

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Treasury yields rose after U.S. jobs and manufacturing data underscored a strong economy with little wage inflation, while a gloomy outlook from Amazon.com weighed on **major indexes**. The **dollar** was up against the **yen**, while the **euro** gained versus the U.S. currency. **Oil** prices advanced on hopes for fuel demand and **gold** prices eased.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	25039.13	39.46	0.16	26951.81	21712.53
Nasdaq	7263.87	-17.87	-0.25	7303.12	6457.13
S&P 500	2706.39	2.29	0.08	2708.95	2443.96
Toronto	15506.31	-34.29	-0.22	16586.46	13776.88
FTSE	7020.22	51.37	0.74	7001.94	6599.48
Eurofirst	1414.24	3.10	0.22	1416.34	1308.86
Nikkei	20788.39	14.90	0.07	20892.68	19241.37
Hang Seng	27930.74	-11.73	-0.04	28010.90	24896.87

TREASURIES	Yield	Price
10-year	2.6914	-16 /32
2-year	2.5141	-3 /32
5-year	2.5134	-11 /32
30-year	3.0315	-19 /32

FOREX	Last	% Chng
Euro/Dollar	1.1456	0.10
Dollar/Yen	109.48	0.56
Sterling/Dollar	1.3080	-0.15
Dollar/CAD	1.3087	-0.27
TR/HKEX RMB	94.44	-0.04

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	55.34	1.55	2.88
Spot gold (NY/oz)	1317.78	-2.78	-0.21
Copper U.S. (front month/lb)	0.0278	-0.0001	-0.61
Reuters/CRB Index Total Return	187.50	0.96	0.51

S&P 500	Price	\$ Chng	% Chng
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GAINERS			
Symantec Corp	22.91	1.89	8.99
FMC Corp	85.81	6.01	7.53
Aon PLC	167.49	11.26	7.21

LOSERS			
Amazon.com Inc	1626.23	-92.50	-5.38
Westrock Co	38.70	-2.01	-4.94
IDEXX Laboratories Inc	205.38	-7.40	-3.48

Coming Up - On Monday



The Google logo is pictured at the entrance to the Google offices in London, Britain January 18. REUTERS/Hannah McKay

Google parent **Alphabet Inc** is expected to post a rise in fourth-quarter revenue, helped by higher ad sales.

The Commerce Department is expected to report a rise of 0.2 percent in **factory goods orders** for the month of November.

Federal Reserve Bank of Cleveland President **Loretta Mester** speaks on the economic outlook and monetary policy before the 50 Club of Cleveland monthly meeting.

LIVECHAT - MARKETS UPDATE
EMEA Markets Editor Mike Dolan analyses the state of the European markets (0600 ET/1100 GMT). To join the conversation, [click here](#)

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
ISM-New York Index for Jan	0945	--	848.5
ISM New York Business Conditions for Jan	0945	--	65.4
Employment Trends for Jan	1000	--	111.6
Durables ex-defense, R mm for Nov	1000	--	-0.1 pct
Durable goods, R mm for Nov	1000	--	0.8 pct
Factory orders mm for Nov	1000	0.2 pct	-2.1 pct
Durables ex-transport R mm for Nov	1000	--	-0.3 pct
Nondefense cap ex-air R mm for Nov	1000	--	-0.6 pct
Factory ex-transport mm for Nov	1000	--	0.3 pct



Coming Up - Week Ahead

Federal Reserve Chairman **Jerome Powell** gives opening remarks and answers questions before event, "Conversation with the Chairman: Teacher Town Hall Meeting" hosted by the Federal Reserve Bank of Richmond Charlotte branch on Wednesday. Federal Reserve Vice Chairman **Randal Quarles** speaks at the Council for Economic Education Vantage Point Reception on the same day. Federal Reserve Vice Chairman **Richard Clarida** speaks at the Czech National Bank and Czech Economic Society academic seminar on Thursday. On that day, Federal Reserve Bank of St. Louis President **James Bullard** gives presentation on the U.S. economy and monetary policy before the 57th Winter Institute hosted by the Center for Economic Education, the Economics Department and the School of Public Affairs, St. Cloud State University.

On the U.S. economic side, the Institute of Supply Management is likely to report on Tuesday its **non-manufacturing index** fell to 57.0 in the month of January from 57.8 in December. On Wednesday, a report from the Commerce Department is expected to show the trade deficit for the month of November narrowed to \$54.0 billion, down from \$55.5 billion in October. **Initial claims** for state unemployment benefits likely fell to 220,000 in the week ended February 2, a report from the Labor Department is scheduled to say on Thursday. On the same day, a report from the Federal Reserve is also expected to report **consumer credit** data for the month of November. **Wholesale inventories data** is scheduled for release on Friday.

On Thursday, **Twitter Inc** is expected to report a rise in fourth-quarterly revenue, helped by higher ad sales following its efforts to make the service a friendlier place to interact with other users.

Walt Disney Co is expected to post a fall in its first-quarter revenue on Tuesday due to the lack of blockbuster movie releases in the quarter. Investors would be looking out

for more details in its streaming service Disney+, set to launch later this year and any commentary regarding the divestiture of its regional sports channels needed to to win the U.S. Justice Department's approval for its purchase of Fox's film and TV assets.

Philip Morris International Inc, the world's biggest international tobacco company, will report fourth-quarter result on Thursday. Investors will look for any updates regarding its IQOS tobacco-heating device.



General Motors Co is scheduled to report its fourth-quarter result on Wednesday. The No.1 U.S. automaker is expected to report a profit, compared with a loss a year earlier when it recorded a charge related to changes in the U.S. laws. Earlier in January, GM promised investors stronger 2019 earnings and outlined ambitious plans for its Cadillac brand to challenge Tesla Inc in the growing electric vehicle market. Investors will look for an update on GM's plans to reduce cost as sales slow in the United States and comments on the potential impact of an economic slowdown in China this year.

Cognizant Technology Solutions Corp is expected to report a rise in fourth-quarter revenue on Wednesday as investments in fast-growing digital and cloud services paid off. Snap Inc is likely to report its fourth-quarter result on Tuesday. The Snapchat app-owner is expected to lose more users as it battles against Facebook's Instagram. The New York Times Co is expected to post a rise in its fourth quarter revenue, driven by growth in the newspaper publisher's online subscriptions

on Wednesday.

Chipotle Mexican Grill Inc, the Mexican fast-casual restaurant chain on Wednesday is expected to report a growth in fourth-quarter sales and profit, driven by higher food prices, online sales and new promotions. The company's profit margin number will be widely watched at a time it faces increasing minimum wages and other operating costs. On Thursday, **Yum! Brands Inc**, the operator of fast food chains, is expected to post a rise in comparable restaurant sales, boosted by higher sales in its KFC and Taco Bell restaurants in the fourth quarter. Investors and analysts will be looking out for any positive updates on the Pizza Hut business, which has been a drag on the company's business in the past few years. On the same day, Kellogg is expected to report a decline in its fourth-quarter profit, hurt by higher costs from its new snacking distribution model and promotions to drive sluggish cereal sales. Tyson Foods Inc, the top U.S. meat processor, on Thursday is expected to report a slight rise in first-quarter revenue benefiting from higher demand for beef, while investors and analyst will be looking out for any further impact from the U.S.-China trade war, which hurt Tyson's chicken business.

The **Estee Lauder Companies Inc** is expected to post rise in second-quarter sales and profit on Tuesday, helped by strong demand for its makeup brands Becca, M.A.C and Too Faced. Investors will look for comments on the China and Brexit impact on its business. Higher sales of millennial-favorite Kate Spade handbags and clutches are expected to boost parent **Tapestry Inc's** second-quarter revenue and profit on Thursday. On the same day, **Ralph Lauren Corp**, the upscale fashion group is expected to report a rise in third-quarter revenue as a roll back of discounts and a marketing strategy designed to woo a younger audience begin to bear fruit. Wall Street will also pay close attention to the outlook for Europe and China, given the macroeconomic issues in those

regions. Investors will watch for any comments on its China business, a big concern for the luxury goods market amid looming U.S.-China trade talks and souring consumer confidence. **Capri Holdings Ltd**, the maker of Michael Kors handbags, is expected to post a rise in third-quarter profit on Wednesday as it scales back discounts and sees higher demand for its Jimmy Choo brand of stilettos. Any commentary on overseas demand will also be closely watched by investors. On Friday, **Coty Inc** is expected to report lower second-quarter profit versus the year-ago quarter, hurt by a dip in sales and continued impact of the P&G Beauty acquisition. Investors will look for comments on the P&G brands and updates related to any supply chain issues faced by the beauty products maker.

Insurer **MetLife Inc** is set to report its fourth-quarter results on Wednesday, after some analysts lowered their earnings forecasts because of a challenging financial market, including declines in the S&P 500 and the U.S. 10-year treasury yield. **Prudential Financial Inc** will report its fourth-quarter result after the market close on Wednesday and during a challenging economic environment for many life insurers. Declines in the S&P 500 and 10-year treasury yield are threats to insurers' investment portfolios, but rising interest rates may help offset the slide, analysts say. Financial advisory firm Lazard Ltd is expected to report a drop in revenue as per Refinitiv estimates, as uncertainty in the capital markets and a spike volatility depleted appetite for major deals in the fourth quarter on Tuesday. The company has also been facing stiff competition from bigger investment banks such as Morgan Stanley and Goldman Sachs that are trying to grow their investment banking units by engaging in deals of all sizes.

A slew of healthcare companies are set to report on Wednesday, including **GlaxoSmithKline plc**, **Eli Lilly and Co** and **Humana Inc**. Britain's biggest drugmaker, GlaxoSmithKline plc reports fourth-quarter result that is likely to show a growth in full-year profit as it prepares to split its business into two after a deal with Pfizer in

December. Investors will look for comments on the company's plans for Britain's proposed exit from the EU and any impact from the launch of Mylan's generic version of GSK's blockbuster Asthma treatment Advair. Eli Lilly and Co will report earnings for the fourth quarter, the first quarter since the company announced its \$8 billion deal for cancer drugmaker Loxo Oncology. Given a recent setback in a trial testing its cancer treatment Lartruvo, investors will watch for comments on forecast for 2019 as well as updates on tanezumab, an experimental non-opioid pain drug it is developing with Pfizer Inc. Humana Inc is expected to report higher fourth-quarter profit, helped by member growth in its Medicare Advantage health plans. Investors will focus on commentary about recent proposals by the U.S. government to overhaul the drug rebate rule, as well as on Humana's full year-forecast to gauge growth in the Medicare Advantage space.

Sanofi is likely to publish fourth-quarter and full-year results on Thursday. Investors will be keen to assess whether the French drugmaker is finally delivering on its promise of return to steady growth.

On Wednesday, action camera-maker **GoPro Inc** is expected to report a rise in quarterly revenue, helped by stronger demand for its newer and cheaper HERO cameras.

Mattel Inc is set to report its fourth-quarter result on Thursday. The toy maker is expected to report a fall in holiday quarter sales, hurt by lower demand for its Fisher-Price line of products in international markets and the lingering effects of the collapse of Toys 'R' Us. However, a second straight quarter of rising sales in North America may provide some respite to investors. With the absence of Toys 'R' Us still looming large over the toy industry, Hasbro Inc's fourth-quarter sales are expected to fall nearly five percent on Friday. Investors will look to see if the company's outlook for 2019 improves, especially given its new line of toys based on the "Bumblebee" movie.

Intercontinental Exchange Inc, owner of

the New York Stock Exchange, is expected to report a rise in fourth-quarter profit on Thursday, helped by a boost in its data and listings business.

Canadian fertilizer company **Nutrien Ltd** reports first-quarter result on Wednesday, as potash prices rise on increasing demand and curtailed production by some producers.

On Tuesday, Canada's **WestJet Airlines** is expected to report higher revenue for the fourth quarter, but it continues to face cost pressures and a competition board investigation over pricing by its new budget carrier Swoop.

Canadian oil producer **Suncor Energy** reports quarterly results on Tuesday. It likely benefited in the fourth quarter from cheap Canadian oil prices that it could process in its refineries.

Statistics Canada is expected to report **Canadian building permits data** for the month of December on Wednesday. **Ivey Purchasing Managers Index** is also scheduled for release on the same day. On Friday, Statistics Canada will report **jobs data** for the month of January.

The **Purchasing Managers Index for services activity** in Brazil for the month of January will be released by the research firm Markit on Tuesday. On Friday, the government statistics agency IBGE will report **consumer prices data** for the month of January. **Brazilian Automobile sales and production data** is expected on Wednesday.

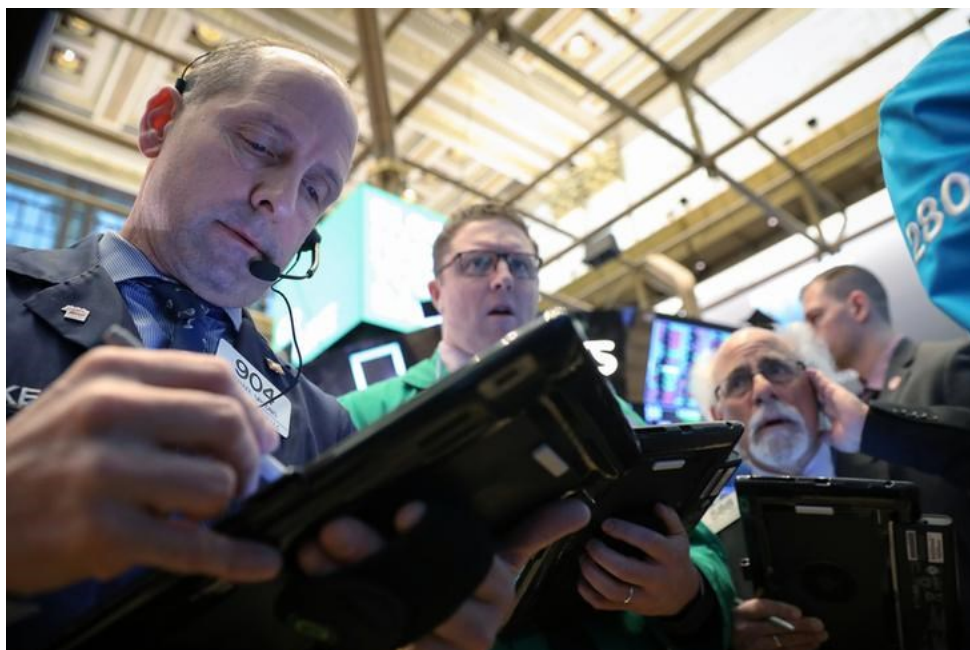
On Tuesday, Argentina's statistics agency Indec will report **industrial output data** for the month of January.

Mexico's **consumer confidence index** is scheduled to be reported on Wednesday. Chile's central bank will report the country's economic activity for the month of December on Tuesday. The country's government statistics agency INE is also expected to report **consumer inflation data** for the month of January on Friday. Additionally, Peru's central bank is expected to set its **benchmark interest rate** on Thursday.

Market Monitor

Wall Street indexes were mixed, as optimism from a surge in January U.S. job growth was offset by a weaker-than-expected outlook from Amazon.com that battered retail stocks. The online retail heavyweight fell 5.60 percent after its quarterly sales forecast fell short of Wall Street estimates, overshadowing its record sales and profit during the holiday season. The jobs report, along with better-than-expected ISM manufacturing activity numbers for January, pointed to underlying strength in the economy despite an uncertain outlook that has left the Federal Reserve wary about more interest rate hikes this year. **Exxon Mobil** gained 3.34 percent and **Chevron** rose 2.76 percent after the oil majors reported better-than-expected quarterly profits, boosting the Dow Jones industrial index. The **S&P energy index** rallied 1.83 percent to 479.44, also helped by higher oil prices. **Cigna** fell 3.16 percent. The **S&P real estate index** dropped 0.67 percent to 211.56. The **S&P consumer discretionary index** fell 1.77 percent to 846.16. The **Dow Jones Industrial Average** was up 0.12 percent at 25,030.18 points, while the **S&P 500** rose 0.09 percent to 2,706.53. The **Nasdaq Composite** dropped 0.25 percent to 7,263.87. For the week, the **S&P 500** rose 1.58 percent, the **Dow** added 1.32 percent, the **Nasdaq** gained 1.38 percent

January's surge in U.S. job growth pushed **Treasury yields** up, just days after the Federal Reserve expressed caution about further interest rate hikes this year. "If the Fed's message on Wednesday was a dovish reaction to the data, well even in the last few days, the data has improved," said Guy LeBas, chief fixed income strategist at Janney Montgomery Scott. "The question for financial markets over the next few trading sessions is whether the dovish outlook from the Fed was a reaction to data inputs or whether it represents a new reaction function to the same data." **Two-year notes** fell 3/32 to yield 2.51 percent and the **10-year notes** slipped 16/32, yielding 2.69 percent.



Traders work on the floor of the New York Stock Exchange (NYSE) in New York, U.S., January 29.
REUTERS/Brendan McDermid

The **dollar** rose against the yen, posting its largest one-day gain in roughly a month, after January data showing the biggest number of U.S. jobs created in 11 months and a rebound in U.S. manufacturing. But tame wage inflation as shown in the U.S. nonfarm payrolls report kept the dollar's gains in check, analysts said. "The combination of a barnstorming headline number and the slight rise in unemployment suggests two things: America is creating jobs at a prodigious rate right now and there is some spare capacity to keep employers fed with more recruits in coming months," said David Lamb, head of dealing at Fexco Corporate Payments in Edinburgh. The **dollar** gained 0.56 percent against the **yen** to 109.48, as the **dollar index** was flat at 95.58. The **euro**, meanwhile, rose 0.11 percent versus the **dollar** to \$1.1457.

Oil prices rose on upbeat U.S. jobs data and signs that U.S. sanctions on Venezuelan exports have helped tighten supply, then extending gains after weekly data showed U.S. drillers cut the number

of oil rigs. **Brent crude oil futures** rose 3.27 percent, to \$62.83 a barrel. **U.S. West Texas Intermediate (WTI) futures** were at \$55.34 a barrel, up 2.88 percent. Prices climbed after General Electric Co's Baker Hughes energy services firm reported that U.S. energy firms cut the number of oil rigs operating for a fourth week in the past five. Last week's data showed the rig count in January fell the most in a month since April 2016.

Gold slipped, weighed down by robust U.S. jobs data. **Spot gold** dipped 0.24 percent to \$1,317.41 per ounce. **Gold futures** were down 0.15 percent to \$1,323.20 an ounce. "The current dip is due to a combination of a very sturdy payrolls report, despite the U.S. government shutdown, as well as strong manufacturing data from the U.S.," said Tai Wong, head of base and precious metals derivatives trading at BMO. "Gold has also had a great run this week, surging above \$1,300, so there is a bit of profit-taking here."



Top News

Exxon Mobil profit tops estimates as production rebounds

Exxon Mobil reported a quarterly profit that topped analysts' estimates, pushing its shares up as oil and natural gas output rose slightly on a year-over-year basis. The company's fourth-quarter net income fell to \$6 billion, or \$1.41 a share, from \$8.38 billion a year ago. But earnings excluding the impacts of tax reform and impairments rose to \$6.4 billion from \$3.73 billion a year ago. Analysts had forecast a \$1.08 a share profit excluding one-time items, according to Refinitiv. Exxon's oil equivalent production rose to just over 4 million barrels per day, up from 3.9 million bpd in the same period the year prior. The company said its output in the Permian Basin, the largest U.S. shale basin, rose 90 percent over a year ago. CEO Darren Woods said Exxon would sanction liquefied natural gas (LNG) projects on the U.S. Gulf Coast and in Mozambique this year. Qatar Petroleum and Exxon are expected to announce plans next week to proceed with the \$10 billion Golden Pass LNG Terminal export project in Texas.

Chevron's profit rises on higher oil prices and output

Chevron reported quarterly earnings that topped analysts' estimates on higher prices and production. Results for the company reflected a 12.5-percent increase in oil and gas production as net output rose to 3.08 million bpd. Prices paid for its crude were \$59 a barrel in the quarter, up from \$57 a year earlier, the company said. Chevron's fourth-quarter cash flow from operations rose to \$9.2 billion from \$8 billion a year earlier. Chevron reported a profit of \$3.7 billion, or \$1.95 per share, compared with \$3.11 billion, or \$1.64 a share a year earlier. Analysts' mean forecast was \$1.87 a share. Its operating results compared to the year-ago period were lower because of the impact of U.S. tax reform a year ago. Profit from oil and gas exploration was \$3.29 billion compared with \$5.29 billion a year earlier; refining profit fell to \$256 million compared with \$1.2 billion a year ago.



A 2018 Tesla Model 3 electric vehicle is shown in this photo illustration taken in Cardiff, California, U.S., June 1, 2018. REUTERS/Mike Blake

Tesla begins sales of cheaper Model 3 car variant in China

Electric vehicle maker Tesla said it will start taking orders in China on Friday for a lower-priced version of its Model 3 car, as it seeks to accelerate China sales hit by trade friction between Washington and Beijing. The firm said in a statement that Chinese customers will be allowed to place orders for a long range, rear-wheel-drive Model 3 variant whose price will start at 433,000 yuan. Previously, the starting price for a Model 3 in China was 499,000 yuan, for an all-wheel-drive long range version. Tesla said earlier this year that it plans to start delivering Model 3 cars to customers in China in 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.

Honeywell forecasts strong earnings on higher demand for aircraft parts

Honeywell forecast full-year earnings in a range that was largely above analysts' estimates, as the company benefited from robust demand for aircraft parts in a

booming airline industry. The company said it was in a better position to focus on its more profitable businesses, including aerospace, as record orders for jets boosted demand for its aircraft parts. "We now have a simpler, more focused portfolio ... with about 60 percent of the (business) growing sales at or above 5 percent organically," Chief Executive Officer Darius Adamczyk said. Honeywell forecast 2019 earnings in the range of \$7.80 and \$8.10 per share, while analysts were estimating a profit of \$7.88 per share, according to IBES data from Refinitiv. Excluding items, the company earned \$1.91 per share in the fourth quarter, beating estimates of \$1.89 per share. Net sales fell 10.3 percent to \$9.73 billion, factoring the impact of the two divestitures.

Top U.S. insurer to cover Amgen, Eli Lilly migraine drugs, exclude Teva

A top U.S. pharmacy benefit manager (PBM) owned by UnitedHealth Group has included new migraine drugs from Amgen and Eli Lilly as preferred treatments on its lists of covered drugs, according to an OptumRx client note viewed by Reuters.

Teva Pharmaceutical's rival migraine headache preventer is excluded on one list and patients can pay more for it in some cases on a second list, the note said. OptumRx's decision secures easier access to customers for Lilly's Emgality at all three of the biggest PBMs - including CVS and Express Scripts - and gives Amgen's Aimovig a leg up after CVS decided not to include it on its preferred drug list. Teva's Ajoy only has preferred status at CVS, while Amgen also has it at Express Scripts, part of Cigna. A Teva spokeswoman said the company is committed to increasing access to Ajoy regardless of formulary decisions and is still offering discounts that allow patients to pay nothing in some cases, regardless of insurance.

Cigna CEO shrugs off concerns about proposed change to rebate rules

The U.S. government's proposal to eliminate rebates that pharmacy benefit managers receive from drugmakers will not have a meaningful impact on growth, and does not affect the commercial market, Cigna Chief Executive Officer David Cordani (*pictured*) said. On an earnings conference call with analysts,



Cordani played down the potential impact of the proposed rule from the U.S. Department of Health & Human Services, noting Express Scripts already passes about 95 percent of rebates and discounts to its commercial clients. The health insurer said it expected 2019 adjusted income from operations of between \$16 and \$16.50 per share, below the average estimate of \$16.74 per share, according to Refinitiv IBES. The company's revenue forecast also came below Wall Street

expectations. Excluding items, Cigna earned \$2.46 per share in the fourth quarter, beating estimates of \$2.42.

GM and Sao Paulo in talks to invest 9 billion reais for tax breaks - report

Automaker General Motors is in talks to invest 9 billion reais in the Brazilian state of Sao Paulo over the next three years in return for tax incentives, newspaper Valor Economico reported. Valor reported that GM would invest in its product line until 2022, and then the following year, the company would start to enjoy tax rebates. Valor, which also reported that GM's losses in Brazil last year totaled 1 billion reais despite being the country's market leader, did not specify the exact amount GM would expect to generate in tax incentives. Last year, Brazil's government granted carmakers a 15-year package of tax breaks - extending subsidies for an industry that has struggled to compete directly with production elsewhere despite high import barriers.

Merck's Keytruda tops \$2 billion in quarterly sales

Merck cancer immunotherapy Keytruda compiled sales that topped \$2 billion in a quarter for the first time, exceeding Wall Street's lofty estimates. The company also reported slightly higher-than-expected fourth-quarter profit as Keytruda sales jumped 66 percent to \$2.15 billion, compared with analysts' estimate of \$2.12 billion, according to IBES data from Refinitiv. The company issued a 2019 earnings forecast with a midpoint a bit below Wall Street estimates, following a trend seen this month among other large drugmakers. The drugmaker forecast 2019 adjusted earnings of \$4.57 to \$4.72 per share versus analysts' estimate of \$4.68. It forecast full-year revenue of \$43.2 billion to \$44.7 billion, compared with analysts' estimate of \$44.53 billion. Excluding items, Merck earned \$1.04 per share, beating analysts' average expectations by a penny.

Apple fixes FaceTime privacy bug, will issue update next week

Apple said it has fixed a privacy flaw in its group video chat software and that it plans to improve how it handles reports of software bugs after a teenager and his mother tried for days to warn the iPhone maker of the bug. The bug was discovered by 14-year-old Grant Thompson, who, along with his mother, Michele, tried to report the bug to Apple but said they struggled to get the company's attention until the problem gained traction on social media. Apple turned off the FaceTime group chat feature on Monday as its engineers worked to fix the issue. The company said it has fixed the bug on its servers and will turn on the feature for users again next week. "We want to assure our customers that as soon as our engineering team became aware of the details necessary to reproduce the bug, they quickly disabled Group FaceTime and began work on the fix," Apple said in a statement.

Spirit Aero signals strong 2019 on rising demand from Boeing

Spirit AeroSystems forecast 2019 profit and revenue above Wall Street estimates, as it prepares to meet higher demand for fuselages and other aircraft parts from top customer Boeing. Spirit expects revenue growth of about 14 percent in 2019, largely driven by Boeing's 737, Chief Executive Officer Tom Gentile said on a post-earnings conference call with analysts. "That's our largest program (737) and it's going up." Spirit makes about 70 percent of Boeing's best-selling commercial jetliner 737's structure. The company said it expects 2019 profit to be in the range of \$7.35 to \$7.60 per share and revenue between \$8 billion and \$8.2 billion. Analysts on average had expected a profit of \$7.34 per share and revenue of \$7.64 billion for 2019, according to IBES data from Refinitiv. On an adjusted basis, the company earned \$1.85 per share in the fourth quarter, above analysts' expectations of \$1.80 per share.





People play near the Angel of North statue following overnight snowfall in Gateshead, Britain, February 1, 2019. REUTERS/Lee Smith

Insight and Analysis

FOCUS-Boeing goes bionic to roll out more Dreamliners

Boeing is counting on a new kind of worker to help it reach a long-coveted target of rolling out 14 787 Dreamliners from its factories each month: half human, half robot. The world's largest planemaker is equipping mechanics with exoskeletons, similar to ones that allow cameramen to quickly navigate the sidelines of NFL football games, to increase their strength and speed. The high-tech suits also help reduce fatigue on repetitive tasks, such as overhead drilling.

FOCUS-Some U.S. metals importers resigned to higher prices as Trump's tariffs bite

U.S. metals importers that applied last year for exemptions from tariffs on steel and aluminum are losing hope the Commerce Department will approve their petitions, as the recent government shutdown added to a wait that for some has stretched to eight months without a ruling.

Fed policy turn not good news for Trump as risks mount

The Federal Reserve's policy twist on Wednesday might seem just what the White House ordered, with a hold put on what President Donald Trump termed "loco" interest rate hikes, and an openness to ending the monthly runoff of up to \$50 billion from the U.S. central bank's balance sheet. But the story the Fed is telling about the economy should give the Trump administration pause.

CANADA

Market Monitor

Canada's main stock index fell for the day, however the index rose 0.91 percent for the week, its sixth straight weekly advance.

The **Toronto Stock Exchange's S&P/TSX composite index** was up 25.66 points, or 0.17 percent, at 15,566.26. **Celestica** was down 18.99 percent and **Teck Resources** fell by 3.88 percent.

The **U.S. dollar** fell 0.26 percent against the **Canadian dollar** to C\$1.3088

Coming up - On Monday

No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Aphria Inc	12.59	1.18	10.34
Eldorado Gold Corp	5.22	0.30	6.10
Cronos Group Inc	27.31	1.56	6.06
LOSERS			
Celestica Inc	10.58	-2.48	-18.99
Imperial Oil Ltd	35.54	-1.74	-4.67
Teck Resources Ltd	30.76	-1.24	-3.88

Top News

Canada auto sales drop 7.3 percent in January, Toyota sales rise 14 percent

Canada's auto sales fell 7.3 percent in January to 108,774 units from a year earlier, industry data showed, marking the tenth straight month of sales drop.

According to a report by Global Automakers Canada (GAC) released on Friday, passenger car sales fell 13.7 percent, while truck sales were down 4.9 percent. In January, Fiat Chrysler Automobiles reported about a 20 percent fall in total auto sales, while Japanese automaker Toyota Motor's Canadian division reported a 14.1 percent rise in sales to 14,245 units. General Motors, the country's biggest carmaker, and Ford Motor have stopped reporting monthly sales numbers.

Canada manufacturing growth hits 2-year low as trade tensions bite

Canada's manufacturing sector expanded in January at the slowest pace in more than two years as global trade frictions dulled customer demand in export markets, data showed. The Markit Canada Manufacturing Purchasing Managers' index (PMI), a measure of manufacturing business conditions, fell to a seasonally adjusted 53.0 last month, its lowest since December 2016, from 53.6 in December. A reading above 50 shows growth in the sector. The measure of output also touched a 25-month low, dipping to 51.9

from 52.0 in December. The new orders index fell to 51.4, its lowest since October 2016, from 53.3 in December, while the measure of new exports revealed contraction for the second straight month.

Imperial Oil puts brakes on rail volumes after gov't output cuts

Canada's Imperial Oil is grinding its rail shipments to a near halt due to uncertainty caused by government-mandated production curtailments, its chief executive officer said. The Canadian province of Alberta ordered mandatory production cuts starting in January to ease an oil glut, helping Canadian prices improve sharply. Alberta this week said it would ease those curtailments for February and March. CEO Rich Kruger said Imperial reduced crude by rail shipments in January nearly in half, to 90,000 barrels per day, and plans volumes "near zero" in February due to the curtailments' impact. Earlier, Imperial posted a quarterly profit that beat analysts' estimates, as cheap crude prices enhanced margins at its refining division.

Australia's Healthscope recommends Brookfield deal

Australian hospital operator Healthscope said it had recommended a A\$4.35 billion takeover offer from Canadian investment firm Brookfield. After months of negotiations and counter bids from a rival

consortium, Healthscope said it had entered a scheme of arrangement with Brookfield under which the Canadian company was offering A\$2.5 for each share in Healthscope, slightly less than the A\$2.585 per share it had offered in December. Brookfield said it had also launched an off-market takeover offer for Healthscope for about A\$2.4 per share. The company also said it had entered agreements to sell 22 properties to Medical Properties Trust and Northwest Healthcare Properties for about A\$2.5 billion, on the condition that ownership of Healthscope passed to Brookfield.

Teck Resources warns on fourth-quarter profit

Diversified miner Teck Resources said it expects fourth-quarter profit to be significantly below market estimates, hurt mainly by "disappointing" business at its energy and Trail operation units. Teck said results of its energy business and Trail operations, as well as inventory valuations, would reduce quarterly earnings by C\$0.30 per share and earnings before interest, tax, depreciation and amortization by C\$195 million. Teck's fourth-quarter earnings per share was expected to be C\$1.10, according to Refinitiv IBES data. Teck will record pretax inventory write-downs totaling C\$80 million due to a decline in commodity prices during the fourth quarter, it added.



WEALTH NEWS

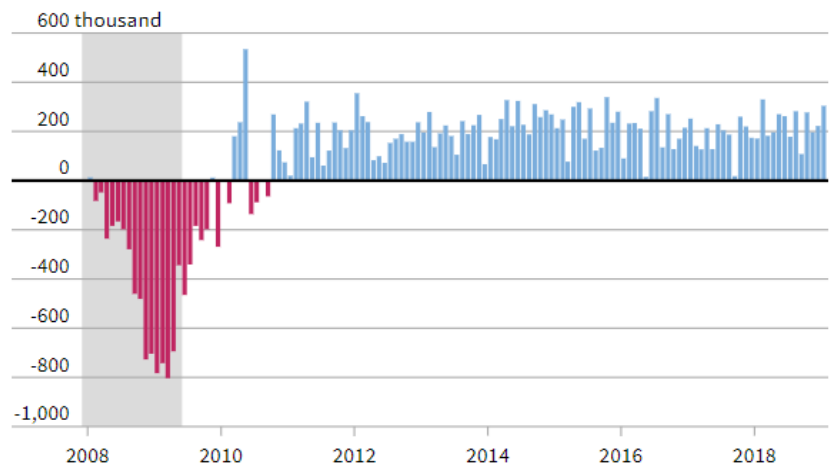
EMPLOYMENT DATA

U.S. job gains largest in 11 months; unemployment rate rises

U.S. job growth surged in January, with employers hiring the most workers in 11 months, pointing to underlying strength in the economy despite an uncertain outlook that has left the Federal Reserve wary about more interest rate hikes this year. The Labor Department said its closely watched monthly employment report showed no "discernible" impact on job growth from a 35-day partial government shutdown, while acknowledging it was unable to quantify the effect on private industry. But the longest shutdown in history, which ended a week ago, pushed up the unemployment rate to a seven-month high of 4.0 percent. Nonfarm payrolls jumped by 304,000 jobs last month, the largest gain since February 2018, the Labor Department said. Average hourly earnings rose three cents, or 0.1 percent in January after accelerating 0.4 percent in December.

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](#)

STAKE SALE

Papa John's seeks investment after it abandons outright sale -sources

Papa John's is pursuing the sale of a stake in itself after acquisition offers from private equity firms did not meet its valuation expectations, people familiar with the matter said.

HOUSING FINANCE OVERHAUL

Senate housing finance reform outline would privatize Fannie, Freddie

U.S. Senate Banking Committee Chairman Mike Crapo released an outline to overhaul the nation's housing finance system, which would see Fannie Mae and Freddie Mac privatized after years of government control.

MARKETS ON INTEREST RATE

Focused on Powell, markets missed signs Fed would pause

The Federal Reserve's decision Wednesday to scrap a promise for further rates hikes and be "patient" on further moves took financial markets and economists by surprise, but the signs were plain to see.

EARNINGS REPORT

Weak quarter mars Deutsche Bank's return to the black

A bigger than expected loss in the fourth quarter and weakness at its investment bank overshadowed the first annual profit in four years for Deutsche Bank.

KKR EARNINGS

KKR reports 23.5 percent rise in fourth-quarter earnings

Private equity firm KKR reported a 23.5 percent year-on-year rise in distributable earnings, as it sold down stakes in industrial machinery maker Gardner Denver Holdings and optical retailer National Vision.

VENEZUELA SANCTIONS

U.S. cracks down on foreigners dealing in Venezuela oil

U.S. sanctions will sharply limit oil transactions between Venezuela and other countries and are similar to but slightly less extensive than those imposed on Iran last year, experts said after looking at details posted by the Treasury Department.



ON THE RADAR

Events	ET	Poll	Prior
Tue: Markit Composite Final PMI for Jan	0945	--	54.5
Markit Services PMI Final for Jan	0945	--	54.2
ISM N-Manufacturing PMI for Jan	1000	57.0	57.6
ISM N-Manufacturing Business Activity for Jan	1000	--	59.9
ISM N-Manufacturing Employment Index for Jan	1000	--	56.3
ISM N-Manufacturing New Orders Index for Jan	1000	--	62.7
ISM N-Manufacturing Price Paid Index for Jan	1000	--	57.6
Wed: International trade for Nov	0830	-\$54.0 bln	-\$55.5 bln
Labor costs preliminary for Q4	0830	1.7 pct	0.9 pct
Productivity preliminary for Q4	0830	1.6 pct	2.3 pct
Thu: Initial jobless claims	0830	220,000	253,000
Jobless claims 4-week average	0830	--	220,250
Continued jobless claims	0830	--	1.782 mln
Consumer credit for Dec	1500	17.00 bln	22.15 bln

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Affiliated Managers Group	Q4	BMO	\$3.52	\$3.51	\$4.68	\$565.93
Alexandria Real Estate Equities	Q4	AMC	\$0.52	\$0.52	\$0.38	\$262.08
Alexion Pharmaceuticals	Q4	BMO	\$1.85	\$1.82	\$1.48	\$1,058.19
Alphabet	Q4	AMC	\$10.90	\$10.82	\$9.70	\$38,929.58
Apartment Investment and Management	Q4	AMC	\$0.04	\$0.04	\$1.90	\$234.55
AvalonBay Communities	Q4	AMC	\$1.13	\$1.14	\$1.72	\$575.18
Clorox	Q2	BMO	\$1.30	\$1.30	\$1.23	\$1,472.85
Gilead Sciences	Q4	AMC	\$1.72	\$1.70	\$1.78	\$5,497.77
Hartford Financial Services Group	Q4	AMC	\$0.58	\$0.57	\$0.81	\$4,787.87
Leggett & Platt	Q4	AMC	\$0.52	\$0.53	\$0.59	\$1,024.43
Seagate Technology	Q2	AMC	\$1.27	\$1.27	\$1.48	\$2,715.76
Sysco	Q2	BMO	\$0.72	\$0.73	\$0.66	\$14,782.70

*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.



Richard S. Vargas, The Salvation Army Director of Community Social Services, hugs homeless Alvin Henry during cold wellness checkup in Chicago, Illinois, January 31. REUTERS/Kamil Krzaczynski

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