

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Major stock indexes hit record highs as expectations for an interest rate cut from the Fed continued to propel shares even as investors awaited next week's kickoff of the earnings season. The **Treasury yield curve** was slightly steeper. The **dollar** fell, while **gold** was higher. **Oil** prices were up as U.S. Gulf of Mexico crude output dropped by more than half from disruptions caused by a tropical storm.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	27331.9	243.82	0.9	27088.45	21712.53
Nasdaq	8244.14	48.10	0.59	8228.60	6457.13
S&P 500	3013.75	13.84	0.46	3002.98	2443.96
Toronto	16488.12	-39.78	-0.24	16672.71	13776.88
FTSE	7505.97	-3.85	-0.05	7622.58	6599.48
Eurofirst	1522.42	-0.98	-0.06	1548.20	1308.86
Nikkei	21685.90	42.37	0.20	22362.92	19241.37
Hang Seng	28471.62	39.82	0.14	30280.12	24896.87

TREASURIES	Yield	Price
10-year	2.1167	1/32
2-year	1.8431	1/32
5-year	1.8659	2/32
30-year	2.6423	-2/32

FOREX	Last	% Chng
Euro/Dollar	1.1268	0.14
Dollar/Yen	107.85	-0.58
Sterling/Dollar	1.2572	0.42
Dollar/CAD	1.3033	-0.30
TR/HKEX RMB	93.56	-0.03

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	60.21	0.01	0.02
Spot gold (NY/oz)	1414.21	10.61	0.76
Copper U.S. (front month/lb)	0.0269	0.0001	0.35
CRB Index Total Return	193.47	0.72	0.38

S&P 500	Price	\$ Chng	% Chng
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GAINERS	Price	\$ Chng	% Chng
J B Hunt Transport Services Inc	92.94	5.18	5.90
Corteva Inc	27.59	1.16	4.39
L Brands Inc	26.50	1.03	4.04

LOSERS	Price	\$ Chng	% Chng
Illumina Inc	305.05	-58.61	-16.12
Johnson & Johnson	134.29	-5.82	-4.15
Lamb Weston Holdings Inc	65.95	-1.63	-2.41

Coming Up - On Monday

Citigroup Inc is the first major bank to report second-quarter earnings. Investors will be looking for signs that banks can still grow loans and deposits in a slowing economy.

Federal Reserve Bank of New York President **John Williams** is scheduled

to speak before the "LIBOR Transition Briefing: The Transition to Alternative Reference Rates" organized by the Securities Industry and Financial Markets Association (SIFMA) in New York.

Coming Up - Week Ahead

On Tuesday, **JPMorgan Chase & Co**, the largest U.S. bank by assets, is expected to report sluggish profit growth in the second-quarter on lower investment banking fees and net interest income. **Wells Fargo & Co** is likely to report second-quarter earnings for the second time under its interim CEO on the same day. Investors will be eager to hear updates on the CEO search since financial guidance is suspended until a permanent leader is found. **Bank of America Corp** is scheduled to report results for the second quarter on Wednesday. Investors will be paying close attention to the bank's plan to continue growing revenue in a lower interest rate environment.

Johnson & Johnson, the first major drugmaker to report second-quarter results, is expected to post a year-over-year jump in quarterly profit on Tuesday. Investors will watch out for the conglomerate's comments on future deals, ongoing litigation, and

REUTERS/Mike Segar



potential changes to drug pricing policy. **Abbott Laboratories** is expected to post a higher second-quarter profit on Wednesday, helped by growth in its medical devices business that makes glucose monitoring and heart devices. Investors will watch out for commentary on the U.S. spinal cord stimulation market and a timeline for the FDA approval and launch of the updated version of the company's Freestyle Libre system.

Microsoft Corp is expected to post a rise in its fourth-quarter profit and revenue on Thursday, powered by growth in its flagship cloud product

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
NY Fed Manufacturing for July	0830	2.00	-8.60

Azure. Investors will be on the lookout for comments on its next-generation Xbox console, known as "Project Scarlett" and on the impact of the trade war between Washington and Beijing.

UnitedHealth Group Inc is set to report second-quarter earnings on Thursday. The health insurer is expected to comment on prospects for its business after the Trump government killed a proposed rule aimed at ending Medicare drug rebates. Investors will watch for comments on whether UnitedHealth will change its decision to only offer employers benefit plans that pass on the discounts at the pharmacy counter, and what policy changes it is bracing for, as healthcare becomes a central theme in debates leading up to the 2020 presidential election.



Netflix Inc is expected to post second-quarter subscribers growth in line with estimates on Wednesday, helped by original shows such as "Black Mirror" and "Now They See Us". Investors will focus on its third-quarter forecast, which is expected to benefit from the release of the latest seasons of "Stranger Things" and "Orange is the New Black". Investors will also look for details on Netflix's strategy as more media companies look to pull out their content from the streaming service.

International Business Machine Corp is expected to report a fall in second-quarter revenue on Wednesday, as demand for its cloud and cognitive software helped slightly offset a fall in demand for its traditional mainframe businesses. Analysts will look for details on financial growth, helped by its acquisition of Red Hat Inc, as IBM focuses more on ramping up its cloud computing business.

On Wednesday, **eBay Inc** is expected to report a rise in second-quarter revenue, as it benefits from user-friendly tweaks to its website and its new advertising and payments initiatives. Investors will be on the lookout for any update on its announcement in March that it would review its StubHub and eBay Classifieds businesses.

Omnicom Group Inc is expected to report a fall in second-quarter revenue on Wednesday, hurt by lower client spending, especially in European markets. Analysts and investors will watch out for comments on organic growth.

On Tuesday, the Labor Department, is likely to report **import prices** narrowed to 0.6% in June compared to a 0.3% fall in May. The Commerce Department is scheduled to report **retail sales** on Tuesday, it is expected to have declined to 0.2% in June from 0.5% in the previous month. **Industrial production** is expected to have lowered to 0.1% in June from 0.4% in May. On the same day, the National Association of Home Builders and Wells Fargo is expected to report their **index of builder confidence** remained unchanged at 64 in July. On Wednesday, the Commerce Department is scheduled to report **building permits** in June rose to 1.3 million from 1.299 million in the previous month. Meanwhile, the department is likely to report **housing starts** dropped to 1.262 million in June compared to 1.269 million in May. The Labor Department on Thursday is likely to report **initial claims for state unemployment benefits** rose to 215,000 for the week ended July 13.

Federal Reserve Governor **Michelle Bowman** is expected to make introductory remarks and participate in a panel discussion at "Fed Listens" event on Tuesday. Meanwhile, at the same event, Federal Reserve Bank of Atlanta President **Raphael Bostic** is likely to participate. Separately, on the same day, Federal Reserve Bank of Dallas President **Robert Kaplan** is scheduled to participate in a moderated question-and-answer session before

the National Association for Business Economics 16th Annual Economic Measurement Seminar. Also, Federal Reserve Bank of Chicago President **Charles Evans** is expected to participate in an interview on current economic conditions and monetary policy before the CNBC @Work Series.

On Thursday, Federal Reserve Bank of Atlanta President **Raphael Bostic** is expected to participate in an armchair chat before the Clarksville Area Chamber of Commerce Power Breakfast. Separately, Federal Reserve Bank of New York President **John Williams** is scheduled to speak before the Central Bank Research Association (CEBRA) 2019 Annual Meeting on the same day. Federal Reserve Bank of St. Louis President James Bullard is likely to participate in "Technology and the Future of the Monetary and Financial System" panel and presentation at the same event on Friday. While, Federal Reserve Bank of Boston President **Eric Rosengren** is expected to participate in the "Central Bank Independence" panel.

Credit card issuer **American Express Co** is expected to report its second-quarter results on Friday before markets open. The New York-based company is expected to post a rise in quarterly profit on the back of stronger customer spending. Investors will be looking at AmEx's spending on its rewards program and any commentary on its efforts towards cobranding.

On Thursday, **Honeywell International Inc** is expected to report lower revenue for the second quarter due to the divestiture of certain business units.

Domino's Pizza Inc is scheduled to report its second-quarter results on Tuesday. Its same-store sales are expected to have risen at a slower rate, hurt by competition from restaurants expanding their delivery services and as third-party aggregators use TV commercials for promotions. Domino's has also been offering free delivery and ramping up offers, but this comes at a cost of lower profit margins, a metric investors will keep an eye on.



On Tuesday, **Canadian Pacific Railway Ltd** is expected to report a rise in second-quarter profit aided by higher freight volumes of commodities such as grain and coal. Investors will be looking for any commentary on crude shipments after Alberta's OPEC-style decision to force production cuts to deal with a glut. On the same day, **CSX Corp**, the third-largest U.S. railroad operator is scheduled to report results for the second quarter, when flooding in the U.S. Midwest and soft demand weighed on industry cargo volumes.

On Thursday, **Union Pacific Corp**, one

of the largest U.S. railroad operators, is expected to report volume fell 4% in the second quarter after floods in the U.S. Midwest and the effects of the trade spat with China weighed on results.

Schlumberger NV's second-quarter results on Friday is expected to report the oilfield service sector's first look and the impact of drilling cutbacks at oil producers that have shares trading near a decade low.

Statistics Canada is expected to report **annual inflation** for June on Wednesday. It was last reported to

have hit 2.4%. Meanwhile, the Bank of Canada's **Consumer Price Index** data is scheduled to be released on the same day. In a separate report, Statistics Canada is scheduled to release **factory sales** data for May, which was recorded to have fallen 0.6% in the previous month. **Retail sales** data is scheduled for release on Friday.

LIVECHAT – FX WEEK AHEAD

FX Buzz analyst Jeremy Boulton analyses G7 currencies. (0730 ET/1130 GMT on Monday) To join the conversation, [click here](#)

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
J B Hunt Transport Services	Q2	AMC	\$1.33	\$1.35	\$1.37	\$2,263.34
Citigroup	Q2	BMO	\$1.80	\$1.81	\$1.63	\$18,494.84

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

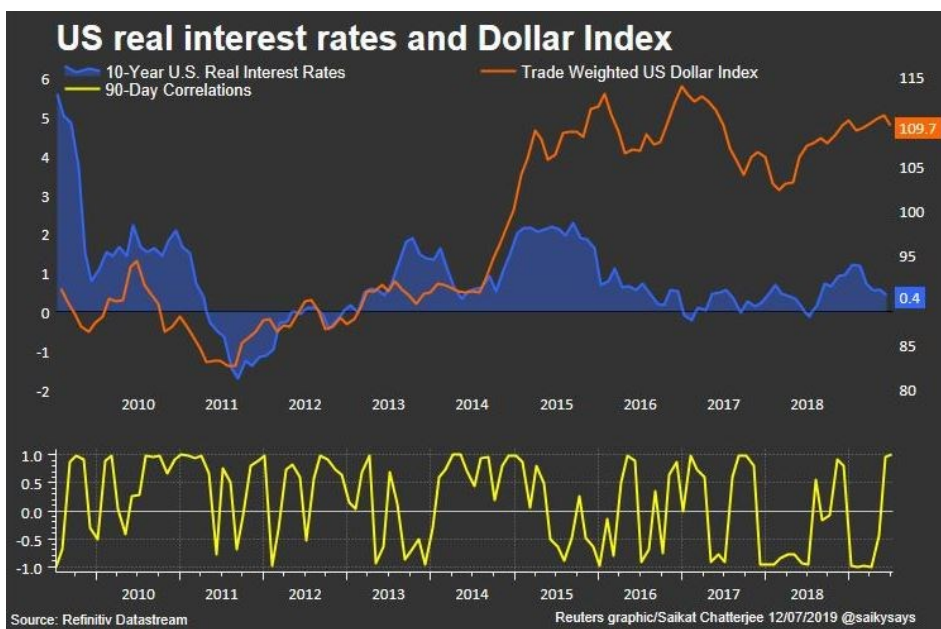
/B/E/S EPS and revenue estimates, and StarMine Smart Estimates, provided by Refinitiv.

Market Monitor

All **three major indexes** posted record closing highs as solid expectations for an interest-rate cut from the Federal Reserve continued to propel shares while investors awaited next week's kickoff of the corporate earnings season. "All this week has been the Federal Reserve's influence," said Mark Kepner, equity trader at Themis Trading in Chatham, New Jersey. "At the position we're at here, we could see ourselves declining a bit if earnings are not that good." The **S&P 500** traded above the 3,000 level for a third straight session, with **industrial index** rising 1.77% and **consumer discretionary stocks** going up 1.06%. The **Dow Jones Industrial Average** rose 0.9% to 27,331.9, the **S&P 500** gained 0.46% to 3,013.75 and the **Nasdaq** added 0.59% to 8,244.14. For the week, the **Dow** was up 1.52%, the **S&P 500** gained 0.78% and the **Nasdaq** rose 1.01%.

The **Treasury yield curve** was slightly steeper, with yields largely unmoved by stronger-than-expected producer price data as market expectations of an interest rate cut this month held firm. Expectations of a 50-basis-point interest-rate cut in July rose modestly, to 23.5% from 19.9% on Thursday, according to CME Group's FedWatch Tool. The **spread between two- and 10-year yields** was last at 27.2 basis points. The **two-year Treasury note** was up 1/32 to yield 1.84%. The **benchmark 10-year note** was up 2/32, yielding 2.11%. The **30-year bond** was down 2/32 to yield 2.64%.

Oil prices were up as U.S. Gulf of Mexico crude output dropped by more than half from disruptions caused by a tropical storm, but concerns over a global crude surplus in the months



ahead limited gains. "The crude oil market is being supported by the Gulf of Mexico production shut-in. ... It is going to look to see if Tropical Storm Barry becomes a major flooding event that impacts the refining sector in Louisiana and impacts gas and diesel," said Andy Lipow, president of Lipow Oil Associates in Houston. "The IEA report is tempering any price rise that we might see from Tropical Storm Barry because the market continues to stumble under the weight of slowing economic growth," Lipow said. **Brent crude futures** were 0.35% higher at \$66.75 a barrel. **U.S. crude futures** rose 0.03% to \$60.22 a barrel.

The **dollar** weakened, pressured by expectations the Federal Reserve will start cutting interest rates at a monetary policy meeting later this month. Jane Foley, head of FX strategy at Rabobank in London, believes dollar weakness will not be as severe as many anticipated because other major

central banks are easing as well. "The dovish stances of most other G10 central banks is offsetting the impact of potential Fed action on the U.S. dollar crosses," Foley said, noting, for instance, that she expects the European Central Bank to cut its discount rate further into negative territory at its September meeting. The **dollar index** fell 0.23% to 96.83. Against the **Japanese yen**, the **dollar** shed 0.58% to 107.85 yen and against the **Swiss franc**, the **dollar** was 0.59% lower at 0.9842 franc.

Gold prices inched higher as investors shrugged off concerns that stronger-than-expected consumer inflation in the U.S. could influence the Federal Reserve's decision on aggressive monetary policy easing. **Spot gold** rose 0.76% to \$1,414.31 per ounce and **U.S. gold futures** was 0.70% up at \$1,416.50 per ounce.

Top News

Volkswagen zooms ahead in extension of alliance with Ford to electric, automated cars

Ford and Volkswagen said they will spend billions of dollars to jointly develop electric and self-driving vehicles, deepening a global alliance to slash development and manufacturing costs while positioning VW as the initial winner. But the projects would take time to develop, and the size and timing of the payoffs were unclear. VW has agreed to plow \$3.1 billion into Ford's Argo AI self-driving unit, but estimates it could realize up to \$20 billion in revenue by sharing its MEB electric vehicle architecture with Ford in Europe. Ford Chief Executive Jim Hackett said at a news briefing in New York he expects "chimneys of data that will be spewing from the vehicles" that will use Argo's self-driving technology. VW CEO Herbert Diess said at the briefing the Argo platform was "the best solution for Volkswagen" to speed self-driving vehicles to market, and that Ford and VW together intend to make that platform "a global industry standard." Ford's shares were up 2.94% at \$10.49 at market close.

PREVIEW-Expectations are low for bank earnings but investors say 'buy'

Low interest rates and weak trading volume have pushed down Wall Street's second-quarter estimates for the biggest U.S. banks, yet investors still say they want in on the sector. Citigroup, JPMorgan, Goldman Sachs and Wells Fargo kick off the second-quarter company earnings season with reports out Monday and Tuesday. On Thursday Morgan Stanley reports. Analysts expect second-quarter earnings per share (EPS) growth for the S&P 500 bank index of 11%, down from 14.4% on January 1. Revenue growth expectations have dropped to 1.6% from 3.4%, according to the



Ford President and CEO Jim Hackett (R) and Volkswagen AG CEO Dr. Herbert Diess attend a news conference in New York City, New York, U.S., July 12. REUTERS/Mike Segar

average of estimates gathered by Refinitiv. "Right now there's just no catalyst for revenue growth. We're talking about an environment where rates are coming down which means net interest margins are under pressure," said Brian Kleinhanzl, analyst at Keefe, Bruyette & Woods based in New York.

U.S. refiners in path of Storm Barry to keep running

Most U.S. refiners with plants in the path of Tropical Storm Barry took steps to keep them running, as the second named storm of the season strengthened and was projected to become a hurricane this weekend. Exxon Mobil plans to run its 502,500 barrel-per-day (bpd) Baton Rouge, Louisiana, refinery through Barry's expected slow move across the state this weekend, said sources familiar with plant operations. Exxon is taking steps to minimize the risk of heavy rain to its workers and equipment, said spokesman Jeremy Eikenberry.

"Flooding rains could be the main story from this system," said Bradley Harvey, a meteorologist with space technologies firm Maxar Technologies. Oil producers have evacuated staff from 267 facilities in the Gulf of Mexico and moved 11 drill ships out of the path of the storm, BSEE said.

Slimmed-down WPP to net \$3.1 billion selling Kantar stake to Bain

WPP is selling a 60% stake in Kantar to private equity firm Bain Capital, valuing the data analytics business at about \$4 billion and giving the British owner of agencies including Ogilvy and Wunderman Thompson funds to cut debt and rebuild. WPP is restructuring following several profit warnings and the abrupt departure of its founder and former chief executive Martin Sorrell over alleged misconduct, which he denies. Sorrell's replacement Mark Read said the Kantar sale, which WPP expects to lead to proceeds of about \$3.1 billion after tax and continuing investment, created value for WPP

shareholders. "With a much stronger balance sheet and a return of approximately 8% of our current market value to shareholders planned, we are making good progress with our transformation," said Read, who is in the process of simplifying the group.

Boeing 737 MAX to remain off United Airlines' schedule until November 3

United Airlines said the Boeing 737 MAX would stay off its flight schedule until November 3, a fresh extension leading to about 2,100 cancellations in September and 2,900 in October as the jets remain grounded worldwide. The decision had been expected after Boeing said on June 27 it would likely take until at least September to fix a fresh flaw in the grounded 737 MAX discovered by the Federal Aviation Administration last month. United is due on Tuesday to publish second-quarter results, which investors are hoping will provide details on the financial impact of the grounding. Some analysts do not expect the jet to fly commercially before the end of the year. "We'll continue to monitor the regulatory process and nimbly make the necessary adjustments to our operation and our schedule," United said in a statement.

Industrial equipment maker Hillenbrand to buy Milacron in \$2 billion deal

Industrial equipment maker Hillenbrand agreed to buy plastics-processing equipment maker Milacron in a cash and stock deal valued at about \$2 billion, the companies said. The acquisition expands Hillenbrand's portfolio into plastics technology and processing by adding technologies such as injection molding and extrusion, the company said. The deal will also expand Hillenbrand's reach in markets including construction,

consumer packaging, automotive, electronics, medical and recycling. The combined company is expected to generate annual revenue of about \$3 billion and free cash flow of more than \$325 million by 2021. The deal is expected to close in the first quarter of 2020. Milacron shares jumped 23.73% to \$16.74 at market close.



J&J faces U.S. criminal probe related to baby powder - Bloomberg

The U.S. Justice Department is pursuing a criminal probe into whether Johnson & Johnson lied about potential cancer risks of its talcum powder and has convened a grand jury in Washington, Bloomberg reported, citing people with knowledge of the matter. The Bloomberg report said the grand jury was looking into documents related to what company officials knew about any carcinogens in their products. The company said in a statement emailed to Reuters on Friday that there had been no new developments in the matter. "As we previously disclosed in our February 2019 SEC filing, we have received a subpoena from the U.S. Department of Justice. We are fully cooperating with the DOJ investigation," spokesman Ernie Knewitz said in an emailed statement. Shares of the company fell 4.15% to \$134.29 at market close.

Campbell to sell Kelsen snacks unit to Ferrero for \$300 million

Campbell said it would sell its Danish unit Kelsen Group to an affiliate of Nutella maker Ferrero for \$300 million.

Belgian holding company CTH Invest, a Ferrero affiliate, said it would take over Kelsen's two production facilities in Denmark and add fine biscuits assortments to its portfolio with the deal. "The sale of Kelsen Group supports our strategy to focus on North America where we have iconic brands and strong market positions, while reducing debt," Campbell Chief Executive Officer Mark Clouse said in a statement. The sale is expected to close in the first quarter of fiscal 2020, Campbell said.

U.S. federal judge orders FDA to implement 10-month deadline for e-cig applications

A U.S. federal judge ordered the Food and Drug Administration to impose a 10-month deadline for the submission of e-cigarette applications, turning the screws on companies like Juul whose products have come under intense scrutiny for their popularity among teenagers. The FDA last month proposed the shorter timeline after the U.S. District Court for Maryland ruled in a lawsuit filed by anti-tobacco groups that the agency had exceeded its authority in allowing e-cigarettes to remain on the market until 2022 before companies applied for regulatory approval. Before last month, the agency had proposed makers of e-cigarettes have until August 2021 to submit a formal application to keep selling their products. "Today's ruling is an important step forward for public health and validates FDA's commitment to accelerate review of these products, particularly the ones that are most attractive to youth," acting FDA Commissioner Ned Sharpless said. Juul said in a statement that it was closely assessing the court's ruling, while adding that it was fully committed to the FDA's application process.



Demonstrators spray water on a man who tried to self-immolate himself during a protest demanding the removal of the ruling elite in Algiers, Algeria July 12. REUTERS/Ramzi Boudina

Insight and Analysis

As U.S. debt, deficits mount, presidential candidates sweep them under the rug

In four hours of debate among Democratic contenders for the U.S. presidency, the word "deficit" was never uttered and the government's debt was mentioned only once. The reality is that Democrats are reluctant to make a campaign issue out of one of America's most vexing problems -- the ballooning annual budget deficits and overall debt under President Donald Trump. That's because some of their most popular policies going into the 2020 election would present significant

budget challenges of their own, including expanding Medicare health coverage and offering government help to cut college costs and reduce student debt. While Democrats insist they have workable plans that will cover the costs of these proposals, Republicans counter that their tax-the-rich solutions are not realistic.

COLUMN-Freight volumes shrink as world economy stalls: Kemp

Freight volumes in the United States and around the world are falling, signalling tougher times for manufacturers amid escalating trade

tensions and heightened uncertainty. Freight volumes in the United States were up by just 0.8% in the three months from March to May compared with the same period a year earlier, according to the Bureau of Transportation Statistics. Volumes fell year-on-year in May, for the first time in more than two and half years, according to the agency's transportation services index. Freight is growing at the slowest rate since the mid-cycle slowdown of 2015/16, based on the index, which covers movements by truck, railroad, barge, pipeline and air cargo.



CANADA

Market Monitor

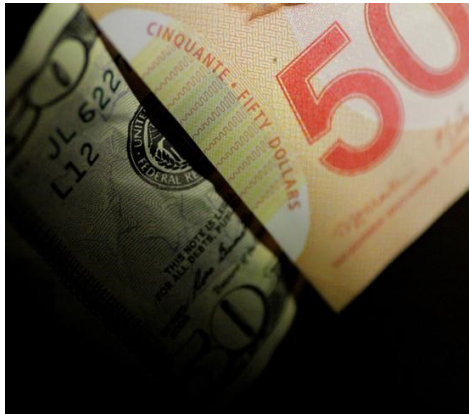
Canada's main stock index fell, hurt by losses in healthcare stocks led by cannabis producer CannTrust.

The Toronto Stock Exchange's S&P/TSX composite index was down 0.24% at 16,488.12.

CannTrust Holdings tumbled 17.33% to C\$3.34, after the company suspended sales of cannabis products.

Healthcare stocks slid 4.53%.

The U.S. dollar fell 0.29% against its Canadian counterpart to C\$1.3034.



U.S. and Canada dollar notes are seen in this June 22, 2017 illustration photo. REUTERS/Thomas White

COMING UP - ON MONDAY

Canadian Prime Minister **Justin Trudeau** is scheduled to meet NATO Secretary General **Jens Stoltenberg** at the Canadian Forces Base in Petawawa.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Nexgen Energy Ltd	2.31	0.22	10.53
Aritzia Inc	17.55	1.16	7.08
Martinrea International Inc	10.68	0.50	4.91
LOSERS			
CannTrust Holdings Inc	3.34	-0.70	-17.33
Canopy Growth Corp	44.58	-3.87	-7.99
Cronos Group Inc	18.51	-1.23	-6.23

Top News

Canada's struggling energy industry takes stock at annual Stampede party

Frustration is palpable among Canadian energy executives who have flocked to the annual Calgary Stampede celebrations in Canada's oil capital this week, even though a recent pipeline approval gives them something to celebrate amid the rodeo competitions, corporate parties and pancake breakfasts. The federal government's approval of the Trans Mountain expansion last month was a boost for the battered industry. On top of that, crude oil prices have stabilized, an aggressively pro-energy party has come to power in Alberta and overall production in the country is around 5 million barrels per day - making Canada the world's fourth-largest producer. Yet millions of barrels of crude remain in storage because of



REUTERS/Todd Korol

stubborn delays in pipeline expansion caused by legal challenges from environmental and indigenous groups. The transportation problems have forced the Alberta government to curtail crude production to prop up Canadian oil prices, which trade at a discount to U.S. barrels. Foreign investment in Canada's energy industry is down sharply, and unemployment remains stubbornly high. All this has dampened the mood at Stampede, the Canadian energy industry's biggest party, a 10-

day extravaganza of drinking, western dress-up and networking in tents lined with straw bales.

Canada's Belo Sun touts Brazil court ruling clearing way for gold mine

Belo Sun Mining said that it had won a key legal victory in its push to build a gold mine in the Amazon rainforest, which has drawn criticism from environmentalists and indigenous advocates. A Brazilian appeals court ruled that the state of Para was the appropriate authority to grant an environmental license for the project, the company said. Prosecutors had argued that the mine needed a license from federal environmental agency Ibama. The Canadian miner has already received state licensing for the project, adjacent to the massive Belo Monte hydroelectric dam on a tributary of the Amazon river.

WEALTH NEWS

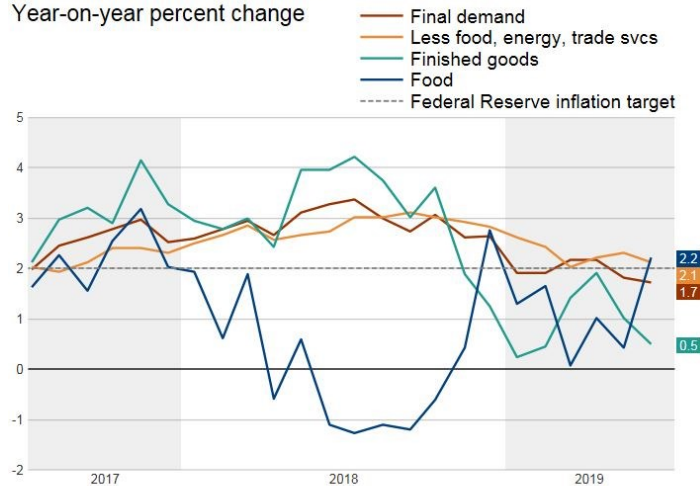
ECONOMIC REPORT

U.S. producer prices rise marginally, suggest tame inflation

U.S. producer prices rose slightly for the second straight month in June as an acceleration in the cost of services was offset by cheaper energy goods, resulting in the smallest annual increase in producer inflation in nearly 2-1/2 years. The report from the Labor Department also showed a slowdown in underlying producer prices last month, a sign that overall inflation could remain moderate for a while despite strong gains in prices of some consumer goods and services in June. The producer price index for final demand edged up 0.1% last month after a similar gain in May. In the 12 months through June, the PPI rose 1.7%, the smallest gain since January 2017, slowing from a 1.8% increase in May. Excluding the volatile food, energy and trade services components, producer prices were unchanged in June after rising 0.4% for two straight months. The so-called core PPI increased 2.1% in the 12 months through June after advancing 2.3% in May.

U.S. Producer prices

Year-on-year percent change



Source: Refinitiv Datastream — Reuters graphic/Stephen Culp 7/12/2019

FED'S EVANS SPEAKS

Fed's Evans: "A couple" of rate cuts needed to boost inflation

The Fed should cut interest rates by half a percentage point before the end of the year to boost persistently weak inflation and convince the public that policymakers are serious about their 2 percent inflation target, Chicago Federal Reserve president Charles Evans said.

WALL STREET WEEK AHEAD

Union Pacific, other freight co earnings eyed for tariff effects

Results from two major U.S. railroads next week are likely to attract more scrutiny than usual as investors look for signs of how deeply U.S. President Donald Trump's multi-front trade war is affecting freight companies and the wider economy.

TRADE NEGOTIATIONS

U.S.-China trade talks in 'quiet period' -White House adviser Navarro

The United States is in a "quiet period" with China over trade negotiations, White House adviser Peter Navarro said in an interview on CNBC, adding that in-person talks would start soon in China.

OIL OUTLOOK

IEA sees oil market oversupplied in 2019 on U.S. production

Surging U.S. oil output will outpace sluggish global demand and lead to a large stocks build around the world in the next nine months, the International Energy Agency (IEA) said.

REINVENTING DEUTSCHE BANK

Partial ECM exit to leave Deutsche Bank focused on Europe

Deutsche Bank is focusing its equity capital markets (ECM) business such as initial public offerings on Germany and Europe, scaling back in the United States and retreating from most of Asia, banking sources said.

TAX ON TECH FIRMS

U.S. to hold hearing on French tax investigation Aug. 19

The U.S. Trade Representative's Office will hold a hearing on Aug 19 in its probe of France's new planned tax on big technology companies, calling the proposal "unreasonable."

ON THE RADAR

Events	ET	Poll	Prior
Tue: Import prices mm for June	0830	-0.6%	-0.3%
Export prices mm for June	0830	-0.2%	-0.2%
Retail sales ex-autos mm for June	0830	0.2%	0.5%
Retail sales mm for June	0830	0.2%	0.5%
Retail ex gas/autos for June	0830	--	0.5%
Retail control for June	0830	0.3%	0.5%
Retail sales YoY for June	0830	--	3.16%
Industrial production mm for June	0915	0.1%	0.4%
Capacity utilization SA for June	0915	78.1%	78.1%
Manufacturing output mm for June	0915	0.2%	0.2%
Industrial production YoY for June	0915	--	2.05%
Business inventories mm for May	1000	0.3%	0.5%
Retail inventories ex-auto rev for May	1000	--	0.3%
NAHB Housing Market Index for July	1000	64	64
Wed: Building permits number for June	0830	1.300 mln	1.299 mln
Build permits: change mm for June	0830	--	0.7%
Housing starts number for June	0830	1.262 mln	1.269 mln
House starts mm: change for June	0830	--	-0.9%
Thu: Initial jobless claims	0830	215,000	209,000
Jobless claims 4-week average	0830	--	219,250
Continued jobless claims	0830	--	1.723 mln
Philly Fed Business Index for July	0830	5.0	0.3
Philly Fed 6M Index for July	0830	--	21.4
Philly Fed Capex Index for July	0830	--	28
Philly Fed Employment for July	0830	--	15.4
Philly Fed Prices Paid for July	0830	--	12.9
Philly Fed New Orders for July	0830	--	8.3
Leading index change mm for June	1000	0.1%	0%
Fri: U Mich Sentiment Preliminary for July	1000	98.5	98.2
U Mich Conditions Preliminary for July	1000	--	111.9
U Mich Expectations Preliminary for July	1000	--	89.3
U Mich 1 year inflation preliminary for July	1000	--	2.7%
U Mich 5-year inflation preliminary for July	1000	--	2.3%



Dassault Rafale jet fighters of the French Air Force, fly over statues of the Arc de Triomphe du Carrousel during a rehearsal of the traditional Bastille Day military parade in Paris, France, July 11. REUTERS/Benoit Tessier

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The Day Ahead - North America is compiled by Nidhi C. Sai and Pathikrit Bandyopadhyay in Bengaluru.

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