

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street extended losses on trade and economic growth fears, while **Treasuries** rose. The **dollar** weakened as Fed rate cut bets increased. **Oil** prices gained a day after recording their biggest daily drop. **Spot gold** edged down, while **gold futures** rose.

| STOCKS | Close | Chng | %Chng | Yr-high | Yr-low |
|-----------|----------|---------|-------|----------|----------|
| DJIA | 26485.01 | -98.41 | -0.37 | 27398.68 | 21712.53 |
| Nasdaq | 8004.07 | -107.05 | -1.32 | 8339.64 | 6457.13 |
| S&P 500 | 2932.04 | -21.52 | -0.73 | 3027.98 | 2443.96 |
| Toronto | 16271.66 | -105.38 | -0.64 | 16672.71 | 13776.88 |
| FTSE | 7407.06 | -177.81 | -2.34 | 7727.49 | 6599.48 |
| Eurofirst | 1489.18 | -37.66 | -2.47 | 1554.34 | 1308.86 |
| Nikkei | 21087.16 | -453.83 | -2.11 | 22362.92 | 19241.37 |
| Hang Seng | 26918.58 | -647.12 | -2.35 | 30280.12 | 24896.87 |

| TREASURIES | Yield | Price |
|------------|--------|---------|
| 10-year | 1.8469 | 13 / 32 |
| 2-year | 1.7138 | 1 / 32 |
| 5-year | 1.6598 | 3 / 32 |
| 30-year | 2.3820 | 43 / 32 |

| FOREX | Last | % Chng |
|-----------------|--------|--------|
| Euro/Dollar | 1.1105 | 0.20 |
| Dollar/Yen | 106.56 | -0.72 |
| Sterling/Dollar | 1.2150 | 0.16 |
| Dollar/CAD | 1.3214 | 0.02 |
| TR/HKEX RMB | 93.12 | -0.06 |

| COMMODITIES (\$) | Price | Chng | % chng |
|------------------------------|---------|---------|--------|
| Front Month Crude /barrel | 55.23 | 1.28 | 2.37 |
| Spot gold (NY/oz) | 1440.36 | -4.70 | -0.32 |
| Copper U.S. (front month/lb) | 0.0257 | -0.0010 | -3.63 |
| CRB Index Total Return | 182.15 | 0.59 | 0.32 |

| S&P 500 | Price | \$ Chng | % Chng |
|------------------------------|--------|---------|--------|
| GAINERS | | | |
| Newell Brands Inc | 15.34 | 1.91 | 14.22 |
| Fortinet Inc | 86.05 | 7.03 | 8.90 |
| Sealed Air Corp | 44.32 | 3.17 | 7.70 |
| LOSERS | | | |
| NetApp Inc | 46.04 | -11.67 | -20.22 |
| Arista Networks Inc | 244.44 | -27.78 | -10.21 |
| LyondellBasell Industries NV | 76.11 | -5.38 | -6.60 |

Coming Up - On Monday



Logo of Marriott hotel is seen in Vienna, Austria April 9, 2018. REUTERS/Heinz-Peter Bader

Marriott International Inc is expected to report a higher second-quarter profit helped by higher room prices. Investors will look for an update on its 2019 RevPar forecast- a key revenue measure, amid concerns of a global economic slowdown.

Meat producer **Tyson Foods Inc** is expected to report a rise in third-quarter sales, boosted by higher demand for chicken and pork. Investors will watch out for the impact of African swine fever, a fatal hog disease that is spreading in China and other Asian

countries on the company's earnings.

Videogame maker **Take-Two Interactive Software Inc** is expected to report a rise in first-quarter revenue driven by robust digital sales of its games. Investors and analysts will be watching out for the company's slate of games for the year.

According to economists polled by Reuters, the Institute for Supply Management's (ISM) **non-manufacturing index** likely increased to a reading of 55.5 in July.

KEY ECONOMIC EVENTS

| Events | ET | Poll | Prior |
|--|------|------|-------|
| Markit Composite Final PMI for July | 0945 | -- | 51.6 |
| Markit Services PMI Final for July | 0945 | -- | 52.2 |
| Employment Trends for July | 1000 | -- | 109.5 |
| ISM N-Manufacturing PMI for July | 1000 | 55.5 | 55.1 |
| ISM N-Manufacturing Business Activity for July | 1000 | 58.3 | 58.2 |
| ISM N-Manufacturing Employment Index for July | 1000 | -- | 55.0 |
| ISM N-Manufacturing New Orders Index for July | 1000 | -- | 55.8 |
| ISM N-Manufacturing Price Paid Index for July | 1000 | -- | 58.9 |

Coming Up - Week Ahead

Walt Disney Co is expected to post a rise in its third-quarter revenue on Tuesday, helped by the success of "Avengers: Endgame", the end of a decade-long superhero series, and a drop in profit due to costs incurred to build digital services. Investors will look out for comments on the company's streaming service "Disney+", expected to launch in November.

On Thursday, **Uber Technologies Inc** is expected to post a rise in its second-quarter revenue as a public company on Thursday. Investors will be looking out for comments on the company's timeline on turning a profit and updates on the recent protests by drivers against low pay and working conditions. On Wednesday, **Lyft Inc** too is expected to post a rise in its second-quarter revenue as a public company, helped by more riders using its platform. Investors will be looking out for comments on the company's timeline on turning a profit and partnerships which Lyft plans to have with other companies as it looks to take on bigger rival Uber.

U.S. insurer **American International Group Inc** will report second-quarter results after markets close on Wednesday. Investors are waiting to see if the company will continue to show a profit in its general insurance unit, a goal that CEO Brian Duperreault has said he expects AIG to achieve through year-end.

Federal Reserve Bank of St. Louis President **James Bullard** gives a presentation on the U.S. economy and monetary policy before a National Economists Club luncheon, in Washington on Tuesday. Federal Reserve Bank of Philadelphia President **Patrick Harker** gives introductory remarks before conference, "Neuroeconomics and

REUTERS/Lucy Nicholson



The entrance to Walt Disney studios is seen in Burbank, California, U.S., August 6, 2018.

Financial Decision Making: Foundations and Applications in New Domains," in Philadelphia on the same day. On Wednesday, Federal Reserve Bank of Chicago President **Charles Evans** hosts a media breakfast with on-the-record conversation on the economy, in Chicago.

A Labor Department report on Friday is likely to show **U.S. producer prices** rose slightly for the third straight month, edging up 0.2% in July. In the 12 months through July, the **producer price index** is expected to have risen 1.7%. On Tuesday, Labor Department's monthly **Job Openings and Labor Turnover Survey**, or **JOLTS**, will be released.

On Thursday, **Kraft Heinz Co** is expected to report a big decline in its first-quarter earnings, hurt by soaring commodities costs and lower sales as con-

sumers opt for cheaper, healthier food. This will be new CEO Miguel Patricio's first earnings report; it was delayed by over two months, pending an SEC investigation into some of Kraft Heinz's accounting practices.

Regeneron Pharmaceuticals Inc is expected to report higher second-quarter sales on Tuesday, as its eczema drug Dupixent snaps up approvals for treating different diseases. Investor focus will be on sales of Dupixent and Eylea, the company's biggest revenue generator which has been under pressure from competition, and comments on Regeneron's M&A plans amid widespread industry consolidation.

Endo International Plc is expected to report a fall in second-quarter profit on Tuesday, hurt by a tough generic pricing environment. Investors will look out for more visibility into the company's

opioid-related liabilities and updates on the launch of its cellulite treatment.

On Thursday, media company **Viacom Inc** is expected to post a rise in third-quarter revenue, helped by higher fees from U.S. cable and satellite operators. Investors will be looking for any comments regarding its merger talks with sister company **CBS Corp**, which is also reporting second-quarter results the same day.

CVS Health Corp will report second-quarter earnings on Wednesday, when the company is expected to share details about the performance of its health insurance business, which it acquired as part of a \$69 billion deal for Aetna last year. Investors will also watch for updates on the launch of the company's new HealthHub stores, as well as comments on strategy amid political uncertainty for the sector.

Capri Holdings Ltd is expected to report higher first-quarter revenue on Wednesday, boosted by sales from Versace and Jimmy Choo where it has been spending heavily on expansion and marketing, while demand for its cornerstone Michael Kors brand continues to slow. Investors will look out for the company's plans to catch up with rival handbag makers like Coach and comments on how demand is doing in Europe and China.

Burger chain **Wendys Co** is expected to post a rise in second-quarter revenue and profit on Wednesday, as it attracts more diners with its diverse value menus. Investors will watch out for any comments on full-year forecast and how the company's investments in digital initiatives and online delivery are paying-off.

Symantec Corp is expected to post a rise in its first-quarter revenue on Thursday, months after the cyber security firm in a surprise announcement



The Viacom office is seen in Hollywood, Los Angeles, California, April 24, 2018.

replaced its Chief Executive Officer Greg Clark with director Richard Hill on an interim basis. Investors will be looking out for comments on the company's turnaround strategy and the appointment for a permanent CEO.

On Tuesday, Minnesota-based **Mosaic Co**, a major producer of phosphate and potash fertilizer, reports results from a difficult second quarter when wet conditions made it hard for U.S. farmers to plant crops.

Online lending marketplace **LendingClub Corp** is expected to report its second-quarter results on Tuesday after markets close. The company is expected to post quarterly loss compared with a profit last year.

On Thursday, **Kontoor Brands Inc**, the recently spun-off jeanswear business of VF Corp, is expected to detail how it plans to boost the sales and profitability of its Lee and Wrangler brands, which have so far failed to take

advantage of a resurgent denim trend in the United States.

Videogame publisher **Activision Blizzard Inc** is expected to report a fall in second-quarter revenue on Thursday. Investors will be looking out for the details on how much competition is it facing from free digital games such as Fortnite and PlayerUnknown's Battlegrounds.

Canadian insurer **Manulife Financial Corp** is expected to post a slight rise in its second-quarter profit on Wednesday. Company executives will host a conference call with the analysts on Thursday to discuss the results.

Statistics Canada's jobs report for July will shed light on the strength of labor market on Wednesday. Canada's **housing numbers** are also on the radar next week, with **July housing starts** and **June building permits data** scheduled for release on Wednesday.



Market Monitor

Wall Street extended its sell-off amid renewed trade fears, capping a week where the benchmark **S&P 500** index and the **Nasdaq** saw their worst weekly percentage plunges since December, when investors were spooked by the prospect of a looming recession. Second quarter earnings season has passed its halfway mark, with 380 of the companies in the S&P 500 having reported. Of those, 73.9% have beaten analyst expectations. **Technology companies**, which get a sizeable portion of their revenue from China, were the hardest hit, down 1.68% to 1,386.07. This sector was weighed by iPhone maker Apple and chipmakers. The **Philadelphia Semiconductor index** slipped 1.56% to 1,488.43, while shares of **Apple** fell 2.12%. The **Dow Jones Industrial Average** fell 0.37% to 26,485.01, the **S&P 500** lost 0.73% to 2,932.05 and the **Nasdaq Composite** dropped 1.32% to 8,004.07. For the week, the **S&P 500** fell 3.1%, the **Dow** lost 2.60% and the **Nasdaq** shed 3.92%.

Treasury prices rose as fears about the escalating U.S.-China trade war offset reassuring U.S. labor market data. "The market is going to lead the Fed to lower rates because of trade frictions. Domestic data are not going to do it," said Robert Tipp, chief investment strategist at PGIM Fixed Income in Newark, New Jersey. The **benchmark 10-year notes** rose 13/32 to yield 1.85%. The **30-year bonds** were up 1-11/32 to yield 2.38%. The **dollar** fell as news of slower U.S. employment growth in July and heightened U.S.-China trade tensions



REUTERS/Brendan McDermid

Traders work on the floor at the New York Stock Exchange in New York, U.S., August 2.

fueled expectations that the Federal Reserve would cut interest rates again in September. The **dollar index** was down 0.29% at 98.08. The **dollar** fell 0.70% against the **Japanese yen** to 106.58 yen.

Oil prices gained, a day after recording their biggest daily drop in several years on U.S. President Donald Trump's vow to impose more tariffs on Chinese imports. "The market is still digesting the impact of the tariffs on oil markets, but given China has been taking very little U.S. crude year-to-date, we see little scope for the tariffs to directly impact market fundamentals," RoboResearch Commodities Strategist Ryan Fitzmaurice said in a note. **Brent crude futures** for August delivery were

at \$61.35 a barrel, up 1.40% per barrel. **WTI crude futures** for August delivery were at \$55.23 a barrel, rising 2.37% per barrel.

U.S. gold futures rose as the dollar retreated on lackluster U.S. jobs data. Gold has been supported by a "big push by global major central banks to lower interest rates in light of deteriorating macro conditions," INTL FCStone analyst Edward Meir said. "The one thing restraining gold a little was the strength in the dollar, but with the dollar weaker today, it seems to have opened up some running room for gold on the upside." **U.S. gold futures** were 1.43% higher at \$1,452.90 per ounce, while **spot gold** fell 0.32% to \$1,440.36 per ounce.

Top News

China vows fight against Trump's latest tariffs as stocks sink

China vowed to fight back against U.S. President Donald Trump's abrupt decision to slap 10% tariffs on the remaining \$300 billion in Chinese imports, a move that ended a month-long trade truce. China's new ambassador to the United Nations, Zhang Jun, said Beijing would take "necessary countermeasures" to protect its rights and bluntly described Trump's move as "an irrational, irresponsible act." "China's position is very clear that if U.S. wishes to talk, then we will talk, if they want to fight, then we will fight," Zhang told reporters in New York, also signalling that trade tensions could hurt cooperation between the countries on dealing with North Korea. Retaliatory measures by China could include tariffs, a ban on the export of rare earths that are used in everything from military equipment to consumer electronics, and penalties against U.S. companies in China, according to analysts.

Exxon Mobil profit sinks, Chevron rises as both boost output

Weaker second-quarter refining and chemicals profits offset surging U.S. shale production at U.S. oil majors Exxon Mobil and Chevron, the two reported. Chevron earnings rose 26%, in line with forecasts, as it benefited from a one-time, \$1-billion breakup fee from Anadarko Petroleum, which accepted a higher bid from Occidental Petroleum after agreeing to sell itself to Chevron. Exxon's net income fell to \$3.13 billion, or 73 cents per share, in the second quarter, from \$3.95 billion, or 92 cents per share, last year. "Pretty weak quarter from them once again," said Jennifer Rowland, analyst with Edward Jones. Exxon's chemicals business fell to a loss in the United States for the first time in at least three years and earnings have declined for

five quarters in a row. It collected lower profits from refining due to higher costs and lost production at several plants. Chevron's Permian Basin production rose 50% from the same period a year ago and is overall output hit 3.08 million barrels per day, up 9% from a year ago and a record level. Chevron does not "need to do a deal" in the Permian, said Pierre Breber, chief financial officer, who noted that the company has moved in the past when it saw an opportunity.

U.S. tariff threat may compound Apple's iPhone woes – BofA

Apple could see a hit to its annual earnings from U.S. President Donald Trump's newly proposed 10% tariff on Chinese imports from Sept. 1, analysts from Bank of America Merrill Lynch said. "Our back of the envelope math suggests the impact (of the new tariffs) will be roughly \$0.50-\$0.75 (annualized per share) hit to earnings with roughly \$0.30-\$0.50 from iPhones," the

brokerage said. The BofA note also provided for the possibility that Apple might raise prices of iPhones by around 10%, reducing demand by 20% or around 10 million units.

Google to allow rival search engines to compete on Android - at a price

Alphabet's Google will allow rivals to compete to be the default search engines on new Android devices in Europe, but they will have to pay for the privilege. In its latest proposal to ward off fresh EU antitrust penalties, Google announced plans to auction spots on a "choice screen" from which users will select their preferred search engine. Google said in a blog post that users in Europe will, from early 2020, be able to pick a default search engine from four options, including Google, when they set up a new Android smartphone or tablet. Rival search engines can apply to join Google among the four options in separate auctions for each individual country. In



A file photo of boxes of iPhones purchased by customers pictured next to an iPhone XS on display at the Apple Store in Singapore, September 21, 2018. REUTERS/Edgar Su

the event that fewer than three search providers meet or exceed the bid threshold, Google will fill any remaining slots randomly from a pool including those that asked to take part in the auctions but did not submit bids. "It's Google's way of creating a new revenue stream while giving rivals an option. Basically they are complying with the EU order in the letter but not in the spirit," said Ecosia, which describes itself as an ethical search engine that uses profits to plant trees.

Amazon says French digital tax will hit consumers, small firms

Amazon said it would pass on the cost of a new French digital tax to consumers and business partners, warning that the measure could make it harder for some small businesses in France to compete against foreign rivals. The French Senate voted last month to approve a 3% levy on tech giants' revenue from digital services earned in France, riling U.S. President Donald Trump, who threatened to impose retaliatory duties on French wine. "We are not in a position to absorb an additional tax based on revenue rather than profit," Amazon said in a statement, citing tough competition in the "low-margin retail sector" and its significant investment in digital tools and services. Meanwhile, Amazon.com is in talks with Reliance Industries Ltd's retail unit to buy a stake in India's biggest brick-and-mortar retailer, two sources with knowledge of the talks told Reuters. To read more, [click here](#)

Levi's slims down China supply chain exposure as trade war rages on

Levi Strauss & Co has been "deliberate and diligent" in moving production out of China because of uncertainty hanging over tariffs on goods imported from China, Chief Executive Officer Chip Bergh said in an interview with Reuters. Just 1% or 2% of Levi's product sold in the United States are

manufactured in China, Bergh said, compared to 16% two years ago. The on-again, off-again nature of the U.S. tariffs on Chinese goods had created uncertainty for many U.S. retailers, Bergh said. "Every day is a new day," he said. "Sometimes it looks like it's definitely going to happen and then other days you think it's off, it's not going to happen."

Sprint loses fewer-than-expected phone subscribers

Sprint reported fewer-than-expected losses in quarterly net phone subscribers who pay a monthly bill, as the U.S. wireless carrier's cheaper plans helped it retain customers amid its pending merger with larger rival T-Mobile US. The company said it lost a net 128,000 phone subscribers during the first quarter. Analysts were expecting a net loss of 150,000 subscribers, according to research firm FactSet. Sprint reported a net loss attributable to the company of \$111 million, or 3 cents per share, in the quarter, compared with a net income of \$176 million, or 4 cents per share, a year earlier.



Burger King owner dishes up profit beat as new products boost traffic

Restaurant Brands International's quarterly profit beat expectations, as product launches including the plant-based Impossible Whopper drew diners to Burger King, and its investments abroad paid off. Restaurant Brands said Burger King was seeing strength outside of the United States, particularly in China, India, Brazil and Spain. Comparable

sales at Burger King, the largest business of Restaurant Brands, rose 3.6% in the second quarter. Sales at Tim Hortons and Popeyes Louisiana Kitchen increased 0.5% and 3%. On an adjusted basis, the company earned 71 cents per share, while analysts on average had estimated 65 cents, according to IBES data from Refinitiv.

Campbell confirms sale of Australian snacks unit Arnott's to KKR for \$2.2 billion

Campbell Soup confirmed that it signed a deal to sell its Australian snacks unit Arnott's and some of its international operations to KKR & Co for \$2.2 billion as the U.S. company works on reducing debt. Campbell and KKR will enter into a long-term licensing arrangement for the exclusive rights to use certain Campbell brands, including Campbell's, Swanson, V8, Prego, Chunky and Campbell's Real Stock, in Australia, New Zealand, Malaysia and other select markets, the company said.

U.S. to give tentative approval for expanded Delta, Air France, Virgin JV -source

U.S. Transportation Secretary Elaine Chao is set to grant tentative approval for an expanded transatlantic joint venture including Delta Air Lines, Air France KLM and Virgin Atlantic, a source briefed on the matter said. The expanded joint venture would replace two previously approved arrangements in the U.S.-United Kingdom and U.S.-Continental Europe markets and will allow for additional benefits like more options on European flights, the person said. The U.S. Department of Transportation is set to issue an order tentatively granting the joint venture antitrust immunity and will require the carriers to report annually on commercial cooperation efforts and provide a detailed assessment after five years, added the source, who could not speak for attribution because the decision was not yet public.



A soldier with the 3rd Brigade Combat Team 101st Airborne Division (Air Assault) throws a practice grenade during Expert Infantryman Badge training at Fort Campbell, Kentucky. U.S., July 25. REUTERS/Bryan Woolston

Insight and Analysis

COLUMN-U.S. labour demand is starting to cool: Kemp

U.S. non-farm employment is at record levels but there are signs demand for labour is starting to soften in parts of the economy most exposed to manufacturing and international trade. The total number of non-farm jobs rose 1.49% in the three months from May to July compared with the same period a year earlier, according to data published on Friday by the U.S. Bureau of Labor Statistics. But the rate of job creation was the slowest since the period August to November 2017 and before that late 2011, when the economy was still emerging from recession.

COLUMN-Oil plunges as U.S. tariff threat boosts probability of recession: Kemp

Oil prices slumped on Thursday as the United States threatened more tariffs on China and traders concluded the probability of a recession sapping oil consumption had increased. Front-month Brent crude futures slumped more than 7%, a percentage change equivalent to more than 3 standard deviations for all daily price moves since 1990. Futures prices have fallen by 7% or more on only 44 days out of more than 7,500 trading days in the last three decades, suggesting traders were blindsided by the White House move.

COLUMN-Trump and China may think they hold winning trade war hands. They're bluffing: Russell

The latest escalation in the trade dispute between the United States and China shouldn't have come as a surprise as it fits the established path the conflict has taken so far. U.S. President Donald Trump said on Thursday he would impose a 10% tariff on the remaining \$300 billion of Chinese imports from September 1, after talks earlier this week in Shanghai failed to make progress. It's logical to assume that the dispute will eventually reach the stage of 25% tariffs on all trade between the United States and China.



CANADA

Market Monitor

Canada's main stock index fell with the Toronto Stock Exchange's S&P/TSX composite index ending 0.64% lower at 16,271.66.

The **energy sector** dropped 1.98% to 128.18 while the **materials sector** lost 0.97% to 257.35.

The **U.S. dollar** was up 0.02% against its **Canadian counterpart** at C\$1.3213.



COMING UP - ON TUESDAY

No major events are scheduled.

| TSE's S&P/TSX composite | Price | C\$ chng | % chng |
|-------------------------|-------|----------|--------|
| GAINERS | | | |
| Aphria Inc | 9.67 | 2.77 | 40.14 |
| Cronos Group Inc | 18.20 | 1.42 | 8.46 |
| Aurora Cannabis Inc | 8.39 | 0.61 | 7.84 |
| Hexo Corp | 5.79 | 0.40 | 7.42 |
| LOSERS | | | |
| Open Text Corp | 51.26 | -4.97 | -8.84 |
| SNC-Lavalin Group Inc | 17.81 | -1.11 | -5.87 |
| Methanex Corp | 45.18 | -2.44 | -5.12 |
| Aecon Group Inc | 19.51 | -0.91 | -4.46 |

Top News

Canada posts narrower June trade surplus despite falling exports, imports

Canada posted a narrower trade surplus in June, the second in as many months, despite significant declines in exports and imports of crude oil, aircraft and other transportation equipment, official data showed. Statistics Canada reported a surplus of C\$136 million in goods. The agency had reported a trade surplus of \$762 million in May but revised that figure downwards to C\$556 million. Statscan said total Canadian exports in June fell by 5.1% to C\$50.3 billion. Imports dropped by 4.3% to \$50.2 billion, the lowest level since November 2018. "It wasn't a great month, but it's been a very strong quarter," said Stephen Tapp, deputy chief economist at Export Development Canada. "Canadian trade is kind of coming back down to earth after a long string of record-setting performance." Exports of energy products fell 7.4%, Statscan said, while crude exports were down 8.6% - the

first monthly decrease seen this year. Prices declined 13.5% while volumes rose 5.6%. Canada sent 74.8% of its goods exports to the United States in June. Exports to the United States fell 3.9%, largely because of a drop in crude oil, while imports decreased 3.8%. As a result, Canada's trade surplus with the United States narrowed slightly in June, to C\$5.7 billion from C\$5.9 billion in May.

Canadian and Chinese ministers meet amid tensions, pledge to continue talks

Canadian Foreign Minister Chrystia Freeland said she met her Chinese counterpart, Wang Yi, to discuss tensions following Canada's December arrest of a Huawei executive on a U.S. warrant, and the subsequent detention of two Canadians by China. "The fact that we were able to speak and discuss these issues face-to-face, directly with one another, absolutely is a positive step," Freeland said in a teleconference from Bangkok, where

she was attending an annual east Asia summit. Freeland said the two ministers "committed to continued discussions," but she gave few details about their conversation. It was the first encounter between the two since Canada detained Huawei Chief Financial Officer Meng Wanzhou - the daughter of the Chinese company's founder - in December. Beijing is demanding her return. "Minister Wang expressed concerns regarding the extradition process of Meng Wanzhou," Freeland said without elaborating. Freeland said she expressed Canada's concerns over the two men, "who have been arbitrarily detained in China."

Canada's Imperial Oil urges end to production limits as crude inventories abate

Canadian crude producer Imperial Oil is urging the Alberta government to further reduce its limits on output, saying that bloated inventories have dwindled enough, Chief Executive Rich Kruger said. Imperial shipped 64,000



barrels per day (bpd) by rail on average during the second quarter, up from 36,000 bpd in the first quarter. But the company will reduce its rail shipping pace in August and September because the premium for Canadian crude at the U.S. Gulf Coast over Alberta prices is not sufficient due to the government production curbs, he said. The company missed estimates for quarterly profit, as expenses rose and it refined less crude due to maintenance work. Production and manufacturing expenses rose 4.2%, while capital and exploration expenditure surged over 50%. Net profit rose to C\$1.2 billion, or C\$1.57 per share, in the second quarter, from C\$196 million, or 24 Canadian cents, a year earlier, helped by a C\$662 million benefit from Alberta's corporate tax reduction. Excluding items, the company earned 71 Canadian cents per share. Analysts on average had expected a profit of 79 Canadian cents per share, according to IBES estimates from Refinitiv.

Quebec rolls out new credit card rules aimed at lowering high household debt

The Canadian province of Quebec has become the first in the country to require minimum credit card payments as legislators try to tackle rising household debt levels. Effective August 1, banks in Quebec must set a minimum payment of at least 2% of the balance owed on existing cards, the government said in a release. Under the new regulations, the minimum payment will gradually rise to 5% by 2025. For new credit card contracts, the minimum payment cannot be less than 5%, the province said in a release. The new rules follow legislation passed by Quebec's previous Liberal government in 2017. The legislation was designed to reduce household debt by forcing consumers to pay off more than just the interest balance on their credit card.



A file photo of the logo of sponsor Barrick Gold Corporation seen as visitors arrive at the Prospectors and Developers Association of Canada annual convention in Toronto, Ontario, Canada, March 4. REUTERS/Chris Helgren

Barrick allowed to operate Porgera mine, lease extension being considered

Barrick Gold said the National Court of Papua New Guinea had ruled that the miner could continue to operate the Porgera gold mine, while the country's government considers an application to extend the lease for the mine. The government is looking into an application by Barrick Niugini Ltd, a joint venture between Barrick and China's Zijin Mining, for a 20-year extension on Porgera's special mining lease that expires on August 16, the company had said. "I am confident that we shall be able to reach a broad agreement on the terms of the lease extension," Barrick's Chief Executive Officer Mark Bristow said in Thursday's statement.

Canada's Enbridge solicits bids for Mainline oil pipeline amid space crunch

Canadian pipeline company Enbridge said it would invite bids for contracted space on its Mainline system, as shippers compete to move oil on the country's congested pipeline networks. Currently, shippers nominate barrels on a monthly basis, but Enbridge proposes to switch to a system in which shippers

sign long-term fixed volume contracts. The change comes as shippers have complained that the current system is inefficient and as Enbridge seeks to secure volumes ahead of rival projects in the works. "Our new contract offering responds directly to what customers are asking for," Enbridge Chief Executive Al Monaco said on a quarterly conference call. He said the company took nine months to hear shippers' concerns and refine terms, resulting in balanced access for all types of customers.

Hudson's Bay special panel says Chairman Baker's bid inadequate

A special panel of Hudson's Bay reviewing a C\$1.74 billion take-private bid for the retailer, proposed by Chairman Richard Baker and a group of shareholders, said the offer was inadequate based on an initial analysis. The Baker-led consortium, owning 57% of Hudson's Bay, had offered to buy the struggling retailer for C\$9.45 per share in June. Shares have since surged more than 50% and gone past Baker's bid. Activist shareholder Jonathan Litt in June had lambasted the bid as "woefully inadequate" then, saying the company was worth double what the group was offering.



WEALTH NEWS

U.S. ECONOMY

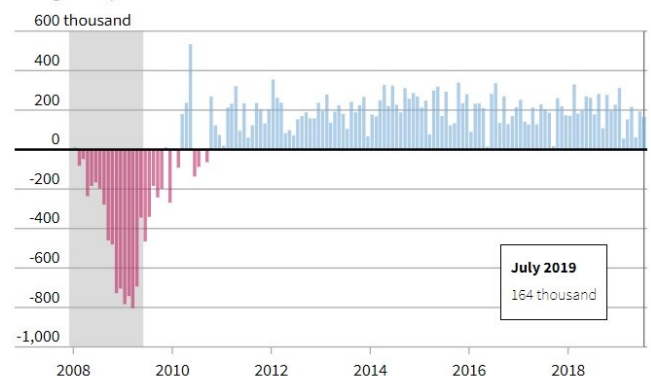
U.S. hiring slows; shorter factory workweek a red flag

U.S. job growth slowed in July and manufacturers slashed hours for workers, which together with an escalation in trade tensions between the United States and China could give the Federal Reserve ammunition to cut interest rates again next month. Nonfarm payrolls increased by 164,000 jobs last month, the government said. The economy created 41,000 fewer jobs in May and June than previously reported. July's job gains were in line with economists' expectations. "The decline in hours worked suggests that employers may be pulling back more than headline hiring would suggest," said Andrew Schneider, a U.S. economist at BNP Paribas in New York. A measure of hours worked, which is a proxy for gross domestic product, fell 0.2% in July, pointing to weak output. Job gains over the last three months averaged 140,000 per month, the fewest in nearly two years, compared to 223,000 in 2018.

U.S. Employment

NONFARM PAYROLLS

Change from previous month



Source: Thomson Reuters Datastream

By Matthew Weber | REUTERS GRAPHICS

Click on the chart for a detailed and interactive graphic

FED RATE CUTS

Trade war fears keep traders betting on Fed rate cuts

Traders kept bets that the U.S. Federal Reserve will follow this week's interest-rate cut with further policy easing next month to counter any economic impact from an escalating U.S.-China trade war, even as a government report showed U.S. employers were already slowing hiring in July.

WALL STREET WEEK AHEAD

Disney report to shine spotlight on streaming war

Quarterly reports next week from Walt Disney, CBS and Viacom will likely highlight increasing competition in video streaming and could spark volatility in the so-called communication services sector, which has outperformed since it was overhauled last year.

U.S. STOCK MARKET

Fed, trade confusion upending Wall Street investment playbooks

As Federal Reserve Chair Jerome Powell on Wednesday described why the central bank's interest rate cut should not be seen as the start of a lengthy easing cycle, the U.S. stock market was losing value at a rate of over \$25 billion a minute.

QUARTERLY EARNINGS

Exchange operator Cboe plans new data platform as profits rise

Cboe Global Markets plans to build a research and data platform that will provide its customers with trading insights and spur new financial products, the exchange operator said after posting better-than-expected earnings.

DEUTSCHE BANK RESTRUCTURING

Deutsche Bank sets aside \$1.1 billion to exit derivatives

Deutsche Bank has set aside over 1 billion euros to cover the cost of offloading derivatives in its 'bad bank,' or capital release unit, three sources at the bank told Reuters.

CHINESE MUTUAL FUND VENTURES

JPMorgan set for historic majority stake in China funds JV -sources

JPMorgan was poised to become the first foreign company to hold a majority stake in a Chinese mutual fund business, two sources said, setting a precedent that one analyst said would trigger a wave of similar transactions.

ON THE RADAR

| Events | ET | Poll | Prior |
|--|------|-------------|-------------|
| Tue: JOLTS job openings for June | 1000 | 7.268 mln | 7.323 mln |
| Wed: TR IPSOS PCSI for Aug | 1100 | -- | 62.48 |
| Consumer credit for June | 1500 | \$16.00 bln | \$17.09 bln |
| Thu: Initial jobless claims | 0830 | 215,000 | 215,000 |
| Jobless claims 4-week average | 0830 | -- | 211,500 |
| Continued jobless claims | 0830 | -- | 1.699 mln |
| Wholesale inventory, R mm for June | 1000 | 0.2% | 0.2% |
| Wholesale sales mm for June | 1000 | 0.2% | 0.1% |
| Fri: PPI final demand yy for July | 0830 | 1.7% | 1.7% |
| PPI final demand mm for July | 0830 | 0.2% | 0.1% |
| PPI exfood/energy yy for July | 0830 | 2.3% | 2.3% |
| PPI exfood/energy mm for July | 0830 | 0.2% | 0.3% |
| PPI ex food/energy/transport yy for July | 0830 | -- | 2.1% |
| PPI ex food/energy/transport mm for July | 0830 | -- | 0.0% |

KEY RESULTS

| Company Name* | Quarter | ET | Smart Estimates | EPS Estimates** | Year Ago | Rev Estimates (mln) |
|------------------------------------|---------|-------|-----------------|-----------------|----------|---------------------|
| ANSYS | Q2 | AMC | \$1.29 | \$1.28 | \$1.35 | \$338.06 |
| Cimarex Energy Co | Q2 | AMC | \$1.04 | \$1.27 | \$1.59 | \$604.08 |
| International Flavors & Fragrances | Q2 | AMC | \$1.62 | \$1.62 | \$1.66 | \$1,313.54 |
| Jacobs Engineering Group | Q3 | BMO | \$1.24 | \$1.24 | \$1.35 | \$3,088.82 |
| KLA | Q4 | AMC | \$1.74 | \$1.74 | \$2.22 | \$1,255.85 |
| Linde | Q2 | 06:00 | \$1.74 | \$1.73 | \$1.72 | \$7,149.40 |
| Loews | Q2 | BMO | \$0.75 | \$0.75 | \$0.76 | NULL |
| Marriott International | Q2 | 17:00 | \$1.56 | \$1.56 | \$1.47 | \$5,503.66 |
| Realty Income | Q2 | AMC | \$0.36 | \$0.34 | \$0.34 | \$358.85 |
| Take-Two Interactive Software | Q1 | NTS | \$0.03 | \$0.03 | \$0.12 | \$363.79 |
| Tyson Foods | Q3 | BMO | \$1.40 | \$1.42 | \$1.50 | \$11,054.01 |
| WEC Energy Group | Q2 | 07:30 | \$0.70 | \$0.70 | \$0.73 | \$1,666.17 |

*Includes companies on S&P 500 index. **Estimates may be updated or revised; release times based on company guidance or past practice.

I/B/E/S EPS and revenue estimates, and StarMine Smart Estimates, provided by Refinitiv.

(The Day Ahead - Canada edition will not be published on Monday, August 5, as markets are closed for Civic Holiday)

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.

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