

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks pulled back from record highs and **Treasury yields** fell as concerns about the impact of coronavirus on global growth outweighed a robust U.S. jobs report. The **dollar** rose against a basket of major currencies. **Oil** was down as Russia said it needed more time before committing to more output cuts. **Gold** prices edged up.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	29102.51	-277.26	-0.94	29408.05	24680.57
Nasdaq	9520.51	-51.64	-0.54	9575.66	8943.50
S&P 500	3327.69	-18.09	-0.54	3347.96	3214.64
Toronto	17655.49	-102.00	-0.57	17758.49	15545.94
FTSE	7466.70	-38.09	-0.51	7689.67	7275.03
Eurofirst	1657.49	-4.21	-0.25	1665.57	1601.81
Nikkei	23827.98	-45.61	-0.19	24115.95	22775.92
Hang Seng	27404.27	-89.43	-0.33	29174.92	26145.59

TREASURIES	Yield	Price
10-year	1.5852	17 /32
2-year	1.4052	3 /32
5-year	1.4076	8 /32
30-year	2.0470	49 /32

FOREX	Last	% Chng
Euro/Dollar	1.0947	-0.30
Dollar/Yen	109.76	-0.21
Sterling/Dollar	1.2884	-0.34
Dollar/CAD	1.3302	0.14
TR/HKEX RMB	93.00	-0.25

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	50.42	-0.53	-1.04
Spot gold (NY/oz)	1569.43	2.87	0.18
Copper U.S. (front month/lb)	0.0256	-0.0004	-1.48
CRB Index Total Return	180.35	-0.37	-0.20

S&P 500	Price	\$ Chng	% Chng
GAINERS			
NortonLifeLock Inc	19.73	2.12	12.04
National Oilwell Varco Inc	24.19	2.30	10.51
Abbvie Inc	92.20	5.02	5.76
LOSERS			
Take-Two Interactive Software Inc	112.60	-15.14	-11.85
Fleetcor Technologies Inc	306.57	-22.28	-6.78
IPG Photonics Corp	133.55	-7.90	-5.59

Coming Up - On Monday



REUTERS/Stephen Lam

Facebook Inc's tax trial is set to begin in a San Francisco court, as the Internal Revenue Service (IRS) tries to convince a judge that the company owes more than \$9 billion in taxes linked to its 2008 decision to shift profits to Ireland.

Federal Reserve Governor **Michelle W. Bowman** is scheduled to speak on empowering community banks at the American Bankers Association Conference for Community Bankers. Also, Federal Reserve Bank of Philadelphia President **Patrick Harker** speaks on the economic outlook before the 2020 Lyons CEEE Economic Forecast.

LIVECHAT - U.S. POLITICS
Alex Vogel, CEO of the Vogel Group and former Chief Counsel to Senate Majority Leader Bill Frist, speaks on the U.S. presidential elections ahead of the New Hampshire Democratic primary. (0900 ET/1400 GMT) To join the conversation, [click here](#)

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Employment Trends for Jan	1000	--	109.7

Coming Up - Rest of the Week

The U.S. economic schedule next week includes retail sales, industrial production, consumer price index (CPI) and initial jobless claims data among others. **Retail sales**, due on Friday, is expected to have increased 0.3% in January following a similar increase in the previous month. Also expected on the same day, **industrial production** likely fell 0.2% in January, after a 0.3% dip in December. Due on Thursday, **CPI** is likely to have gained 0.2% in January, after a similar rise in the month before. In the 12 months

through January, the CPI likely rose 2.5%. On Thursday, **initial claims for state unemployment benefits** is likely to show an increase to 212,000 for the week ended Feb. 8, following a seasonally adjusted 202,000 for the week ended Feb. 1. **University of Michigan's consumer sentiment index** is likely to show a preliminary reading of 99.3 for February on Friday. **Job Openings and Labor Turnover Survey**, or JOLTS, for December is due on Tuesday.

Alibaba Group Holding Ltd is expected to post a rise in third-quarter revenue on Thursday, as its e-commerce segment benefits from the holiday season. Investors will be looking at any new commentary on how its business being affected by coronavirus.

On Tuesday, Federal Reserve Chairman **Jerome Powell** is scheduled to testify on the semiannual monetary policy report to Congress before the House Financial Services Committee. On Wednesday, Powell is expected to testify on the same report before the Senate Banking Committee.

Beverage and snacks maker **PepsiCo Inc** is likely to show a rise in fourth-quarter revenue on Thursday, powered by demand for its Gatorade Zero and Bubly beverages, but profit is expected to take a hit on tighter margins in its North America beverage unit. Focus will be on PepsiCo's forecast for 2020 organic sales growth, which strips the impact of currency moves and deals.

Insurer **American International Group Inc** is set to report its fourth-quarter results before markets open on Thursday, followed by a conference call for analysts. Investors will focus on whether underwriting results will continue to improve in the company's general insurance unit and the insurer's 2020 outlook.

On Wednesday, network gear maker **Cisco Systems Inc** is expected to post a drop in second-quarter revenue, as increasing global economic uncertainties weigh on client spending. On Tuesday, **Hasbro Inc** is expected to report a rise in holiday-quarter sales, benefiting from a rise in demand for Star Wars toys around the December premier of the latest movie in the franchise. With more than two-thirds of its U.S. products sourced from China, investors also expect the company to provide some outlook on the business impact of the coronavirus outbreak.



A file photo of the logo of Alibaba Group seen at the World Internet Conference (WIC) in Wuzhen, Zhejiang province, China, October 20, 2019. REUTERS/Aly Song

Mattel Inc is scheduled to report fourth-quarter results on Thursday. The company is expected to report a fall in holiday-quarter revenue, hurt by competition from rival Hasbro Inc's toys based on big Disney movie franchises. Investors will also expect Mattel to provide some outlook on how the outbreak of a new coronavirus in China will impact sales in region, as well as its supply chain.

Marathon Oil Corp is expected to report a fall in fourth-quarter profit on Wednesday, as lower oil and natural gas prices offset gains from increased production in its low cost-high margin resource plays. Investor focus will remain on shareholder return over capital growth and commentary around strategic acquisitions and operational improvements.

Under Armour Inc is scheduled to report fourth-quarter results on Tuesday. The company is expected to show its biggest quarterly revenue growth in more than a year, helped by a resurgence in its North America market, its biggest by sales, as the athletic apparel maker benefits from a

move to sell directly to customers through retail stores and its website. Investors will watch for the company's forecast for 2020, as its home market is expected to make a comeback for the year.

Kraft Heinz Co, the maker of Velveeta Cheese and Capri-Sun fruit drinks, is expected to report its 14th straight quarter of lackluster sales, when it releases fourth-quarter results on Thursday. The company has struggled for years as consumers flock to cheaper private label brands, online shopping and fresh, organic food.

On Tuesday, Federal Reserve Vice Chair **Randal K. Quarles** speaks on bank supervision at the Yale Law School Dean's Lecture. Federal Reserve Bank of St. Louis President **James Bullard** gives presentation on the U.S. economy and monetary policy before a CFA Society of St. Louis luncheon. Federal Reserve Bank of Minneapolis President **Neel Kashkari** participates in Town Hall audience question-and-answer session at Hilton Garden Inn in Kalispell, Montana. On Wednesday, Federal Reserve Bank of

Philadelphia President **Patrick Harker** speaks on the economic outlook before the Economic Forecast Breakfast and Annual Meeting of The Main Line Chamber Foundation. On Friday, Federal Reserve Bank of Cleveland President **Loretta Mester** speaks on "Payments Modernization" before the "Fourth Annual Financial Literacy Day" hosted by the Global Interdependence Center, University of South Florida Sarasota-Manatee.

Canadian miner **Barrick Gold Corp** is expected to report higher fourth-quarter earnings driven by strong output at its mines in Nevada, specifically the Turquoise Ridge and Pueblo Viejo mines. Investors will be looking out for updates on the company's Tanzanian operations after an export ban was recently lifted following the resolution of

a three-year tax dispute. Further comments related to Barrick eyeing Freeport's Grasberg mine will be of interest after the CEO said he was interested in the asset.



Canadian Tire Corporation Ltd is expected to post rises in fourth-quarter revenue and profit on Thursday, helped by strong demand for its winter-related products and private-label brands. Investors will be on the lookout for comments on its plans to save at least

C\$200 million annually and performance of its rewards program.

Canada's **Cenovus Energy Inc** reports quarterly results on Wednesday. Investors will be keen to hear about the oil producer's plans to move crude by rail this year. On Friday, Canada's Enbridge Inc reports fourth-quarter results. Of interest to investors is any updates on the company's plan to auction off space on the Mainline, the country's biggest oil pipeline network, and efforts to win regulatory approval in Minnesota for its Line 3 replacement.

On Tuesday, **Mexico's industrial output** data for December is expected. The country's industrial activity grew 0.8% last November. Also, **Brazil's retail sales numbers** for December are due on Wednesday.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Loews	Q4	BMO	\$0.72	\$0.72	-\$0.28	NULL
Allergan	Q4	BMO	\$4.56	\$4.57	\$4.29	\$4,090.87
DaVita	Q4	AMC	\$1.64	\$1.66	\$0.90	\$2,921.81
Steris plc	Q3	AMC	\$1.43	\$1.42	\$1.26	\$748.45
Everest Re Group	Q4	AMC	\$2.73	\$2.83	-\$5.89	\$1,999.67

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

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



Market Monitor

Wall Street fell from record levels after a four-day rally as investors digested the monthly U.S. jobs report and braced for the next coronavirus developments, but stocks still posted solid gains for the week. "It's just a technical pullback based on the big run-up we had this week," said Matt Maley, chief market strategist at Miller Tabak. "Ever since the coronavirus became a big deal, people have pulled back a little bit because they didn't know what was going to happen over the weekend," Maley said. Fourth-quarter corporate reporting season is more than halfway done and overall S&P 500 earnings are expected to have climbed 2.3% in the period, according to IBES data from Refinitiv. The **Dow Jones Industrial Average** was down 0.94% to 29,102.51, the **S&P 500** fell 0.54% to 3,327.71 and the **Nasdaq Composite** dropped 0.54%, to 9,520.51. For the week, the S&P rose 3.17%, the Dow added 3% and the Nasdaq gained 4.04%.

Treasury yields declined as concerns about global growth and a growing coronavirus epidemic outweighed a strong U.S. jobs report. Analysts pointed to a combination of factors driving Treasury markets including economic uncertainties tied to the coronavirus epidemic in China and a fall in German industrial output. Ordinarily the report might have pushed up yields but currently "the global picture is dominating" investors' attention, said William Zox, chief investment officer for fixed income at Diamond Hill Capital Management. **Benchmark 10-year notes** were up 17/32 to yield 1.58%. **Two-year notes** were 3/32 higher, yielding 1.40%. **30-year bonds** rose 1-17/32 to yield 2.05%.

The **dollar** rallied against a basket of major currencies, bolstered by a strong U.S. non-farm payrolls report that followed a spate of upbeat economic reports this week, a scenario which



The Wall Street sign is seen outside the New York Stock Exchange in New York, U.S., December 17, 2019. REUTERS/Brendan McDermid

should keep interest rates steady for now. "The data added to a resilient week for the U.S. economy and could buy the Fed more time along the sidelines, a dollar-friendly situation," said Joe Manimbo, senior market analyst at Western Union Business Solutions in Washington. The **dollar index** rose 0.20% to 98.69. The **dollar** was also up 0.32% against the **Swiss franc** at 0.9775 franc. The greenback, though, fell 0.22% against the **yen** to 109.75 yen on what analysts said was more a safe-haven play for the Japanese currency.

Oil prices fell as Russia said it needed more time before committing to output cuts sought by other large producers while the coronavirus outbreak fanned worries about global crude demand. This week, a panel advising OPEC+, the Organization of the Petroleum Exporting Countries and allies led by Russia, suggested provisionally cutting output by 600,000 barrels per day (bpd). Today, Russia Energy Minister Alexander Novak said Moscow needed more time to assess the situation. "Russia's lack of commitment thus far to such a deal is providing one additional bearish element that is currently precluding the complex from sustaining price advances," Jim Ritterbusch, president of Ritterbusch

and Associates, said in a note. Novak predicted global oil demand may fall by 150,000 to 200,000 barrels per day (bpd) in 2020 in part because of the virus. **Brent crude** was down 0.73% to \$54.53 a barrel. **U.S. crude** fell 1.04 to \$50.42 a barrel.

Gold prices rose as fears of an economic slowdown from the coronavirus outbreak and lower interest rates globally offset strong U.S. economic data. "The market seems to be growing more nervous about the outbreak in China," said Tai Wong, head of base and precious metals derivatives trading at BMO. "This sharp, fast, counterintuitive reaction in gold is very telling. There's good demand here in the face of a very strong economic signal." "A big jump in reported cases or even harsher quarantine measures that contravene the story of the official numbers could push gold back to \$1,600 level. However, some incontrovertible good news out of China and/or a sharp bond sell-off could trigger a reversal," BMO's Wong said. **Spot gold** gained 0.19% to \$1,569.54 per ounce. **U.S. gold futures** were 0.26% up at \$1,574.10 an ounce.

Top News

Ford shakes up top management, promises faster turnaround

Ford Motor shook up its top management, naming strategy chief Jim Farley as chief operating officer and promising skeptical investors the company will kick a slow-moving turnaround into a higher gear. The automaker's move positions Farley, 57, as potential heir to Chief Executive Jim Hackett. Farley is currently president of new businesses, technology and strategy but will now be responsible for all global operations as well as future technology like self-driving cars. News of Farley's promotion and the retirement of automotive president Joe Hinrichs, another potential CEO candidate, effective on March 1, came three days after Ford saw its shares slide following a disappointing forecast. Ford is in the midst of a global restructuring and faces slumping demand in China, its second largest market. "It's my judgment the time is to move with urgency now to fully integrate and accelerate Ford's transformation," Hackett said.

Tesla's surge inspires fans to buy, skeptics to dig in, drives fear of missing out

Pretty much everyone on Wall Street has an opinion about Tesla. The electric vehicle maker's stupendous rally in recent months has given shareholders something to cheer about, cost short sellers billions of dollars and vindicated legions of retail investors who have long adored Elon Musk's company. Tesla shares have climbed nearly 320% since early June, helped by the company's better-than-expected financial results and ramped-up production at its new car factory in Shanghai. "A lot of advisors and institutions, they jump in the bandwagon because they don't want to trail," said vocal Tesla bull Ross Gerber, president and chief executive of Gerber Kawasaki in Santa Monica, California. "If Tesla goes to \$1,000 and



A file photo of Jim Farley, President, Global Markets, Ford Motor Company, speaking during the Lincoln presentation at the New York Auto Show in the Manhattan borough of New York City, U.S., March 28, 2018. REUTERS/Brendan McDermid

they don't own it, what are they going to tell their clients?"

Uber and Lyft take different roads in search of profit

Uber Technologies and Lyft, the two leading U.S. ride-hailing companies, are on divergent paths as Uber pours money into money-losing side businesses while smaller rival Lyft focuses on moving people around. Uber and Lyft, both based in San Francisco, are ride hailing's odd couple. Uber is much larger, with \$3.8 billion in revenues for the first nine months of 2019 compared to \$956 million for Lyft. At almost \$69 billion, Uber's market valuation is nearly five times that of Lyft's - and well ahead of automaker General Motors. Lyft has more quickly developed creative ways to retain high-paying repeat riders and draw more people onto its platform. Uber on Thursday told investors 2020 would be the "year of subscriptions" for its ride-hailing and food delivery service. Lyft rolled out a membership

subscription plan last October. Meanwhile, shares of Uber rose after the ride-hailing company laid out an ambitious plan to be profitable by the end of 2020, a year ahead of its previous target as it tries to squash Wall Street doubts over its long-term viability. Uber's shares closed 9.57% higher at \$40.64. To read more, [click here](#)

New drugs contribute to AbbVie's upbeat 2020 view

AbbVie forecast full-year earnings well above Wall Street estimates, as the U.S. drugmaker looks to new treatments and its pending acquisition of Allergan to drive growth beyond 2023, when its cash cow Humira loses patent protection. AbbVie said it expects 2020 adjusted earnings of \$9.61 to \$9.71 per share, above analysts' estimates of \$9.48. The profit forecast excludes any impact from the pending \$63 billion Allergan deal, which is expected to close in the current quarter. Excluding items,

AbbVie earned \$2.21 per share in the fourth quarter, edging past expectations by 2 cents. Revenue rose 4.8% to \$8.70 billion, in line with the average analysts' estimate of \$8.69 billion. The company's shares ended 5.76% higher at \$92.20.



Sparkle fades as coronavirus risks wiping out luxury goods growth

The luxury goods industry normally relishes the spotlight, but in the case of China's coronavirus it is rueing being one of the most globally exposed sectors to an epidemic that risks all-but wiping out its sales growth this year. Brands from Burberry to Estee Lauder are shutting stores and cutting profit forecasts as business in the industry's biggest market has virtually ground to a halt. "Shopping malls are closed, the few stores that are still open are working on reduced hours and above all there is no (customer) traffic," said Stefano Sassi, CEO of Italy's Valentino. Jefferies analyst Flavio Cereda cut his full-year growth estimates for the sector to 1% from 5% at constant currencies. "The shortfall is around 12 billion euros and the risks is to de facto 'skip' a year," he said, forecasting a 35% decline in Chinese luxury spending in the first quarter.

Tech giants seek Hong Kong alternative after U.S. blocks undersea cable - WSJ

U.S. tech giants including Alphabet's Google are considering alternatives to Hong Kong as a global data hub after U.S. officials upended plans for a trans-pacific internet link to the territory, the Wall Street Journal reported citing people familiar with the matter. "We have been working through established channels in order to obtain cable

landing licenses for various undersea cables, and we will continue to abide by the decisions made by designated agencies in the locations where we operate," a Google spokesperson said. The U.S. Department of Justice had signaled staunch opposition to the project because of concerns over its Chinese investor, Dr. Peng Telecom & Media Group Co, and the direct link that the cable would provide to Hong Kong, the Wall Street Journal had reported in August.

Royal Caribbean bans China, HK, Macau passport holders from ships on coronavirus fears

Royal Caribbean Cruises said it would ban guests holding China, Hong Kong or Macau passports from boarding its ships amid concerns over the coronavirus outbreak. The company's new protocols come in the wake of the fast-spreading virus, which has killed more than 600 people and has affected over 31,000 individuals in at least 25 countries. Guests or crew members who have traveled to, from or through mainland China, Hong Kong or Macau, or been in contact with someone who has, less than 15 days before sailing will not be allowed to board the company's ships under the new rules. Royal Caribbean also delayed the departure of its Anthem of the Seas cruise from New Jersey by a day after four guests were tested by the U.S. Centers for Disease Control and Prevention (CDC) for coronavirus.

U.S. insurer Fidelity National to buy FGL Holdings in \$2.7 billion deal

Fidelity National Financial said it would acquire U.S. annuities and life insurance firm FGL Holdings in a deal valued at \$2.7 billion, as it seeks to expand beyond its core business of insuring property buyers and sellers against ownership claims. Under the terms of the cash-and-stock deal, the holders of FGL's shares may elect to receive either \$12.50 per share in cash or 0.2558 of a share of the FNF stock for each share of FGL they own, representing a premium of about 3% to FGL's Thursday close. The deal, expected to close in the third quarter of

2020, is anticipated to increase Fidelity's earnings per share by 10% in 2020 and by 20% in 2021. Des Moines, Iowa-based FGL, in which Fidelity currently has a 7.9% stake, generated \$1.55 billion in revenue in the first nine months of 2019, up 68% year on year.

Exchange operator Cboe profit beats as lower costs offset weak trading

Cboe Global Markets beat Wall Street estimates for fourth-quarter profit, as it sharply reduced expenses to counter a hit from lower trading volumes. "Lower volatility dampened trading, particularly in our suite of proprietary products, which experienced exceptionally strong trading in 2018's fourth quarter," said Edward Tilly, CEO. Transaction fees declined 30% to \$394.2 million in the quarter, as trading volumes fell across its segments. Net income allocated to common stockholders fell to 77 cents per share, in the fourth quarter, from \$1.23 per share, a year earlier. Adjusted operating expenses fell 14.5% to \$95.6 million. On an adjusted basis, Cboe earned \$1.21 per share, beating analysts' estimates of \$1.11, according to IBES data from Refinitiv. Net revenue fell to \$280.3 million from \$334.4 million.

Boeing supplier Spirit slashes dividend due to 737 MAX crisis

Spirit AeroSystems said it would slash its quarterly dividend to just 1 cent per share as it grapples with the grounding of the planemaker's 737 MAX jets. "The Company's Board will consider further action with respect to the dividend in the future, upon the MAX's return to service and further production stabilization," Spirit CEO Tom Gentile said. Spirit last paid a dividend of 12 cents per share. Spirit said Boeing will pay the company \$225 million in the first quarter of 2020 to support 737 MAX aircraft production, which will gradually restart sometime this year once regulators clear the jet to fly again.



An aurora is seen in the sky in Rovaniemi, Finland, February 6. REUTERS/Alexander Kuznetsov

Insight and Analysis

From black swan to bubble: investors weigh coronavirus risks

When worries over the coronavirus shook U.S. stocks out of a period of quiet trading last week, investors wondered if the outbreak was the "Black Swan" event that would trigger a sharp decline. Less than a week later, talk has turned instead to a market melt-up. After that brief swoon, the market made a roaring recovery, and there were also rallies in Tesla Inc, bitcoin and other assets often seen as barometers for risk appetite. The sharp snapback has revived concerns among some investors that market participants are growing overly confident that easy money policies from central banks will underpin prices, despite serious risks to global growth from the coronavirus. As of Friday, it remained unclear how deadly and contagious the virus is.

Blue collar boom? College grads, baby boomers big winners in Trump's economy

U.S. President Donald Trump rolled out an eye-catching statistic in his State of the Union address Tuesday: the wealth held by the poorest half of American households increased three times as fast as the wealth held by the "1%" since he became president. That's true, according to Federal Reserve data. On average, Americans have seen a 17% jump in household wealth since Trump's election, while wealth at the bottom half has increased 54%. "This is a blue collar boom," Trump also said Tuesday. That's less apparent. The biggest winners on a dollar basis were a familiar group - whites, college graduates, and people born during the "baby boom" between 1946 and 1964.

Lifeblood of Amazon merchants threatened as coronavirus infects Chinese workers

Amazon.com Inc sellers are bracing for product shortages as Chinese workers - worried about the fast-spreading coronavirus - may be unable or unwilling to return to idled factories. Brandon Young, who pulls in more than \$10 million in annual revenue from the online marketplace, has a 30-45 day supply of portable Apple Inc watch chargers that could be difficult to replenish because they are built from genuine Apple components that are exclusively made in China. Plugable Technologies founder Bernie Thompson says he could run out of his top-selling triple display laptop docking station by the end of this month, even if factories open as planned next week.



CANADA

Market Monitor

Canada's main stock index fell, led by declines in energy stocks, with investors also shrugging off a strong jobs report as a mounting death toll from the coronavirus epidemic hurt sentiment.

The Toronto Stock Exchange's S&P/TSX composite index was down 0.57% at 17,655.49.

The energy sector dropped 1.72% to 129.94. The materials sector was 2.16% lower at 258.13.

The U.S. dollar was up 0.14% against its Canadian counterpart at C\$1.3302.



REUTERS/Mark Blinch

COMING UP

Canada's seasonally adjusted **annualized housing starts** likely rose to 202,500 units in January, from 197,329 units in December, data from the Canadian Mortgage and Housing Corp is expected to show. **Building permits** data for December is also due.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Real Matters Inc	14.97	0.59	4.10
CAE Inc	41.48	1.35	3.36
Algonquin Power & Utilities Corp	20.70	0.66	3.29
LOSERS			
Silvercorp Metals Inc	5.21	-1.67	-24.27
Aurora Cannabis Inc	2.26	-0.41	-15.20
Ero Copper Corp	17.19	-1.41	-7.58

Top News

Canada adds more jobs than expected, March rate cut seen less likely

Canada added more than twice the number of jobs than expected in January, the latest indication that the economy could be strong enough to persuade the Bank of Canada not to cut rates next month. Statistics Canada said that 34,500 jobs had been created in January, the second straight month of healthy gains after a record loss in November. The unemployment rate dipped to a near record low 5.5%. Analysts polled by Reuters had forecast a gain of 15,000 positions and for the jobless rate to stay at 5.6%. All the gains were in full-time jobs, said Statscan. The goods-producing sector added 49,100 positions - almost half of them in manufacturing - while the service sector shed 14,500. The hourly wages for permanent employees rose by 4.4% compared with January 2019 and were up from 3.8% in December. "(It's a) pretty solid number seeming to indicate that the Canadian economy isn't losing too much steam, so a positive start to the year in that regard," said Josh Nye, a senior economist with

RBC Economics. "We think that slow growth leaves the door open to the Bank of Canada lowering interest rates. This jobs number this morning perhaps gives them a bit less urgency to do that." Separately, Ivey Purchasing Managers Index (PMI) data released showed the seasonally adjusted index rose to 57.3 from 51.9 in December.

Canada Goose sees hit to 2020 profit, sales from coronavirus

Canada Goose Holdings forecast a hit to its annual profit and revenue as the coronavirus outbreak in China hurt store traffic, sending shares of the luxury apparel maker down. The epidemic has hurt global luxury brands that have been investing heavily to open new stores and beef up their online presence to capitalize on the spending power of Chinese shoppers. "People are staying home and avoiding shopping for their own health and safety in China and abroad.. we are seeing impact in our stores and on Tmall in China," Chief Executive Officer Dani Reiss told analysts. Reiss said travel restrictions and flight cancellations to Europe and North

America would also impact revenue. In the third quarter that ended before the virus outbreak, Canada Goose nearly doubled its revenue from Asia, helping overall revenue rise 13.2% to C\$452.1 million, beating Wall Street estimates of C\$448.18 million. However, the company now expects revenue growth to slow to between 13.8% and 15% for fiscal 2020, compared with its prior forecast of at least 20% growth. Canada Goose forecast full-year adjusted profit growth to be in the range of 2.2% decline to 0.7% rise from a year earlier, much lower than its previous forecast of at least 25% growth. Shares of the company ended 4.30% lower at C\$42.25.

Aurora Cannabis' dismal growth view, near-term hurdles drag on shares

U.S.-listed shares of Aurora Cannabis slumped after the pot producer issued a bleak outlook and said it plans to book up to C\$1 billion in charges, as it struggles with high costs and a slow roll out of retail stores in Canada. Canadian weed producers, which had once banked on soaring profits once





the country legalized recreational marijuana, have been hit by fewer-than-expected new stores, low prices and oversupply. Aurora joins other major licensed producers including Tilray and Hexo Corp in announcing job cuts, emphasizing a push towards faster profitability amid rising impatience among investors. Aurora on Thursday also announced the exit of founder and Chief Executive Officer Terry Booth and 500 job cuts. "Although we don't view the departure of Mr. Booth in isolation to be a concern, after disappointing FQ1 results, increasing industry headwinds and now surprisingly muted expectations for Aurora's remaining FY20, we have made substantial downward revisions to our model," Canaccord Genuity analyst Matt Bottomley said. Bottomley downgraded the stock to "hold", saying Aurora paints muted growth expectations, while the impairments suggest significant growth headwinds as its CEO steps aside. U.S. listed shares of the company closed down 15.05% to \$1.70.

Trans Mountain pipeline cost jumps by two-thirds to C\$12.6 billion

The Canadian government-owned Trans Mountain oil pipeline is expected to cost C\$12.6 billion to expand, a sharp increase from the previous estimate of C\$7.4 billion, the pipeline company's chief executive said. Trans Mountain Corporation CEO Ian Anderson said the increase was due to court and regulatory delays, rising costs of steel, land, labor and security, and accommodations for indigenous groups who had raised concerns. The company decided to use thicker steel, for example, than it had previously planned for sensitive areas such as

water crossings. It changed its construction techniques to protect places that may have indigenous artifacts. Even so, the expansion will be profitable from the first day it operates, he said. Its in-service date is now expected for December 2022, delayed from the previous estimate of the third quarter that year. The project will twin a 67-year-old pipeline and nearly triple capacity to 890,000 barrels per day moving from Alberta to a Pacific coast port near Vancouver. Anderson said 13 committed shippers, which include oil producers Suncor Energy and Canadian Natural Resources and refiner BP, will share between 22% and 25% of the cost increase through higher tolls under agreements lasting as long as 20 years. The new cost estimate includes C\$500 million for contingencies. Separately, Enbridge fired back at the country's largest oil producer, saying Canadian Natural Resources' suggestions for determining future terms on the Mainline would cause at least a one-year delay. To read more, [click here](#)

Alberta urges approval of Teck oil sands mine, rejects federal aid idea

Officials from Alberta insisted the federal government approve a massive oil sands project, rejecting the idea that aid from Ottawa would soften the blow if it were to be quashed. "We're not looking for a handout from the federal government, we're looking for the federal government to get out of the way of our province," Alberta's Environment Minister Jason Nixon told reporters in Calgary. Alberta strongly backs the project on the grounds it would create 7,000 jobs and help revive a struggling provincial energy industry. The federal cabinet of Prime Minister Justin Trudeau must make a decision by the end of this month. Alberta Premier Jason Kenney said Teck had spent close to C\$1 billion over a decade as it cleared a series of regulatory hurdles. A rejection now would show global capital markets that major projects could obey all the rules and still fall afoul of what he called an arbitrary political decision, he said. "I think that would be a devastating

message to send in terms of investor confidence at a time when we are struggling to attract foreign direct investment to the Canadian economy," Kenney told a business audience in Washington, D.C.

CAE beats on profit on training demand, inks 737 MAX simulator sales

CAE reported a better-than-expected profit, driven by strength in its commercial pilot training and simulators business. CAE is making deals to train pilots for airlines like easyjet as air traffic rises. Both CAE and Textron's TRU training division are also seeing increased demand for 737 MAX full flight simulators, after Boeing recently recommended that pilots train in a simulator for the model. "There has been a step up in demand," Chief Executive Marc Parent told analysts, although he stressed that it was up to regulators to finalize pilot training for the aircraft. CAE reaffirmed its full-year outlook for 30% growth in operating income in the civil aviation training business. CAE said net income attributable to shareholders rose 26% to C\$97.7 million, or 37 Canadian cents per share, in the quarter. Revenue rose 13% to C\$923.5 million.

Canadian miner Banro looking to sell Congo gold mine at discount -CEO

Banro is looking to sell its Namoya gold mine in eastern Congo at a significant discount, its chairman told Reuters, blaming the government's failure to improve security in the area. Four Banro employees were kidnapped in July in Democratic Republic of Congo and held for several weeks before being released. The repeated attacks by local militias forced Banro Corporation to suspend operations at several of its sites in September. "I am now at the point of looking for an alternative, a strategic exit," Richards told Reuters by telephone. "I'm actively trying to sell the business for very, very low value to see if somebody else can come in and accept the unstable environment that has been created by the government."

WEALTH NEWS

ECONOMIC DATA

Mild weather boosts U.S. job growth;

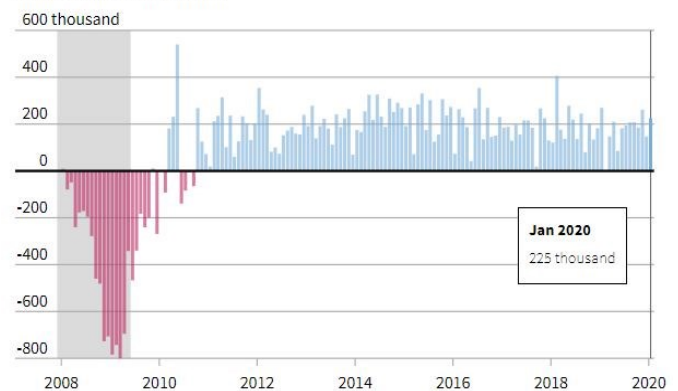
jobless rate ticks up

U.S. job growth accelerated in January, with unseasonably mild temperatures boosting hiring in weather-sensitive sectors, indicating the economy will probably continue to grow moderately despite a deepening slump in business investment. Nonfarm payrolls increased by 225,000 jobs last month, with employment at construction sites increasing by the most in a year amid milder-than-normal temperatures, the government's survey of establishments showed. There were also strong gains in hiring in the transportation and warehousing industry. Economists polled by Reuters had forecast payrolls would rise by 160,000 jobs in January. Job growth in January exceeded the monthly average of 175,000 in 2019. Employment gains averaged 193,000 in 2018. The jobless rate rose one-tenth of a percentage point to 3.6% in January. The tightening labor market is steadily driving up wages. Average hourly earnings increased seven cents, or 0.2%, last month after gaining 0.1% in December. That lifted the annual increase in wages to 3.1% in January from 3.0% in December.

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

OIL OUTPUT CUTS

Russia says it needs time to decide on oil output cuts

Russia said it needed more time to decide whether to join any additional oil output cuts by OPEC, saying U.S. crude production growth would slow and global demand remained solid.

WALL STREET WEEK AHEAD

Consumer discretionary names could see bumpy ride

A raft of earnings reports from consumer discretionary companies and U.S. retail sales data set for the coming week could help investors determine to what extent the coronavirus is hitting consumer demand.

FUNDRAISING

Goldman Sachs to raise \$8 billion for new buyout fund: sources

Goldman Sachs Group plans to raise \$8 billion in only its second buyout fund since the 2008 financial crisis, bolstering its ability to secure deals worldwide, said two people with direct knowledge of the matter.

FED ON U.S. ECONOMY

Fed says risks to economy easing, but calls out coronavirus in report to Congress

A "moderately" expanding U.S. economy was slowed last year by a manufacturing slump and weak global growth, but key risks have receded and the likelihood of recession has declined, the U.S. Federal Reserve reported in its latest monetary policy report to the U.S. Congress.

GRAPHIC

Take Five: China's virus paralysis

The coronavirus continues to claim lives, yet the impact on global demand and companies is just starting to be felt. Recent days have seen an unrelenting flow of dire headlines as supply chains from New Zealand to the United States felt the impact of a paralysed China.

CORONAVIRUS IMPACT

Majority of U.S. firms in China see revenue hit from coronavirus - AmCham survey

The majority of U.S. firms with operations in China expect a virus outbreak to cut revenue this year, and some are accelerating plans to shift their supply chains out of the country, according to a poll by Shanghai's American Chamber of Commerce.

ON THE RADAR

Events	ET	Poll	Prior
Tue: JOLTS job openings for Dec	1000	--	6.800 mln
Wed: TR IPSOS PCSI for Feb	1100	--	63.42
Federal budget for Jan	1400	--	-\$13.30 bln
Thu: Core CPI mm, SA for Jan	0830	0.2%	0.1%
Core CPI yy, NSA for Jan	0830	2.2%	2.3%
CPI Index, NSA for Jan	0830	257.868	256.974
Core CPI Index, SA for Jan	0830	--	265.92
CPI mm, SA for Jan	0830	0.2%	0.2%
CPI yy, NSA for Jan	0830	2.5%	2.3%
Real weekly earnings mm for Jan	0830	--	-0.1%
CPI mm NSA for Jan	0830	--	-0.090%
CPI Index SA for Jan	0830	--	258.500
Initial jobless claims	0830	212,000	202,000
Jobless claims 4-week average	0830	--	211,750
Continued jobless claims	0830	--	1.751 mln
Cleveland fed CPI for Jan	1100	--	0.2%
Fri: Import prices mm for Jan	0830	-0.2%	0.3%
Export prices mm for Jan	0830	0.0%	-0.2%
Import prices yy for Jan	0830	--	0.5%
Retail sales ex-autos mm for Jan	0830	0.3%	0.7%
Retail sales mm for Jan	0830	0.3%	0.3%
Retail ex gas/autos for Jan	0830	--	0.5%
Retail control for Jan	0830	0.3%	0.5%
Retail sales YoY for Jan	0830	--	5.82%
Industrial production mm for Jan	0915	-0.2%	-0.3%
Capacity utilization SA for Jan	0915	76.8%	77.0%
Manufacturing output mm for Jan	0915	0.0%	0.2%
Industrial production YoY for Jan	0915	--	-1.01%
Business inventories mm for Dec	1000	0.1%	-0.2%
Retail inventories ex-auto rev for Dec	1000	--	0.0%
U Mich Sentiment Preliminary for Feb	1000	99.3	99.8
U Mich Conditions Preliminary for Feb	1000	--	114.4
U Mich Expectations Preliminary for Feb	1000	--	90.5
U Mich 1 year inflation preliminary for Feb	1000	--	2.5%
U Mich 5-year inflation preliminary for Feb	1000	--	2.5%



Flowers and candles surround the star of actor Kirk Douglas at Hollywood Boulevard and Vine in Los Angeles, California, U.S., February 5. REUTERS/Chris Helgren

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

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