

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks pared some gains amid news that U.S. and China were still unable to resolve issues in the ongoing trade negotiations. Political and economic volatility pushed **Treasury yields** lower. **Gold** prices were higher on a weaker **dollar**. **U.S. crude** prices traded in the green.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	25991.21	140.58	0.54	26951.81	21712.53
Nasdaq	7527.55	67.84	0.91	7513.70	6457.13
S&P 500	2792.67	17.79	0.64	2789.88	2443.96
Toronto	16013.01	12.15	0.08	16586.46	13776.88
FTSE	7178.60	11.21	0.16	7261.63	6599.48
Eurofirst	1460.14	3.29	0.23	1462.93	1308.86
Nikkei	21425.51	-38.72	-0.18	21553.35	19241.37
Hang Seng	28816.30	186.38	0.65	28759.35	24896.87

TREASURIES	Yield	Price
10-year	2.6554	9/32
2-year	2.4953	2/32
5-year	2.4727	5/32
30-year	3.0167	18/32

FOREX	Last	% Chng
Euro/Dollar	1.1331	-0.03
Dollar/Yen	110.66	-0.03
Sterling/Dollar	1.3053	0.03
Dollar/CAD	1.3141	-0.67
TR/HKEX RMB	95.48	0.11

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	57.17	0.21	0.37
Spot gold (NY/oz)	1328.10	4.99	0.38
Copper U.S. (front month/lb)	0.0296	0.0006	1.71
Reuters/CRB Index Total Return	191.41	0.69	0.36

S&P 500	Price	\$ Chng	% Chng
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GAINERS			
Intuit Inc	250.94	15.91	6.77
Western Digital Corp	49.49	2.30	4.87
DISH Network Corp	32.82	1.51	4.82
Pioneer Natural Resources Co	142.15	6.00	4.41

LOSERS			
Kraft Heinz Co	34.95	-13.23	-27.46
Campbell Soup Co	32.83	-2.61	-7.36
Evergy Inc	55.52	-4.35	-7.27
J M Smucker Co	101.43	-5.34	-5.00

Coming Up - On Monday

The Commerce Department is expected to report **wholesale inventories** likely rose 0.2 percent in the month of December compared to a rise of 0.3 percent in November.

Federal Reserve Vice Chairman **Richard Clarida** is expected to participate in "Fed Listens: A Conversation with Community Leaders in Southern Dallas," followed by a brief moderated discussion with Dallas Fed President **Robert S. Kaplan**.

A three-day conference focused on the **autonomous vehicle industry** is scheduled to begin in Silicon Valley.

Mexico's national statistics agency is expected to present the country's **4th quarter GDP** data.

LIVECHAT - FUND FLOWS

Lipper analysts discuss where the smart money is headed. (1030 ET /1430 GMT) To join the conversation, [click here](#)

Coming Up - Week Ahead

U.S. Trade Representative **Robert Lighthizer** will testify on Wednesday at a U.S. House of Representatives hearing on U.S.-China trade issues. Lighthizer has been the lead negotiator in ongoing trade negotiations with Beijing as the world's two largest economies seek to find agreement amid a bitter dispute that has seen both sides impose tariffs on imports.



Federal Reserve Chairman **Jerome Powell** (pictured) is scheduled to testify on U.S. monetary policy and the economy before

the Senate Banking Committee in Washington on Tuesday. On Wednesday, Powell will testify on the same before the House Financial Services Committee. Additionally, on Thursday, he is expected to speak at the Citizens Budget Commission 87th Annual Awards Dinner.

The Commerce Department is expected to report its reading on **fourth quarter gross domestic product** on Thursday. GDP likely grew 2.4 percent in the fourth quarter.

On Wednesday, the Commerce Department will release data on **factory goods orders for December**. Factory goods orders are likely to have risen 0.6 percent, compared to a fall of 0.6 percent in November. **Durable goods orders** data for the month of January is also scheduled for release on the same day. Additionally, the National Association of Realtors is expected to report data on **pending home**

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
National Activity Index for Jan	0830	--	0.27
Wholesale inventory, R mm for Dec	1000	0.2 pct	--
Wholesale sales mm for Dec	1000	--	-0.6 pct



sales for January on Wednesday. Pending home sales are likely to be flat in the month compared to a fall of 2.2 percent in the month of December.

A report from the Commerce Department scheduled for Tuesday will show **housing starts** are expected to be at 1.253 million units in the month of December, compared to 1.256 million units in November. The report will also show **building permits** likely to be at 1.290 million units in December, while the number in November was 1.322 million units. **S&P CoreLogic Case-Shiller composite index of home prices** is also scheduled for release on the same day. The Conference Board's **consumer confidence index** likely rose to 125 in February, from a reading of 120.2 in January, other data on Tuesday will show. Data on Thursday is expected to show **initial claims for state unemployment benefits** likely grew to 220,000 for the week ended Feb. 23, up from 216,000 in the previous week.

U.S. consumer tech retailer **Best Buy Co** is expected to post a fall in holiday-quarter sales on Wednesday as fears of an economic growth slowdown hit consumer spending, hampering demand for appliances and consumer electronics. However, investors will pay attention to any indication the company gives on slowing iPhone sales.

Home improvement retailer **Home Depot Inc** is expected to report a growth in fourth-quarter sales on Tuesday, boosted by the growth in home remodeling activity and rising consumer spending on repair and remodel projects. The company's 2019 forecast for profit, especially after raising prices on some products, and any comments on U.S. housing will be in focus. Its rival Lowe's Cos Inc is expected to report a rise in quarterly sales and profit on Wednesday amid growing demand for home improvement goods.

Department store operator **Macy's Inc** is expected to post a drop in fourth-quarter same-store sales on Tuesday in a broadly weak holiday quarter after slashing full-

year profit and sales forecast in January. The quarter is expected to be weighed down by weakness in categories such as women's sportswear, sleepwear, fashion jewelry and watches. Investors and analysts will be awaiting Macy's 2019 outlook that will set a precedence for other department store operators reporting in the coming weeks. **J. C. Penney Co Inc** is expected to post a drop in same-store sales for the holiday quarter on Thursday as it battles decreasing store traffic and fierce online competition. J. C. Penney has been actively cutting costs by shuttering stores and is trying to efficiently control its inventory to avoid excess discounting. Investors and analysts will be looking out for the company's 2019 forecast.

Jif peanut butter maker **J M Smucker Co** is expected to post a rise in third-quarter sales on Tuesday, boosted by higher demand for its premium pet foods. However, rising input costs as well as higher investments and promotional spending is expected to weigh on its profit. Investors will look out for updates on Smucker's pricing strategy and full-year forecast.

Thomson Reuters Corp reports fourth-quarter and full-year results on Tuesday.

The news and information provider may provide further information on its plans to grow sales by 3.5 percent to 4.5 percent by 2020 and to make acquisitions in the legal and tax & accounting sectors.

Gap Inc is expected to report a fall in fourth quarter sales on Thursday as its namesake brand continues to struggle with weak demand. The company, which has already said it would close hundreds of Gap stores, is expected to detail new plans to reduce excess inventories and revive the brand. Off-price apparel retailer **TJX Cos Inc** is expected to post a rise in fourth-quarter sales and profit on Wednesday, as deep discounts drive bargain hunters to its T.J. Maxx and Marshalls stores during the holiday season. However, gross margin is expected to fall as the company battles higher wage and freight costs. Investors will look out for updates on its full-year earnings.

Canada's **Husky Energy Inc** reports fourth-quarter results on Tuesday. The focus of investors is likely to be on 2019, however, as Husky charts a new path forward after abandoning its hostile bid for MEG Energy.

Mylan NV is expected to report a drop in its fourth-quarter 2018 sales and profit



A file photo of the logo of Home Depot in Encinitas, California, April 4, 2016. REUTERS/Mike Blake

after market close on Tuesday. Investors will focus on any strategic updates from the company as well as the performance of its pipeline, including the emergency allergy treatment EpiPen and its newly-approved biosimilars.

Toll Brothers Inc is expected to report a fall in new home orders on Tuesday as higher mortgage rates and home prices hit demand. Investors will also keep a close eye on any commentary the luxury home builder makes about the broader U.S. housing market.

Federal Reserve Vice Chairman **Richard Clarida** is scheduled to speak on "A View from the Federal Reserve Board" before the National Association for Business Economics 35th Annual NABE Economic Policy Conference on Thursday in Washington. On the same day, Federal Reserve Bank of Atlanta President **Raphael Bostic** is expected to participate in discussion, "The Economic and Housing Landscape: an Update" before the "Big Data, Big Money: Exploring Banking's Next Horizon" conference hosted by the Federal Reserve Bank of Atlanta. Separately, Federal Reserve Bank of Philadelphia President **Patrick Harker** will likely speak on the economic outlook before the Philadelphia Inquirer 2019 Influence of Finance Awards. Additionally, Federal Reserve Bank of Cleveland President **Loretta Mester** is set to speak on "Women in Economics" before the Second Annual Women in Economics Symposium hosted by the Federal Reserve Bank of St. Louis.



A file photo of Toll Brothers housing development in Carlsbad, California, U.S., May 21, 2018. REUTERS/Mike Blake

Largest U.S. bank by assets **JPMorgan Chase & Co** Chief Executive Officer **Jamie Dimon** is expected to give an update on the expansion of its branch of networks, as well as updated growth targets for the investment bank and treasury divisions, at the bank's annual investor day conference in New York on Tuesday.

Federal Reserve Bank of Atlanta President **Raphael Bostic** speaks on "A View from the Federal Reserve Bank of Atlanta" before the National Association for Business 35th Annual Economic Policy Conference in Washington on Friday. Statistics Canada is expected to release **Canadian GDP** data on Friday, while it will report inflation data on Wednesday.

Canadian Producer Prices data is scheduled for release on Thursday.

Mexico retail sales data is scheduled for release on Tuesday, while jobs data is expected to be released on Wednesday.

Some of the world's largest mining companies, including **Barrick** and **Newmont Gold**, are scheduled to speak at the **BMO Capital Markets 28th Global Metals & Mining Conference** from 24th to 27th of February.

Albemarle Corp CEO **Luke Kissam** is set to present at the 2019 Bank of America Merrill Lynch Global Agriculture and Materials Conference on Wednesday.

Market Monitor

Stocks climbed and the **Dow** and **Nasdaq** posted a ninth straight week of gains as investors clung to signs of progress in the ongoing trade talks between the United States and China. People briefed on the talks said more time is likely needed in the talks given China's resistance this week to U.S. demands for specific steps by Beijing to end forced transfers of U.S. technology and certain other policies. Hopes of a trade deal as well as dovish signals from the Federal Reserve largely have driven recent gains in stocks. The **Dow Jones Industrial Average** rose 0.55 percent to 25,991.87, the **S&P 500** gained 0.64 percent to 2,792.67 and the **Nasdaq** rose 0.91 percent to 7,527.55. For the week, the **S&P** rose 0.62 percent, the **Dow** added 0.57 percent and the **Nasdaq** gained 0.74 percent.

Treasury yields drifted lower, as U.S. and Chinese trade negotiations came to a close for the week and members of the Federal Reserve commented about the bank's review of its monetary policy framework. Investors suggested that the turn downward in yields was partially attributable to remarks made by members of the Fed at a conference in New York. The **10-year notes** rose 9/32, yielding 2.65 percent. The **2-year notes** rose 2/32, to yield 2.49 percent. The **30-year bonds** rose 18/32, to yield 3.02 percent.

The **dollar** fell as investors took on riskier assets after top U.S. and Chinese leaders said a trade deal between their countries was likely. "The market has moved back to a risk on-mode putting downward pressure on the dollar," said Alfonso Esparza, senior market analyst at OANDA in Toronto. "Stocks and commodities have moved up



Reuters/Brendan McDermid
Traders work on the floor of the New York Stock Exchange in New York, February 22.

on dollar softness and the optimism that even if the March 1 deadline approaches it will not immediately trigger new tariffs," he added. The **dollar index** was down 0.06 percent at 96.55. The dollar, however, fell 0.04 percent against the yen to 110.65 yen.

Oil prices touched their highest since mid-November and posted weekly gains for the second week in a row, boosted by hopes that U.S.-China trade talks would soon produce a deal, although new record U.S. oil supply limited gains. **Brent crude** briefly reached \$67.73 a barrel, its 2019 high. The global benchmark was last down 0.15 percent at \$66.97 a barrel on the day. Brent gained 1.2 percent on the week. **U.S. crude** gained 0.37 percent to \$57.17 per barrel, after hitting \$57.81 earlier in the day, its highest for the year.

Gold rose enroute to a second weekly gain as the dollar was subdued by weak U.S. economic data and hopes of a breakthrough in the U.S.-China trade dispute, with a darkening global economic outlook bolstering bullion. "Gold should be doing a little better, because there are possibilities of a trade deal, which would mean the dollar could weaken; the U.S. economy is also slowing quite markedly, that should keep interest rates fairly dormant," INTL FCStone analyst Edward Meir said. **Spot gold** rose 0.38 percent to \$1,328.10 per ounce, having hit \$1,346.73 in the previous session, its highest since April 19. **U.S. gold futures** were up 0.25 percent at \$1,331.10 per ounce.

Top News

Kraft Heinz shares fall after writedown, dividend cut

Kraft Heinz shares fell to a record low a day after the food company disclosed a \$15 billion write-down on its marquee brands, raising concern that years of rigorous cost cutting have eroded the value of its Kraft cheeses and Oscar Mayer deli meats. The announcement put the spotlight on Kraft's stagnating growth and the changing tastes of consumers, who have been shunning older, established brands for newer hipper products, cheaper private label brands and non-processed food. "Investors for years have asked if 3G's extreme belt-tightening model ultimately would result in brand equity erosion," JPMorgan analyst Ken Goldman said. "We think the answer arguably came yesterday in the form of a \$15 billion intangible asset write-down for the Kraft and Oscar Mayer brands," said Goldman, who cut his rating to "neutral" from "overweight". Kraft also hit investors with the announcement of a regulatory probe, a chop in its dividend and a quarterly loss on Thursday. The news also hit the company's bond investors. Kraft Heinz's nearly \$31 billion of bonds were among the most heavily traded paper in the U.S. corporate debt market, according to MarketAxess, and yields on several of their largest bonds shot higher and their prices dropped by a full point or more. Shares of the company ended 27.60 percent lower at \$34.88.

Canada's Barrick considers buyout of rival Newmont Mining

Barrick Gold said it was considering an all-stock bid for Newmont Mining, a deal that would create a monolith in the global gold sector and likely push smaller peers to start buying each other. Barrick, said its contemplated proposal did not offer any premium to Newmont's shareholders and that no decision had been taken so far. While Barrick said it has not considered a premium offer for Newmont shareholders, its argument for the deal would be that it would create an unrivaled gold miner with lower costs than either company has now, according to a source familiar with



A file photo of bottles of Heinz tomato ketchup of U.S. food company Kraft Heinz at a supermarket Coop in Zumikon, Switzerland, December 13, 2016. REUTERS/Arnd Wiegmann

Barrick's thinking. Under the potential terms reported by the paper, Barrick would keep Newmont's Nevada and African mines, while Newcrest was considering taking over its Australian operations.

Tesla rolls out Model 3 in China ahead of schedule in sales push

Tesla has started delivering Model 3 cars in China slightly ahead of schedule, as it looks to revive its sales that have been hit hard by Sino-U.S. trade tensions. The firm has already adjusted prices and added a cheaper Model 3 variant to its line-up to make its U.S.-made cars more affordable in China amid high import tariffs. The U.S. luxury electric vehicle said in a statement that it held a delivery event in Beijing which "marked a significant milestone for the market". The initial deliveries will go to customers who placed their orders before the end of 2018, Tesla said. Buyers that ordered this year will start receiving their cars from end-March. Tesla currently imports all the cars it sells in China, but is in the process of building a factory in Shanghai that will manufacture Model 3 cars in the initial phase and help it minimize the impact of the trade war.

Intel says its 5G modem chips will not appear in phones until 2020

Intel executives said its 5G modem chips will not appear in mobile phones until 2020, raising the possibility its biggest customer, Apple, will be more than a year behind rivals in delivering a device that uses the faster networks. Sandra Rivera, who oversees Intel's networking chip business, said at a media event in Palo Alto, California, that sample 5G modem chips will ship to customers this year but that Intel does not expect consumer "products in the market" until 2020. Intel has said its 5G modem chip will be available later this year, but it never indicated when it believed products will arrive for consumers. Rivera said non-consumer 5G products, such as networking gear, will appear later this year.

EU drafting retaliatory tariff list hitting Caterpillar, Xerox, Samsonite - Bloomberg

The European Union has drafted a list of retaliatory tariffs that would target Caterpillar, Xerox Corp and Samsonite International if U.S. President Donald Trump imposes duties on European cars, Bloomberg News reported, citing an

unnamed senior EU official. The European Commission has said it is preparing a list of U.S. products to target with tariffs should Trump decide EU car imports need to be restricted. It would go after \$22.7 billion worth of U.S. imports, although the list would take the form of categories of products, rather than specific companies.

AutoNation names new CEO as slowing auto sales hit results

AutoNation said it has chosen insurance and financial services executive Carl Liebert to succeed longtime Chief Executive Officer Mike Jackson and lead the largest U.S. auto dealership chain at a challenging time, when the domestic vehicle market has been slowing. AutoNation reported lower-than-expected quarterly profit and revenue as it sold fewer new vehicles and gross profits on new vehicle sales declined. Liebert will take charge on March 11. He comes from USAA, where he was executive vice president for operations at the company, which provides insurance and financial services for members of the U.S. armed forces and veterans. AutoNation, said net income from continuing operations fell to \$92.9 million, or \$1.02 per share, for the fourth quarter, from \$151.5 million, or \$1.64 per share, a year earlier, when it had a \$41 million benefit related to U.S. tax reform. Analysts on average expected the company to earn \$1.14 per share, according to IBES data from Refinitiv. Revenue fell to \$5.41 billion from \$5.68 billion, missing analysts' estimates of \$5.63 billion. Quarterly revenue per vehicle rose 2 percent, but gross profit per vehicle fell nearly 6 percent.

Juul annual sales projected to top \$3 billion after profitable 2018 -Bloomberg

E-cigarette maker Juul Labs Inc's revenue is expected to triple this year to about \$3.4 billion following a profitable 2018, Bloomberg reported. The vaping device maker revealed its first official growth



figures last month, saying it made sales of over \$1 billion in 2018, up from \$200 million the year earlier. Its overall profit for 2018 reached \$12.4 million, Bloomberg reported, citing a person briefed on the results. The soaring sales come even as a divisive debate rages on over e-cigarettes, which offer an alternative free of the cancer-causing chemicals found in cigarettes, but are often seen as spurring new nicotine addiction, especially among teens. Juul's revenue in the fourth quarter fell 2.5 percent from the previous quarter, while its adjusted loss reached \$70.4 million, Bloomberg said. However, poor U.S. results were offset by a strong international business.

Stamps.com plunges after company cuts ties with U.S. Postal Service

Shares of Stamps.com fell after the online postage service provider said it ended its partnership with the U.S. Postal Service, a key source of revenue for the company. Stamps.com also forecast 2019 adjusted earnings per share to fall between 48 percent and 56 percent. "We've decided to discontinue our shipping partnership with the USPS so that we can fully embrace partnerships with other carriers," Chief Executive Officer Kenneth McBride said. Stamps.com said it is looking to create partnerships with other prominent package delivery companies including United Parcel Service and FedEx. The shares of the company dropped to 57.33 percent at \$84.53.

GM extends production at Detroit factory until early 2020

General Motors said it had extended the production at its Detroit Hamtramck plant until January 2020, against an earlier plan to discontinue production in June this year. The automaker is revamping its operations, which include plant closures and thousands of job cuts, as it looks to boost profitability in the wake of declining U.S. auto sales. "We are balancing production timing while continuing the availability of Cadillac advanced technology features currently included in the CT6-V - the Blackwing Twin-Turbo V-8 (engine) and Super Cruise (driver assistance system)," GM said. The plant has already discontinued production of the Buick LaCrosse sedan and Chevrolet Volt electric hybrid car. The Hamtramck plant will continue to produce the Chevrolet Impala and Cadillac CT6 sedans until early next year, the company said.

Diplomat Pharmacy pulls forecast, delays results

Diplomat Pharmacy said it would withdraw its 2019 forecasts and delay its fourth-quarter and annual results as lower-than-expected performance in its pharmacy benefits management business could result in a charge. Diplomat said additional customer losses since January, when the company provided its preliminary 2019 expectations, and a softer outlook for client wins had weighed on in its pharmacy benefits business. "Diplomat is clearly facing pressures on a number of fronts, and we, therefore, expect the stock to struggle until operations can be stabilized," said John Kreger, an analyst with William Blair.





Yaneidi Guzman, 38, poses for a picture at her home in Caracas. She is one of many Venezuelans suffering from malnutrition, in Caracas, Venezuela, February 17. REUTERS/Carlos Garcia Rawlins

Insight and Analysis

A Fed pivot, born of volatility, missteps, and new economic reality

The Federal Reserve's promise in January to be "patient" about further interest rate hikes, putting a three-year-old process of policy tightening on hold, calmed markets after weeks of turmoil that wiped out trillions of dollars of household wealth. But interviews with more than half a dozen policymakers and others close to the process suggest it marked a more fundamental shift that could define Chairman Jerome Powell's tenure as the point where the Fed first fully embraced a world of stubbornly weak inflation, perennially slower growth and permanently lower interest rates. One question, is whether to make crisis-fighting policies a part of the routine toolkit.

Buyout firms abandon debt-laden ways for pricey deals

Some private equity firms that are keen to put their swelling cash piles to work are paying for expensive acquisitions of fast-growing companies mostly out of their own pockets and trimming back their reliance on debt. Ultimate Software Group, Ellie Mae and Scout24 are among the companies that private equity firms agreed to buy this month using mostly cash from their own investment funds, known as equity, and relatively little debt, people familiar with the transactions said. The deals show how private equity firms are expanding beyond the traditional leveraged buyout model, as they look to deploy the record \$1.2 trillion they have raised from their investors.

Dollar crown intact as central banks emulate Fed tightening pause

It was supposed to be the start of a dollar downturn. Instead, investors are scaling back those bets as a dovish shift by the Federal Reserve is emulated by central banks worldwide - keeping intact the greenback's interest rate premium over other currencies. The dollar gained 4.4 percent in 2018 - its best year since 2015 - as strong economic growth allowed the Fed to raise rates repeatedly, even as most other developed economies struggled with weaker momentum. Traders began in late 2018 to bet the dollar was heading for a fall from 18-month highs amid signs the Fed was nearing the end of its three-year long policy tightening cycle.

CANADA

Market Monitor

Canada's main stock index rose, driven by energy shares on the back of crude prices, which rose on renewed hopes that the United States and China could resolve their ongoing trade dispute. The **Toronto Stock Exchange's S&P/TSX composite index** ended up 0.08 percent at 16,013.10. The **energy sector** rose 0.33 percent to 156.28. The **U.S. dollar** fell 0.64 percent against the **Canadian dollar** to C\$1.3145.



REUTERS/Mark Blinch

COMING UP - ON MONDAY

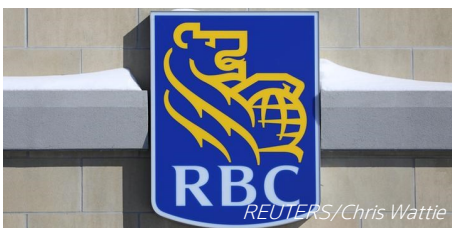
No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Turquoise Hill Resources Ltd	2.79	0.31	12.50
Keyera Corp	31.06	2.70	9.52
Hudbay Minerals Inc	9.05	0.64	7.61
Hudson's Bay Co	8.10	0.54	7.14
LOSERS			
Cott Corp	18.20	-2.37	-11.52
Lucara Diamond Corp	1.64	-0.15	-8.38
Altus Group Ltd	23.85	-1.78	-6.94
Uni-Select Inc	12.46	-0.74	-5.61

Top News

Canada December retail sales down 0.1 percent on gasoline

The value of Canadian retail sales slipped by 0.1 percent in December from November to C\$50.35 billion, largely due to lower gasoline prices, Statistics Canada said. Analysts in a Reuters poll had forecast a 0.3 percent drop. Excluding autos and parts, sales fell a more material 0.5 percent, though most of that was due to a 3.6 percent drop in sales at gasoline stations. Sales were down in seven of 11 subsectors, representing 43 percent of retail trade. In volume terms, retail sales increased 0.2 percent from November and were up 0.7 percent for all of 2018.



REUTERS/Chris Wattie

Royal Bank of Canada's earnings rise despite weak capital markets

Royal Bank of Canada said first-quarter earnings rose in line with market expectations, as growth in personal and commercial banking offset lower earnings at its capital markets division. "This quarter the markets were choppy, weak in the first half of the quarter and strong in

the second half of the quarter," Chief Financial Officer Rod Bolger said in an interview. The lender said earnings per share grew by 7 percent in the quarter to C\$2.15. Adjusted earnings per share were C\$2.19, in line with the average analyst forecast according to IBES data from Refinitiv. Net income rose by 5 percent to C\$3.17 billion, the bank said. "We don't believe that these result will drive any catch-up versus peers in the near term," said Eight Capital analyst Steve Theriault.

Magna profit beats expectations, auto parts maker stock up

Magna International said profits beat market forecasts as a big spike in vehicle assembly work more than offset declining global auto production in the fourth quarter. The company said it expects its performance to strengthen in the second half of 2019 from the first six months, reflecting its forecast for global vehicle output. But trade wars will pinch that performance, with Magna's 2019 tariff hit estimated at \$45 million to \$50 million. "Tariffs continue to hurt us," Chief Executive Don Walker said on a conference call with analysts. "Tariffs within the NAFTA region...(are) bad for all three countries, including the States, because their input costs become higher, and obviously, it's less competitive." Excluding one-time items, Magna earned

\$1.63 per share, down from \$1.58 in the same period last year, but ahead of the consensus expectation of \$1.59 per share, according to IBES data from Refinitiv. Net income fell to \$456 million, or \$1.37 per share, in the fourth quarter from \$559 million, or \$1.54 per share, a year earlier.

POLL-Canada's housing market set for years of subdued price rises

Canada's once-roaring housing market has been tamed, according to the latest Reuters poll of analysts who predict house prices will rise nationally and in key urban hot spots they will not outstrip overall inflation over the next two years. While a mild price correction has already taken place in Toronto, Canada's largest city, and is underway in Vancouver, the latest survey of 20 analysts nationwide taken Feb 13-21 puts the chances of a national correction at just 20 percent. House prices are forecast to rise just 1.1 percent this year on an average basis, followed by 1.9 percent in 2020 and then 3 percent in 2021, based on a smaller sample of contributors willing to look that far into the future. The outlook for Toronto is nearly identical at 1.3 percent, 2.0 percent and 3.5 percent, with Vancouver likely down 1.0 percent this year, then up 0.2 percent next year and 3.0 in 2021.



WEALTH NEWS

TRADE TALKS

U.S., China struggle to bridge trade gaps, more time seen likely

Top U.S. and Chinese trade negotiators met on Friday to wrap up a week of talks that have seen the two sides struggle over the details of structural reform commitments by China, increasing the likelihood of extending the March 1 U.S. deadline for a deal.

FED TAKE

In hot job market, Fed still frets about low inflation

Despite a U.S. unemployment rate that has plumbed its lowest levels in nearly 50 years, Federal Reserve policymakers remain worried about excessively low inflation, a view that helps explain the central bank's recent decision to put interest-rate hikes on hold. Traditionally, economists have found that when labor markets run hot, eventually inflation will as well. A spate of new research from within and outside the Fed, however, has suggested that relationship may have weakened. The concern about excessively low inflation is remarkable, given that the Fed was until recently raising interest rates to keep the economy from overheating as unemployment fell.

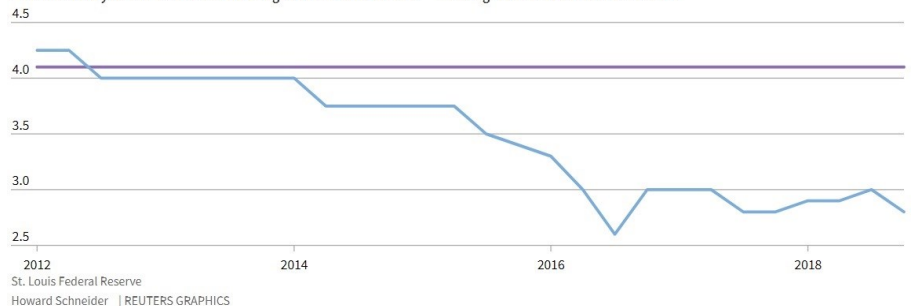
The Fed's new normal

One gauge of how the U.S. economy has changed since the 2007 to 2009 financial crisis is the estimate of the long run Federal Funds rates given by policymakers. The long run rate is akin to the "neutral" rate that would keep the economy at full employment and growing at potential. It's decline shows some shift in underlying dynamics.

A FULL REBOUND, ABANDONED

Early after the crisis, Fed officials thought rates could recover to old levels.

— Median Policymakers' Estimate of the Long Run Federal Funds Rate — Average Federal Funds Rate 1991 - 2007



St. Louis Federal Reserve
Howard Schneider | REUTERS GRAPHICS

[Click on the chart for an interactive and full-size image](#)

DIVESTITURE

Buffett's Berkshire Hathaway in talks to sell workers comp unit -sources

Warren Buffett's Berkshire Hathaway is in advanced discussions to sell its Applied Underwriters workers compensation unit to a consortium of insurance firms, people familiar with the matter said.

FACEBOOK UNDER PROBE

NY governor orders probe into Facebook access to data from other apps

New York Governor Andrew Cuomo ordered two state agencies to investigate a media report that Facebook may be accessing far more personal information from smartphone users, including health and other sensitive data, than had previously been known.

WALL STREET WEEK AHEAD

Maybe time for growth to run out of gas

A return to fashion of growth stocks in 2019 helped lead the overall market out of a year-end shakeout, but another multi-year run of growth performing better than value may not be in the cards.

GLOBAL ECONOMY

Thirty years on, U.S.-China politics and tech collide

The United States has accused Beijing of forcing U.S. companies doing business in China to share their technology with local partners and hand over intellectual property secrets, charges that China denies.

HEALTH DEAL

FMC wraps up \$2 billion acquisition of NxStage

Germany's Fresenius Medical Care wrapped up its \$2 billion acquisition of home dialysis maker NxStage Medical, according to a U.S. Securities and Exchange Commission filing.



ON THE RADAR

Events	ET	Poll	Prior
Tue: Building permits: number for Dec	0830	1.290 mln	1.322 mln
Build permits: change mm for Dec	0830	--	4.5 pct
Housing starts number for Dec	0830	1.253 mln	1.256 mln
House starts mm: change for Dec	0830	--	3.2 pct
Monthly home price mm for Dec	0900	--	0.4 pct
Monthly home price yy for Dec	0900	--	5.8 pct
Monthly Home Price Index for Dec	0900	--	269.2
Consumer Confidence for Feb	1000	125.0	120.2
Wed: Durable goods for Jan	0830	0.2 pct	--
Advance goods trade balance for Dec	0830	--	-76.98 bln
Wholesale inventories advance for Dec	0830	--	0.8 pct
Retail inventories ex-auto advance for Dec	0830	--	0.7 pct
Durables ex-defense, R mm for Dec	1000	--	1.8 pct
Durable goods, R mm for Dec	1000	--	1.2 pct
Factory orders mm for Dec	1000	0.6 pct	-0.6 pct
Factory ex-transport mm for Dec	1000	--	-1.3 pct
Thu: Corporate profits preliminary for Q4	0830	--	3.5 pct
GDP 2nd estimate for Q4	0830	2.4 pct	--
Core PCE prices preliminary for Q4	0830	1.6 pct	--
Initial jobless claims	0830	220,000	216,000
Jobless claims 4-week average	0830		235,750
Continued jobless claims	0830		1,725 mln
Fri: Personal income mm for Jan	0830	0.3 pct	0.2 pct
Personal consumption real mm for Dec	0830	--	0.3 pct
Consumption, adjusted mm for Dec	0830	-0.2 pct	0.4 pct
Core PCE price index mm for Dec	0830	0.2 pct	0.1 pct
Core PCE price index yy for Dec	0830	1.9 pct	1.9 pct
PCE price index mm for Dec	0830	--	0.1 pct
PCE price index yy for Dec	0830	--	1.8 pct
Markit Manufacturing PMI Final for Feb	0945	--	53.7
ISM Manufacturing PMI for Feb	1000	55.9	56.6
ISM Manufacturing Prices Paid for Feb	1000	52	49.6
ISM Manufacturing Employment Index for Feb	1000	--	55.5
ISM Manufacturing New Orders Index for Feb	1000	--	58.2

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Mosai	Q4	AMC	\$0.57	\$0.57	\$0.34	\$2,371.29
ONEOK	Q4	AMC	\$0.73	\$0.73	\$0.53	\$3,289.18

*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.



Traditional dancers wait to perform at the Rakhine State Investment Fair at Ngapali beach in Thandwe, Rakhine, Myanmar , February 21. REUTERS/Ann Wang

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