thursday is likely to show **initial jobless claims** for the week ended Aug. 17 fell to 216,000 from 220,000. On the same day, IHS Markit U.S. **manufacturing PMI** is expected to show a reading of 50.5 in August, after reporting a reading of 50.4 for the previous month. Also, IHS Markit U.S. **services PMI** is expected to show a reading of 52.9 in August, following a reading of 53 in July.

Poor performance at **Gap Inc's** namesake brand is likely to hurt the company's second-quarter sales and profit. Still, investors on Thursday will be focusing on the strength and growth of Old Navy, the company's strong suit, where sales are expected to get a boost from new offering at stores.

The three-day summit of **Group of Seven** leaders is set to begin in the French coastal resort of Biarritz on Wednesday. The hot button topics are: Boris Johnson and his Brexit strategy (it may be the first time he meets EU

leaders since becoming PM); Iran nuclear accord and U.S. efforts to drive a wedge through Europe; taxing digital giants. Separately, Canadian Prime Minister **Justin Trudeau** is due to give a speech on foreign affairs ahead of a G7 leaders' summit. Trudeau will most likely address a deepening dispute with China and Ottawa's efforts to persuade allies to take its side.

Royal Bank of Canada is expected to report its third-quarter results on Wednesday. Canada's largest lender is expected to post a rise in adjusted profit. Investors will be looking for commentary around net interest margins, a key profitability metric for banks, and on interest rate outlook.

Statistics Canada on Wednesday is likely to report the country's **annual inflation** to have risen 1.7% in July, after posting an increase of 2.0% in June. Statscan on Friday is likely to report **retail sales** dropped 0.2% in June, after posting a fall of 0.1% in the month before. Canadian **wholesale trade data** for June is scheduled for release on Thursday. Statistics Canada on Tuesday is expected to report **factory sales** dropped by 1.8% in June, after posting a rise of 1.6% in May.

Mexican retail sales data for June is scheduled for release on Wednesday. The sales rose 2.8% in May. The country's national statistics agency INEGI is expected to report the country's **economic activity for second-quarter** on Friday.

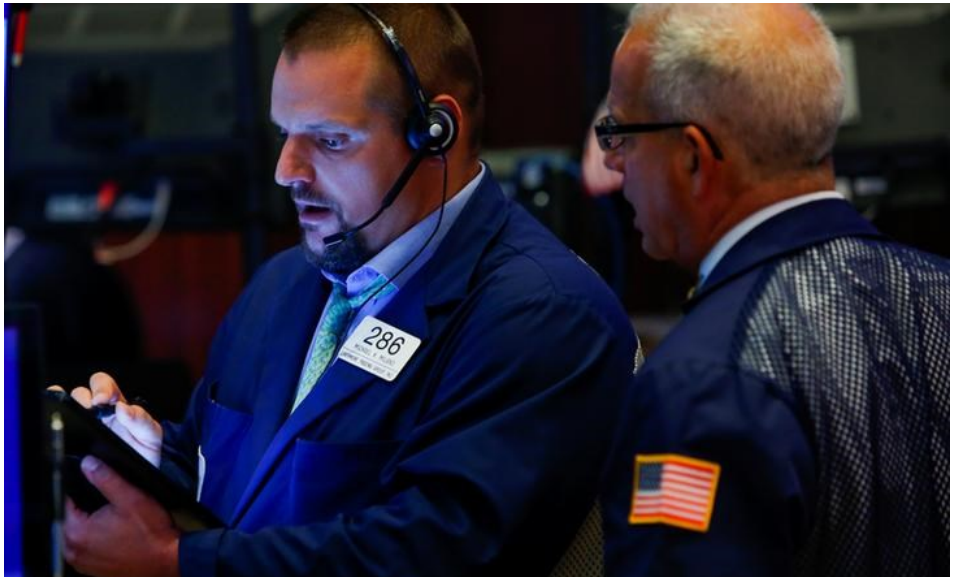
Argentina's statistics agency is expected to report the country's **trade balance** data on Wednesday. Argentine **economic activity** data for June is set for release on Thursday.

LIVECHAT - FX WEEK AHEAD
FX Buzz Analyst **Jeremy Boulton** analyses G7 and select EM currencies. (0730 ET/1130 GMT on Monday) To join the conversation, [click here](#)

Market Monitor

Stocks rebounded as an ebbing bond rally and news of potential German economic stimulus brought buyers back to equities, but major indexes still ended the week with losses. "Germany's willingness to shift away from long-held practices magnifies the fact that the level of economic uncertainty throughout Europe is quite high," said David Carter, chief investment officer at Lenox Wealth Advisors in New York. "It's a bit like the Fed lowering rates more than expected," Carter added. The **technology sector** rose 1.88% to 1370.62. **Nvidia** shares jumped 7.25% on upbeat earnings. **Deere & Co** shares rose 3.82% after reporting earnings. **General Electric** surged by 9.68% after Chief Executive Officer Larry Culp bought nearly \$2 million in shares in the wake of the conglomerate's worst one-day percentage drop in 11 years. The **Dow Jones Industrial Average** ended up 1.2% at 25,887.08, the **S&P 500** gained 1.44% to 2,888.68 and the **Nasdaq Composite** added 1.67% to 7,895.99 at close. For the week, the S&P 500 fell 1.03%, the Dow dropped 1.53%, the Nasdaq lost 0.79%.

Longer dated Treasury yields rose on a report that Germany may be open to running a deficit to boost growth, while stronger stock markets also reduced demand for safe haven debt. Treasury yields jumped after Der Spiegel magazine reported that Germany's right-left coalition government would be prepared to ditch its balanced budget rule and take on new debt to counter a possible recession. **Benchmark notes** fell 11/32 yielding 1.56%. The **30-year bonds** were down 1-8/32 yielding 2.03%. Short dated **2-year notes** were flat to yield 1.49%.



Traders work on the floor at the New York Stock Exchange in New York, U.S., August 14. REUTERS/Eduardo Munoz

The **dollar** was flat after worries tied to trade tensions and a Federal Reserve rate cut weighed on consumer sentiment. "Any downturn in the U.S. economy appeared on a further rather than closer horizon after bullish retail spending data this week suggested America's main growth engine had ample horsepower to extend the record -long expansion," said Joe Manimbo, senior market analyst at Western Union Business Solutions. The **euro** fell 0.14% to \$1.1091. Against a basket of currencies, the **dollar** was higher by 0.06% at 98.2.

Oil prices rebounded from a two-day drop, alongside equities as expectations of further stimulus by central banks helped to ease recession concerns. But oil's gains were capped after the Organization of the Petroleum Exporting Countries trimmed its global oil demand forecast in a downbeat outlook for the rest of 2019 as economic growth slows. The cartel also highlighted challenges in 2020 as rivals pump more, building a case to keep up

an OPEC-led pact to restrain supplies. "OPEC killed the golden goose," said Bob Yawger, director of futures at Mizuho in New York. "We've had some little rallies back into the green, as market tries to follow equities higher, but the fundamentals in the report are so bearish that it caps the rallies." **Brent crude** rose 0.81% to \$58.7 a barrel. **U.S. crude** was up 0.81% at \$54.91 a barrel.

Gold prices fell, as stocks and the dollar firmed on expectations that further stimulus by central banks will help ease recession concerns. "There are lots of demand factors and drivers that are making the incremental gold buyer keep their eyes on the gold market," said Michael Matousek, head trader at U.S. Global Investors. "I anticipate gold pulling into about the \$1,460 level. It's still not breaking trend and that'd probably be a good level for people to start accumulating." **Spot gold** was down 0.65% at \$1,512.99 per ounce. **U.S. gold futures** fell 0.56% to \$1,522.70 an ounce.

Top News

Trump held conference call with big bank CEOs amid market turmoil - source

President Donald Trump held a conference call on Wednesday with the chief executives of the three largest Wall Street banks as financial markets were in turmoil, one source with direct knowledge of the matter said. JPMorgan's Jamie Dimon, Bank of America's Brian Moynihan and Citigroup's Michael Corbat discussed the health of the banking sector with Trump, who was at his resort in Bedminster, New Jersey, the person said. The three CEOs were in Washington at the time of the call with Trump, according to four people with direct knowledge of the matter. They were in the nation's capital to discuss long-sought changes to anti-money laundering and bank secrecy rules with Treasury Secretary Steven Mnuchin, the people said. The meeting with the Treasury had been scheduled several weeks in advance, the people said. At that meeting, the bank executives told Treasury officials they believed the banking sector is in good health, with plenty of liquidity and capital, one person said.

Deere to slash costs after trade war hits earnings

Deere & Co. announced a review of costs after a combination of the U.S.-China trade war and bad weather dented its quarterly profits, forcing the company to trim its full-year earnings forecast for a second time in the past three months. The company said it is assessing its manufacturing footprint as part of the cost structure review. It will reduce production by 20% at its facilities in Illinois and Iowa in the second of half of the year. The cuts will impact the production of large tractors. The cost control measures are estimated to result in \$25 million in savings this year and will be a

centerpiece of its strategy over the next three years, the company told analysts on an earning call. Deere now expects full-year net income of \$3.2 billion on annual sales growth of 4%, lower than the income of \$3.3 billion on sales increases of about 5% projected earlier. For the quarter ended July 28, adjusted profits came in at \$2.71 per share, below \$2.85 per share expected by analysts in a Refinitiv IBES survey. Sales at its agriculture & turf segment, the biggest source of the company's revenues, declined 6% year-on-year during the quarter. Overall, equipment sales were down 3%.

Rental firm walks away from Tesla order after quality dispute

Car rental company Nextmove has walked away from a \$5.55 million order for 85 Tesla Model 3 electric vehicles following a dispute over how to fix quality issues, the German company said. Nextmove said it had ordered 100 electric vehicles in 2018 but raised objections over quality and finish after taking delivery of the first 15 Model 3 cars earlier this year. The rental company said following a dispute over

how to resolve the quality shortcomings, Tesla triggered a refund clause but Tesla disputes that it cancelled the order. Tesla said Nextmove chose not to take delivery of the cars. Nextmove said its Model 3 vehicles had paint defects, faulty wiring, scratches on the dashboard, faulty wheels and condensation in the headlights. Offering faulty vehicles to rental customers would compromise Nextmove's reputation for quality, the German company said. "We believe the customer's decision not to take delivery of its remaining Model 3 orders wasn't entirely due to quality issues, but was largely influenced by their frustration with an unrelated dispute from earlier in the year," Tesla said in a statement, without elaborating further.

Irish regulator near end of first privacy probe, ruling to take months

Ireland's data privacy regulator is close to concluding its first probe into a multinational company under the EU's new privacy laws, likely to involve Facebook's WhatsApp subsidiary, although a formal decision could take months. Ireland hosts the European



A file photo of a 2018 Tesla Model 3 electric vehicle in Cardiff, California, U.S., June 1, 2018.

headquarters of a number of U.S. technology firms. That makes Ireland's Data Protection Commission (DPC), headed by Helen Dixon, the lead regulator in the bloc under the EU's General Data Protection Regulation's (GDPR) "One Stop Shop" regime introduced last year. The Irish Independent newspaper quoted Dixon as saying that her office's first major GDPR decision relating to a multinational firm looked set to be one of two probes it opened into WhatsApp. More than half of the DPC's multinational investigations relate to Facebook, eight directly focusing on the U.S. social media giant, plus the two into WhatsApp and one into Facebook-owned Instagram.

AbbVie prices new rheumatoid arthritis drug at \$59,000/year

AbbVie has priced its new rheumatoid arthritis treatment at \$59,000 a year after gaining U.S. approval, a big boost for the drugmaker struggling with rising competition for Humira, its blockbuster therapy for the same condition. A four-week supply of Humira, the world's best-selling medicine, has a list price of about \$5,174, amounting to more than \$60,000 for a year. However, the list price is not necessarily what patients actually pay as "out-of-pocket" costs vary based on the duration of the treatment and individual healthcare plans. The newly approved treatment, Rinvoq, belongs to a class of medicines known as JAK inhibitors that block inflammation-causing enzymes called Janus kinases and will be available later this month.

Amazon.com defeats IRS appeal in U.S. tax dispute

Amazon.com defeated an appeal by the U.S. Internal Revenue Service in what the online retailer has called a \$1.5 billion dispute over its tax treatment of transactions with a Luxembourg subsidiary. In a 3-0 decision, the 9th U.S. Circuit Court of Appeals in Seattle upheld a 2017 ruling by the U.S. Tax Court related to

intangible assets that Amazon.com transferred in 2005 and 2006 to the unit, Amazon Europe Holding Technologies SCS. Intangible assets include such items as customer lists, intellectual property and software. The appeals court rejected a broader definition sought by the IRS that would have boosted Amazon.com's tax bill. Amazon.com has said it chose Luxembourg for its European headquarters because of its central location, and because it had Europe's lowest value-added tax rate and a relatively low corporate tax rate.

Democratic, Republican lawmakers back \$8 billion F-16 sale to Taiwan

Congress should move quickly with an \$8 billion sale of F-16 fighter jets to Taiwan as China "seeks to extend its authoritarian reach" over the region, leading U.S. Democratic and Republican lawmakers said. Senate Foreign Relations Committee Chairman Jim Risch, a Republican, said in a statement that he welcomed the sale of Lockheed Martin's F-16 jets to boost Taiwan's "ability to defend its sovereign airspace, which he said is "under increasing pressure" from China. The deal "sends a strong message" about U.S. commitment to security and democracy in the region, House of Representatives Foreign Affairs Committee Chairman Eliot and Michael McCaul, the panel's ranking Republican, said in a joint statement.

U.S. judge urges VW, SEC to resolve civil Dieselgate suit

A federal judge in California urged the U.S. Securities and Exchange Commission and Volkswagen to resolve a civil suit stemming from its Dieselgate emissions scandal. U.S. District Judge Charles Breyer in San Francisco, who earlier had questioned why the agency waited two years to sue the automaker, said he was putting the suit on hold until Oct. 4. "I want you to spend the next month or so seeing if you can resolve this case," Breyer said, adding he was temporarily halting the

case and ordering both sides "to sit down and see if you can work it out because whatever you work out today would be less expensive to everybody than what you would work out in the future." The SEC filed a civil suit in March accusing Volkswagen and its former chief executive, Martin Winterkorn, of defrauding investors in U.S. bond offerings. Breyer cited a California SEC case that found any penalty could be reduced to account for other criminal or civil payments and he referenced the massive U.S. diesel costs VW has paid to date.

Buyout firms KKR, Blackstone among bidders for Philippine hospitals group -sources

KKR, Blackstone and CVC are among bidders competing for a stake in the hospital unit of Philippines' Metro Pacific Investments, people with knowledge of the matter told Reuters. Metro Pacific Investments, which has interests in power, water and other sectors, has said it plans to sell a 40% stake in Metro Pacific Hospitals at a valuation of \$2-\$2.5 billion, marking the country's biggest healthcare deal. The bidders are, however, valuing the hospital unit at about \$1.5-\$2 billion, pegging the valuation at 15 to 20 times next year's estimated core profit of the unit, the people said.

FDA approves Celgene's bone marrow cancer treatment

The U.S. Food and Drug Administration approved Celgene's Inrebic to treat certain rare forms of bone marrow cancer called myelofibrosis, making it the second approved drug to treat the disease. Inrebic belongs to a class of drugs known as JAK inhibitors that work by blocking inflammation-causing Janus kinases enzymes. Inrebic's approval comes with a boxed warning, the drug regulator's harshest, that flags concerns such as serious and fatal brain damage. Analysts said Inrebic's approval does not pose a meaningful threat to Jakafi, which generated \$1.4 billion in revenue for Incyte in 2018.



A full moon rises behind the Temple of Poseidon in Cape Sounion, near Athens, Greece, August 15. REUTERS/Michalis Karagiannis

Insight and Analysis

FEATURE-U.S. surfboard makers not so stoked about China tariffs

President Donald Trump's decision to slap 10% tariffs on imported surfboards convinced surf executive Sue Bowers to move factory jobs out of China - but not back to the United States, which was one goal of Trump's tariffs. Strict environmental rules and steep labor costs have sent scores of Southern California surfboard manufacturers to China. Now, the tariffs have Bowers and other executives searching for factories in places such as Thailand and Vietnam. "This was Surf City," said Bowers, general manager of Southern California Sports Industries in Orange County.

COLUMN-U.S. auto sector outlook is softening: Kemp

U.S. motor manufacturing has been a rare bright spot amid a worldwide slowdown in the auto sector and a cooling in the rest of U.S. industry, but there are signs U.S. automakers could now be running into headwinds as well. U.S. automakers had a tough time in the second half of 2018 and the first four months of 2019, but output, employment and sales all started to pick up from the end of April. U.S. automakers and dealers successfully pushed through further price rises, extending a trend that started in early 2018. But price increases have started to run into consumer resistance.

DEALTALK-Alibaba and the \$15 billion question: Amid Hong Kong's protests, when to list?

Hong Kong's political unrest is posing a dilemma for Alibaba on the timing of its planned \$15 billion listing in the city, with sources saying China's biggest e-commerce company is now considering several timetables. New York-listed Alibaba was most likely to launch the offer as early as the third quarter, sources have said. But not a word was mentioned by Alibaba on the Hong Kong listing when it released estimate-beating earnings on Thursday nor did the offer come up in the hour-long discussion with analysts after the results.



CANADA

Market Monitor

Canada's main stock index rose, as expectations of further stimulus from global central banks eased concerns of an economic slowdown.

The **Toronto Stock Exchange's S&P/TSX composite index** ended 0.86% higher at 16,149.79.

The **energy sector** climbed 1.04% to 122.26 as oil prices edged higher and the **financials sector** gained 0.97% to 292.62.

The **U.S. dollar** was 0.32% lower against its **Canadian counterpart** at C\$1.3266.



REUTERS/Mark Blinch

COMING UP - ON MONDAY

No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Crescent Point Energy Corp	3.98	0.26	6.99
Interfor Corp	12.86	0.80	6.63
CannTrust Holdings Inc	2.79	0.15	5.68
Chorus Aviation Inc	7.53	0.38	5.31
Enerplus Corp	8.63	0.43	5.24
LOSERS			
Semafo Inc	4.82	-0.32	-6.23
OceanaGold Corp	3.26	-0.17	-4.96
MAG Silver Corp	15.41	-0.78	-4.82
Sandstorm Gold Ltd	7.98	-0.38	-4.55
SSR Mining Inc	20.67	-0.92	-4.26

Top News

DEALTALK-Bid for Inter Pipeline highlights Canada's oil sector bright spot

A recent unsolicited bid for Inter Pipeline has highlighted the potential of Canada's midstream companies to offer insulation from volatile oil prices. "The entire energy infrastructure space is significantly undervalued and under-appreciated," said Rob Thummel, senior portfolio manager at Tortoise Capital, one of Inter Pipeline's biggest shareholders. "They own and operate critical assets and generate fee-based cash flows that are essential." Inter Pipeline, with a C\$10 billion market value, confirmed on Aug. 9 that it received an unsolicited takeover bid, but said it was not in talks to sell. Inter Pipeline is also positioned to benefit from the broader energy sector's particular problems of congested pipelines and low-valued gas, Chief Financial Officer Brent Heagy said in an interview. "Sometimes there's opportunity when everybody sees

difficulty," Heagy said, adding that ultimately constrained export pipelines limit growth for all players.

Canada to pay dairy farmers hurt by trade deals as election nears

Canada will spend C\$1.75 billion over eight years to compensate dairy farmers facing greater competition due to free trade deals, Prime Minister Justin Trudeau's (pictured) government said, attempting to satisfy an influential group of voters two months before a national election. The payments to dairy farmers recognize sales they have lost after trade pacts were struck with the European Union and Pacific nations, Agriculture Minister Marie-Claude Bibeau said in an announcement made at a dairy farm in Compton, Quebec. Bibeau said Trudeau's government will make no further dairy market-access concessions in other trade negotiations. Of Canada's aid to dairy farmers, C\$345 million will be paid



REUTERS/Andrej Ivanov

directly to farmers in the first year based on the size of their production quotas, Bibeau said. The trade pacts have eroded a Canadian system of production quotas and high tariffs designed to support prices of dairy, poultry and eggs. As part of its EU and 11-nation Comprehensive and Progressive Agreement for Trans-Pacific Partnership trade deals, Canada agreed to allow greater imports into the Canadian market while retaining its supply management system.

WEALTH NEWS

EXCLUSIVE

Fed's Mester weighing argument for U.S. rate cut

Cleveland Fed President Loretta Mester, who opposed the Fed's recent rate cut, is considering whether to support such a move now given risks that a U.S.-China trade war and global slowdown could derail the economy.

ECONOMIC REPORT

U.S. housing market mired in weakness; consumer sentiment ebbs

U.S. homebuilding fell for a third straight month in July amid a steep decline in the construction of multi-family housing units, but a jump in permits to a seven-month high offered hope for the struggling housing market. Housing starts dropped 4.0% to a seasonally adjusted annual rate of 1.191 million units last month, the Commerce Department said. Single-family homebuilding, which accounts for the largest share of the housing market, increased 1.3% to a rate of 876,000 units in July, the highest level in six months. Building permits surged 8.4%, the largest gain since June 2017, to a rate of 1.336 million units in July.



Source: Refinitiv Datastream — Reuters graphic/ Stephen Culp 8/16/2019

Click on the chart for a detailed graphic

WALL STREET WEEK AHEAD

Lower rates could boost housing stocks, but risks remain

Lower U.S. interest rates could help support outperforming U.S. homebuilder stocks, even as they raise worries about the economy, while a bonanza of industry data and Federal Reserve speakers next week are likely to help shape the outlook.

OIL OUTLOOK

OPEC sees bearish oil outlook for rest of 2019, points to 2020 surplus

OPEC delivered a downbeat oil market outlook for the rest of 2019 as economic growth slows and highlighted challenges in 2020 as rivals pump more, building a case to keep up an OPEC-led pact to curb supply.

BIOFUEL WAIVERS

Trump intervention triggered EPA's surprise biofuel waiver decision -sources

A phone call from U.S. President Donald Trump last week ended a nearly two-month-long review of the nation's biofuels program, three sources familiar with the matter said, with the White House siding in favor of oil refiners over corn growers.

GRAPHIC

Take Five: Fed in a hole

On Wednesday, the U.S. Federal Reserve releases the minutes of its last meeting, revealing what policymakers said about the flattening Treasury yield curve and the strength of support for July's quarter-point rate cut.

SANCTIONS

China-owned oil tanker changes name in apparent effort to evade U.S. sanctions

While in the Indian Ocean heading toward the Strait of Malacca, the very large crude carrier Pacific Bravo went dark on June 5, shutting off the transponder that signals its position and direction to other ships, ship-tracking data showed.

ON THE RADAR

Events	ET	Poll	Prior
Wed: Existing home sales for Jul	1000	5.40 mln	5.27 mln
Existing home sales percentage change for Jul	1000	2.5%	-1.7%
Thu: Initial jobless claims	0830	216,000	220,000
Jobless claims 4-week average	0830	--	213,750
Continued jobless claims	0830	--	1.726 mln
Markit Composite Flash PMI for Aug	0945	--	52.6
Markit Manufacturing PMI Flash for Aug	0945	50.5	50.4
Markit Services PMI Flash for Aug	0945	52.9	53.0
Leading index change mm for Jul	1000	0.2%	-0.3%
KC Fed Manufacturing for Aug	1100	--	-6
KC Fed Composite Index for Aug	1100	--	-1
Fri: Build permits number for Jul	0800	--	1.336 mln
Build permits R change mm for Jul	0800	--	8.4%
New home sales-units for Jul	1000	0.647 mln	0.646 mln
New home sales change mm for Jul	1000	-0.2%	7.0%

KEY RESULTS - ON MONDAY

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Estee Lauder Companies	Q4	0645	\$0.54	\$0.53	\$0.61	\$3,527.24

*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 Yoganand KN and Pathikrit Bandyopadhyay in Bengaluru.

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