

THE DAY AHEAD

MARKET RECAP at 4 pm ET

The **S&P 500** and the **Nasdaq** closed at record highs, supported by strong earnings and upbeat U.S. gross domestic product data. Most **Treasuries** were flat, while the **dollar** rose against its rival currencies. Improved demand outlook supported **U.S. oil** prices and **gold** prices were higher.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	27192.18	51.2	0.19	27398.68	21712.53
Nasdaq	8330.21	91.67	1.11	8321.81	6457.13
S&P 500	3025.86	22.19	0.74	3019.59	2443.96
Toronto	16531.04	42.84	0.26	16672.71	13776.88
FTSE	7549.06	60.01	0.80	7622.58	6599.48
Eurofirst	1537.43	5.89	0.38	1554.34	1308.86
Nikkei	21658.15	-98.40	-0.45	22362.92	19241.37
Hang Seng	28397.74	-196.56	-0.69	30280.12	24896.87

TREASURIES	Yield	Price
10-year	2.0738	0/32
2-year	1.8619	0/32
5-year	1.8552	0/32
30-year	2.5929	7/32

FOREX	Last	% Chng
Euro/Dollar	1.1124	-0.19
Dollar/Yen	108.69	0.06
Sterling/Dollar	1.2387	-0.54
Dollar/CAD	1.3169	0.06
TR/HKEX RMB	94.11	0.03

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	56.15	0.13	0.23
Spot gold (NY/oz)	1416.68	2.55	0.18
Copper U.S. (front month/lb)	0.0268	-0.0002	-0.63
CRB Index Total Return	186.07	-0.75	-0.40

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Universal Health Services Inc	151.68	14.71	10.74
Alphabet Inc	1250.41	118.29	10.45
Twitter Inc	41.80	3.68	9.65
LOSERS			
Mohawk Industries Inc	128.86	-27.50	-17.59
Cabot Oil & Gas Corp	19.16	-2.63	-12.07
Xilinx Inc	120.77	-6.82	-5.35

Coming Up - On Monday

Beyond Meat Inc is expected to report a jump in second-quarter revenue as the popularity of vegan meat alternatives booms. Wall Street will

also pay close attention to any plans the company discloses for new restaurant partners.

Coming Up - Week Ahead



The U.S. Federal Open Market Committee (FOMC) is expected to announce its interest rate decision at the end of its two-day meeting on Wednesday. Economists polled by Reuters expect the central bank to cut interest rates for the first time in a decade. Federal Reserve Chair Jerome Powell will hold an afternoon press conference, following a closed-door FOMC meeting.

Apple Inc is expected to report a slight rise in third-quarter revenue on Tuesday. The company had signaled that iPhone sales were starting to stabilize in China, one of its key markets, helped by price adjustments.

Investors will also focus on the numbers from Apple's services business, which is expected to fuel growth as iPhone sales slow.

U.S. Treasury Secretary Steven Mnuchin and Trade Representative Robert Lighthizer would meet with Chinese Vice Premier Liu He for talks in Shanghai starting on Tuesday. It would be their first face-to-face meeting since Presidents Donald Trump and Xi Jinping agreed to revive talks to end their yearlong trade war.

On the U.S. economic calendar, in its closely watched jobs report scheduled for release on Friday, the Labor Department is expected to say nonfarm payrolls likely increased by 165,000 jobs in July, compared with 224,000 jobs in June. The unemployment rate is expected to be at 3.6%. Also, on Friday, the Commerce Department is expected to say trade deficit narrowed to \$54.6 billion in June, compared with \$55.5 billion in May. Additionally, the Commerce Department is expected to

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Dallas Fed Manufacturing Business Index for Jul	1030	--	-12.1

report factory sales, which likely increased 0.8% in June, after dropping 0.7% in May. On Thursday, the Labor Department is expected to say initial claims for state unemployment benefits likely rose to 213,000 in the week ended July 27. Also due on Thursday, the Institute for Supply Management's (ISM) index of national factory activity likely progressed to a reading of 52.0 in July from 51.7 in June. On Tuesday, the Commerce Department is expected to say consumer spending rose 0.3% in June after rising 0.4% in May. Additionally, on the same day, the Conference Board is expected to say its consumer confidence index likely increased to a reading of 125.0 in July from a reading of 121.5 in June.

Chipmaker Qualcomm Inc is expected to report a fall in third-quarter revenue, hurt by U.S. restriction on China's Huawei Technologies Ltd and general slowdown in the smartphone industry. Investors will watch out for comments on Apple buying Intel's smartphone-modem chip business, the U.S.-China tariff impact, slowdown in chip industry and forecast.

On Friday, Exxon Mobil's second-quarter profit is expected to slip below year-earlier levels on weaker results in its refining, natural gas and chemicals operations based on financial disclosures. Chevron Corp reports second-quarter results, its first since abandoning a \$33 billion bid for rival Anadarko Petroleum.

U.S. automaker General Motors Co will report second-quarter results on Thursday. After weak results from several other automakers, analysts and investors will be watching to see the impact on GM's bottom line of falling new vehicle sales in the United States and China, the world's two largest car markets. Investors will also be on the lookout for volume forecasts for these markets, both for GM and the auto industry.



A file photo of a sign on the Qualcomm campus seen in San Diego, California, U.S. November 6, 2017. REUTERS/Mike Blake

Mastercard Inc is expected to post a rise in quarterly profit on Tuesday, helped by higher consumer spending. Investors will be looking at growth in payments volume and cross-border volume. Company executives will discuss the results on a conference call with analysts at 9 am ET on the same day.

Pfizer Inc will report second-quarter earnings on Tuesday, when the company is expected to comment on progress of its \$10.64 billion deal for cancer drug developer Array Biopharma. Investors will also focus on the company's strategy as its blockbuster pain drug faces competition, and amid political uncertainty related to potential steps the U.S. government could take to lower drug prices. Also on Tuesday, Gilead Sciences Inc will report second-quarter earnings after market close. Investors will watch for updates on the company's forecast for 2019 and the performance of its HIV and Hepatitis C franchises. The focus will also be on the drugmaker's comments on its growth strategy, following its \$5.1 billion investment in Belgo-Dutch

biotech Galapagos NV. Merck & Co Inc is expected to report higher second-quarter profit on Tuesday, as its drug Keytruda remains the market leader as an initial treatment for lung cancer. Investors will focus on any clinical updates on the blockbuster immunotherapy, and comments on business development and Merck's plans for future M&A. Eli Lilly & Co is expected to post a drop in second-quarter profit on Tuesday as it takes a hit from pricing pressures in the United States and generic competition for its older drugs such as Cialis. Investors will focus on commentary related to the potential impact to Trulicity from Novo Nordisk's oral semaglutide and updates on Lilly's cancer therapy LOXO-292.

General Electric Co reports second-quarter earnings on Wednesday. Investors are watching for the size of GE's free cash outflow. Analysts slashed cash estimates for the second quarter to about negative \$1.26 billion after the company warned about an outflow in late April. On profits, analysts on average expect about 59 cents a share in the second quarter.



Verizon Communications Inc is expected to report a slight rise in second-quarter revenue. Investors will be on the lookout for the company's postpaid phone subscriber additions/losses, commentary on any new developments in 5G as well as internet and video subscriber additions/losses and revenue from Verizon Media/Oath.

U.S. insurer MetLife Inc will report its second-quarter results on Wednesday after markets close. The results come as analysts are concerned about whether lower interest rates may have outweighed the benefits to life insurers of rising equity and fixed income assets during the quarter. Prudential Financial Inc, the largest U.S. life insurer by assets, will report its second-quarter results on Wednesday after markets close. Some analysts will look for possible updates to the company's outlook because of lower interest rates, which is greater than the impact of a second quarter market rally, they say.

Global grain trader Archer Daniels Midland Co reports its second-quarter earnings results on Thursday that is expected to be impacted by a flurry of headwinds – from the ongoing U.S.-

China trade war to severe U.S. weather caused processing-plant downtime, rail and barge shipping delays and other supply uncertainty. Additionally, Bunge Ltd is expected to release its second-quarter earnings on Wednesday.

U.S. homebuilder D.R. Horton Inc is expected to post a fall in third-quarter profit on Tuesday, hit by expensive materials and land and labor shortages constraints. Investors will look for updates on financial forecast and comments around demand.

Video game publisher Electronic Arts Inc is expected to report a fall in first-quarter revenue on Tuesday, as it faces continued competition from free-to-play digital games such as "Fortnite" and "PlayerUnknown's Battlegrounds". Analysts and investors will look for numbers on its battle-royale "Apex Legends" after its hugely successful launch.

Sweden's Spotify Technology SA is expected to post a rise in second-quarter revenue on Wednesday, as the world's largest streaming music service racked up more paid subscribers for its premium service this quarter. Analysts

will be looking for how many more active and premium users the company would add by the end of the current quarter and how it performed in comparison to nearest rival Apple Music.

Procter & Gamble Co is expected to post a rise in fourth-quarter sales and profit on Tuesday, boosted by higher demand for its beauty, fabric and home care products. Investors will watch out for any commentary on margins which have been under pressure from higher freight and raw material costs.

Kellogg Co is expected to post a fall in second-quarter profit dented by higher costs related to its investments and rising freight and raw material prices. Investors will look for commentary on the company's outlook and pricing strategy for the rest of the year. Mondelez International Inc, the maker of Oreos and Chips Ahoy cookies, is expected to report improved organic sales growth in the second quarter on Tuesday, buoyed by higher product prices and demand for its healthier snacks.

Yum Brands Inc reports second-quarter earnings on Thursday. Pizza hut is expected to report same-store sales growth for the first time in four quarters, as the pizza chain reinvents itself to focus more on delivery. Taco Bell and KFC are also expected to drive Yum Brands' same-restaurant sales. Any comments on delivery and growth of their online platforms will be watched, at a time big restaurant chains acquire tech companies to boost online sales.

Under Armour Inc's move to a direct-to-consumer market from an off-price environment is expected to boost quarterly sales. Investors will watch out for the company's forecast for the rest of the year, especially after it topped Wall Street's estimates for sales and profit in the last five quarters.

Spirit AeroSystems Holdings Inc,



A file photo of the sign at a Pizza Hut location, which is owned by Yum Brands Inc, pictured ahead of their company results in Pasadena, California U.S., July 11, 2016. REUTERS/Mario Anzuoni

Boeing's biggest supplier, is expected to report higher second-quarter revenue on Wednesday, as it continues to produce parts for the grounded 737 MAX at a rate prior to the deadly crash in March. Investors will look for comments on possible risks around production cut and hit to profit, if 737 MAX's return to flight is delayed beyond Boeing's expectation later this year.

Ralph Lauren Corp is expected to report a growth in first-quarter sales and profit on Tuesday, as the apparel retailer can attract customers through its social media platforms and celebrity endorsements. Investors will watch out for the company's marketing plans for the summer, a key fashion season for apparel retailers.

Fitbit Inc is expected to report its second-quarter results on Wednesday, after markets close. The company's loss is expected to narrow. Company executives will host a conference call with analysts at 5 pm ET to discuss the results.

Apache Corp is expected to post a fall in second-quarter profit, impacted by weaker gas and natural gas liquids realizations and largely in-line output volumes. Investors will be looking to see if the company maintains its capital budget amid lower commodity prices and higher output.

Online food delivery company GrubHub Inc reports its second-quarter results on Tuesday before markets open. The company is expected to post a drop in quarterly profit. Company executives will host a conference call with analysts to discuss company results.

On Wednesday, Statistics Canada will say the economy expanded 0.1% in May, compared to a 0.3% growth in April. Canadian producer prices data is

also expected on the same day. Trade balance data for June is expected on Friday.

Canada's largest pipeline company Enbridge Inc reports second-quarter results on Friday. Investors will be looking for updates on its plans to introduce long-term contracts on the Mainline pipeline system. The company is also facing legal challenges to its Line 5 pipeline in Wisconsin and Michigan and delays on the Line 3 replacement project in Minnesota. Also on Friday, Canada's Imperial Oil Ltd reports second-quarter earnings for a three-month period in which production was constrained by Alberta government curtailments. Investors will also be looking for updates on talks between industry and the government regarding crude-by-rail contracts.

Encana Corp releases its second-quarter results on Wednesday. Investors are likely to be focused on drilling and production from Encana's core growth areas in the Anadarko, Permian and Montney basins.

Canadian oil sands producer MEG Energy Corp releases second-quarter earnings on Wednesday, with investors likely to be focused on production given ongoing curtailments imposed by the Alberta government to ease congestion on export pipelines.

Canadian insurer Sun Life Financial Inc reports its second quarter results on Wednesday after markets close. The company is expected to post a rise in quarterly profit. Company executives will host a conference call with analysts on Thursday at 10 am ET to discuss results.

Canada's largest oil and gas producer Canadian Natural Resources Ltd reports second-quarter earnings on Thursday. Production remains constrained by curtailments imposed by the Alberta government to ease congestion on export pipelines. CNRL may also give an update on negotiations with the provincial government regarding crude-by-rail contracts.



A file photo of Fitbit Blaze watches displayed during the 2016 CES trade show in Las Vegas, Nevada January 6, 2016. REUTERS/Steve Marcus

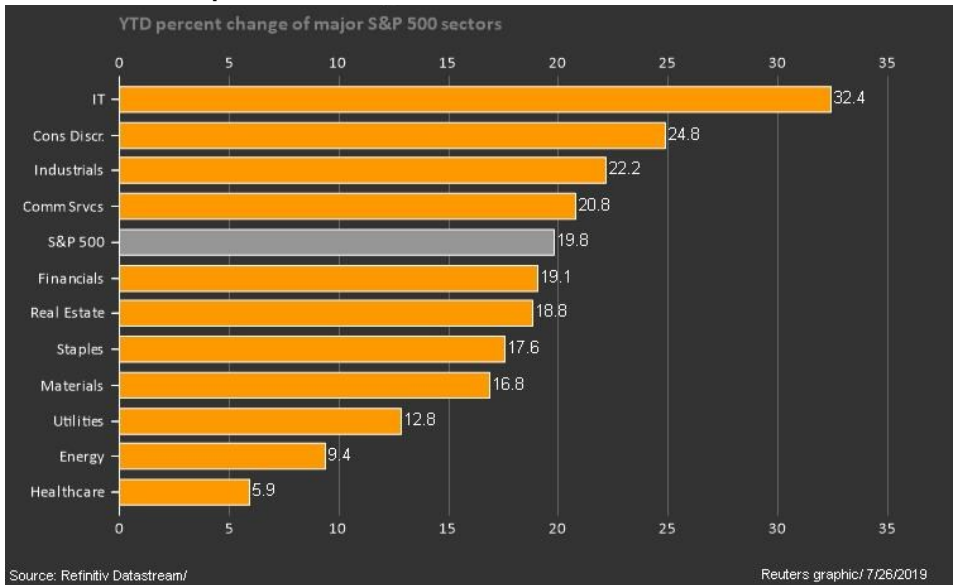
Market Monitor

Robust earnings from Alphabet and Starbucks pushed the **S&P 500** and **Nasdaq** indexes to record highs, with support from data showing U.S. economic growth slowed less than expected in the second quarter. The GDP data further solidified wide expectations that the U.S. Federal Reserve will cut rates at its policy meeting next week. Those expectations have powered a solid run in stocks this month, helping Wall Street scale record levels.

Starbucks rallied 8.94% after the world's largest coffee chain posted its biggest same-store sales growth in three years. Alphabet surged 9.62% after beating Wall Street targets on higher ad sales and growth at its cloud unit, a high-margin business it is leaning more on to drive expansion. Meanwhile, **Twitter** rose 9.65%. Their upbeat earnings pushed the **S&P 500 communication services index** up 3.25% to 173.06. The **Dow Jones Industrial Average** rose 0.19%, to 27,192.18, the **S&P 500** gained 0.74%, to 3,025.86 and the **Nasdaq Composite** added 1.11%, to 8,330.21. For the week, the Dow rose 0.1%, the S&P 500 gained 1.7% and the Nasdaq climbed 2.3%.

Most **Treasuries** were flat on data showing that U.S. economic growth slowed less than expected in the second quarter. The data adds to recent evidence that the economy is improving even as global growth weakens. "The strength here is encouraging," said Tom Simons, a money market economist at Jefferies in New York. "We're seeing some evidence that things are accelerating here at the end of Q2 and into Q3." **Benchmark 10-year notes** were flat to yield 2.07%. The **2-year notes** was unchanged, yielding 1.86%.

S&P 500: sector performance



The **dollar** rose as better-than-expected U.S. growth data did not alter the view the Federal Reserve would soon lower rates for the first time in a decade. The **dollar index** was up 0.18% at 97.99. Interest rate futures suggested traders positioned for the Fed to lower key borrowing costs next week, with an 81% chance of a quarter-point cut, CME Group's FedWatch program showed. The greenback also received a lift after White House adviser Larry Kudlow told CNBC television the United States has ruled out intervention in currency markets to counter other nations from weakening their own currencies to help their exporters. In other currencies, the **euro** was down 0.19% at \$1.1124. **Sterling** shed 0.54% to \$1.2387.

U.S. oil prices were higher, after stronger-than-expected U.S. economic data brightened the crude demand outlook and concerns over the safety of oil transport around the Strait of Hormuz threatened supply. **U.S. West Texas Intermediate crude** rose 0.23%

to \$56.15 a barrel. **Brent crude futures** were slightly down 0.08% to \$63.34 a barrel. Next week, top U.S. and Chinese negotiators meet for the first time since trade discussions between the world's two largest economies broke down in May after nearing agreement. Any positive outcome from the talks is expected to boost oil prices.

Gold prices rose as soft U.S. inflation numbers offset better-than-expected second-quarter economic growth that kept bets alive for an imminent interest rate cut. **Spot gold** was up 0.16% at \$1,416.38 per ounce. **Gold futures** were up 0.15% at \$1,416.80 per ounce. The report from the U.S. Commerce Department showed a pickup in inflation last quarter, though the trend remained benign. A gauge of inflation tracked by the Federal Reserve increased at a 1.8% rate last quarter, just below the U.S. central bank's 2% target.

Top News

Twitter shares jump on solid user growth, revenue beat

Twitter reported better-than-expected second-quarter revenue as design changes to its microblogging website attracted more users and advertisers. Twitter's revenue and number of users have been in focus since the social media platform started deleting millions of spam or fake accounts promoting hate speech or spreading political misinformation, contributing to declines in monthly users through 2018. Chief Executive Officer Jack Dorsey said the platform saw an 18% drop in reports of spammy or suspicious behavior across all Tweet detail pages, which show the replies to any given Tweet on the service. Twitter's revenue rose 18% from a year earlier to \$841 million, beating Wall Street expectations of \$829 million, based on Refinitiv data. Total advertising revenue rose to \$727 million, an increase of 21% year-on-year, as the company continued to improve its ad platform and formats.

U.S. economy slows in Q2; weak business investment a red flag

U.S. economic growth slowed less than expected in the second quarter as a surge in consumer spending blunted some of the drag from declining exports and a smaller inventory build, which could further allay concerns about the economy's health. But the fairly upbeat report from the Commerce Department had some red flags for the 10-year-old economic expansion, the longest on record. Business investment contracted for the first time in more than three years and housing declined for a sixth straight quarter. Gross domestic product increased at a 2.1% annualized rate in the second quarter, stepping down from an unrevised 3.1% pace in the January-March period. Growth in consumer spending surged at a 4.3% rate in the second quarter, the fastest since the fourth quarter of

2017. That followed a more lackluster 1.1% growth rate in the first quarter, blamed on a 35-day partial shutdown of the government. Business investment fell at a 0.6% rate in the second quarter, the first contraction since the first quarter of 2016.

Sprint, T-Mobile win U.S. antitrust approval for \$26 billion merger

T-Mobile US won U.S. antitrust approval for its \$26 billion takeover of rival Sprint, the Justice Department said, clearing a major hurdle to a deal that merges the nation's third and fourth largest wireless carriers. The companies have agreed to divest Sprint's prepaid businesses, including Boost Mobile, to satellite television firm Dish Network to create a fourth U.S. wireless carrier. The Justice Department indicated the deal would improve competition and the rollout of faster 5G networks by combining weaker players and creating a strong, new No. 4, in Dish, that has unused spectrum, which can be activated. Critics, including some state attorneys general, say competition won't increase and prices for mobile phone plans will rise. The deal is a clear success for T-

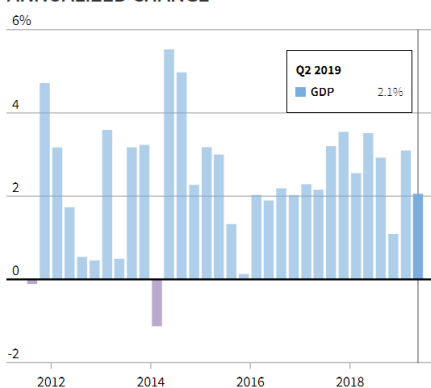
Mobile Chief Executive Officer John Legere, who will be the CEO of the combined company and who pushed back at critics arguing a more concentrated market would lead to higher prices.

McDonald's beats sales forecast on new deals, store revamp

McDonald's beat quarterly sales expectations at established U.S. restaurants, as the world's largest burger chain attracted more diners with upgraded stores and new promotions, such as the 2 for \$5 Mix and Match deal. McDonald's is the latest restaurant chain to report solid growth, driven by new menu additions, expanded delivery services and tech-enhanced stores, and follows strong U.S. sales numbers from Chipotle Mexican Grill and Starbucks. Sales at U.S. restaurants open for at least 13 months rose 5.7%, their biggest growth since the launch of its all-day breakfast in 2015. Analysts had forecast 4.47% growth, according to IBES data from Refinitiv. Globally, same-store sales rose 6.5%, also topping estimates of 5.08%, helped by strong performance in UK, France and Germany. Total

U.S. GDP

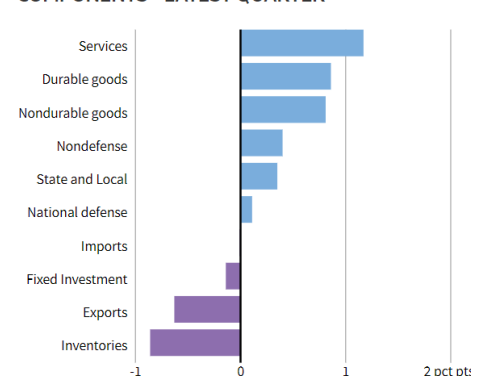
ANNUALIZED CHANGE



Source: Thomson Reuters Datastream
By Jiachuan Wu and Stephen Culp | REUTERS GRAPHICS

Click on the chart for an interactive graphic

COMPONENTS - LATEST QUARTER



revenue was flat at \$5.34 billion in the second quarter, but came in slightly above expectations of \$5.33 billion.

U.S. renews Chevron license in Venezuela for 3 months as Trump officials compromise

The Trump administration renewed Chevron's license for three months to drill for oil in Venezuela despite sanctions, a compromise between officials seeking maximum pressure to oust socialist President Nicolas Maduro and those favoring a longer renewal for the company. The Treasury Department renewed the license through Oct. 25 for Chevron, the last U.S. oil company operating in OPEC member Venezuela. The Treasury Department also renewed licenses for three months for oil field service companies Halliburton, Schlumberger, GE's Baker Hughes and Weatherford International.

Alphabet shares jump 9% on ad rebound, cloud promise

Shares of Alphabet rose nearly 9% in premarket trading, after the company handily beat Wall Street targets on higher ad sales and touted growth at its cloud unit, a high-margin business it is leaning more on to drive growth. The company's cloud business is much smaller compared with market leader Amazon's AWS and Microsoft's Azure, but Wall Street analysts were upbeat about the \$2 billion quarterly revenue from the unit. Google Chief Executive Officer Sundar Pichai, who has big ambitions to eventually generate more revenue from the company's cloud business than its mainstay ad business, said the unit is now at an annual revenue run rate of \$8 billion and would triple sales staff over the next few years. Separately, U.S. President Donald Trump kept up his pressure on global tech giant Google days after his Treasury secretary ruled out any national security concerns over the company's work in China. Trump, in a tweet, did not offer any evidence of a problem with Google's business in

China but said if there were any issues, his administration would find out about it. To read more, [click here](#)

U.S.-China tensions weigh on Huawei's ties with partners FedEx, Flex

FedEx again apologised and blamed Washington's ban on Huawei for being "unclear" as Beijing deepened an investigation into why the delivery firm was holding up packages meant for the telecoms equipment maker. Huawei was placed by Washington on a blacklist in mid-May that effectively blocks U.S. firms from doing business with the Shenzhen-based firm. Chinese authorities investigating FedEx suspect it illegally held back more than 100 Huawei packages and has also violated other laws, state news agency Xinhua reported. FedEx in a statement afternoon said, "These shipments in question were handled while we were trying to comply with the U.S. DOC BIS order which was unclear and resulted in considerable complexity for our operations. We apologize for any confusion or harm to our customers as a result." Beijing started a probe into FedEx last month after Huawei said the U.S. delivery firm had diverted parcels intended for the company. Xinhua said that investigators also discovered "clues to other violations".

U.S. to deny tariff relief for Apple Mac Pro parts from China -Trump

U.S. President Donald Trump said his administration would not grant Apple any relief for tariffs on Chinese-made parts for its Mac Pro computer. "Apple will not be given Tariff waiver, or relief, for Mac Pro parts that are made in China. Make them in the USA, no Tariffs!" Trump tweeted. On July 18, Apple asked the U.S. Trade Representative's Office to waive 25% tariffs on 15 parts, including ones for Mac Pro desktop computer. The public comment period for those requests closes on Aug. 1. The parts include graphics processing modules, structural frames, power supply units,

AC power cables, ladder assemblies, data cables and a wireless mouse line. The Wall Street Journal reported in June that Apple is shifting manufacturing of its new Mac Pro desktop computer to China from Texas. Apple CEO Tim Cook in December 2013 announced the company was building the Mac Pro in Texas after coming under criticism for assembling most of its products in lower-wage countries.

AbbVie spotlights Allergan deal, new drugs as Humira sales wane

AbbVie said a combination of new drugs in its arsenal and its planned \$63 billion deal for Botox-maker Allergan will counter declining sales of its long-time bestseller, Humira. The drugmaker also reported better-than-expected quarterly profit and raised forecast for the year. Humira, which treats rheumatoid arthritis and psoriasis, is the world's best-selling medicine, but it has come under fire from cheap rivals in Europe and AbbVie is bracing for competition to the drug in the United States in 2023. AbbVie raised its adjusted earnings per share forecast for 2019 to between \$8.82 and \$8.92 from a prior range of \$8.73 to \$8.83.

Phillips 66 quarterly profit beats on higher crude shipments

Phillips 66 beat estimates for quarterly profit, benefiting from shipping higher volumes of crude through its pipelines. Pipeline operators have benefited from a surge in output from U.S. shale basins, which led oil producers to scramble for takeaway capacities. Earnings from midstream segment for Phillips 66, which has both wholly owned and joint venture operations, rose nearly 78% to \$423 million in the second quarter. Adjusted earnings for Phillips 66 rose to \$1.38 billion, or \$3.02 per share, in the quarter ended June 30. Analysts on average had expected it to earn \$2.74 per share, according to IBES data from Refinitiv.



Madelen and seven year-old daughter Sophia, Venezuelan migrants, turn themselves in to law enforcement to seek asylum after illegally crossing the Rio Grande near Mission, Texas, U.S., July 25. REUTERS/Loren Elliott

Insight and Analysis

Dish Network has tough road to become competitive mobile carrier

Dish Network's bid to become a fourth U.S. mobile carrier may cost billions more than it expected and pits it against corporate giants, but the satellite TV provider has an advantage in starting fresh, with no legacy technology to maintain, and deep-pocketed potential partners are standing by. T-Mobile US and Sprint received regulatory approval for their \$26.5-billion merger on the condition they sell Sprint's prepaid wireless business and some cell sites to Dish, paving the way for the satellite provider, which owns \$20 billion worth of spectrum, to enter the wireless phone market as the No. 4 company.

COLUMN-Twin-speed U.S. economy poses dilemma for the Fed: Kemp

The U.S. economy is currently split between a fast-growing consumer sector and a much slower-growing business sector, with the contrasting speeds confirmed by the latest figures for second quarter gross domestic product. Personal consumer expenditures adjusted for inflation increased at an annualized rate of 4.3% in the three months from April to July. Real consumer spending growth accelerated from just 1.1% in the previous three months and was the fastest since the end of 2017, with a broad-based pick-up in spending on durables, non-durables and services.

FOCUS-New auto safety technology leaves insurers in the dark

Automakers are accelerating the rollout of technology designed to avoid crashes, but insurance companies are waving a caution flag at consumers eyeing discounts for buying collision-avoiding brakes or automated cruise control. The global market for advanced driver assistance systems, known in the industry as ADAS, is expected to reach more than \$67 billion by 2025, growing more than 10 percent each year. A group of 20 carmakers has pledged to outfit almost every new vehicle with forward collision warning and city-speed automatic emergency braking by 2020.



CANADA

Market Monitor

Canada's **main stock index** gained, driven by a rise in the energy sector as oil companies hoped to reach an agreement with the Alberta government to boost production. Two of Canada's biggest energy producers on Thursday said they were looking to the Alberta government to agree to a deal that would allow companies to boost their oil output in the face of curtailments in Canada's main crude-producing province. The **Toronto Stock Exchange's S&P/TSX Composite**

index was up 0.26%, at 16,531.04. Shares of **Baytex Energy** gained 2.14% and **Gran Tierra Energy** rose 2.42%. **CannTrust Holdings** jumped 16.67% after it fired Chief Executive Officer Peter Aceto, more than two weeks after Health Canada found the marijuana producer grew cannabis in unlicensed rooms.

The **U.S. dollar** edged up 0.05% against its **Canadian counterpart** at C\$1.3168.

COMING UP - ON MONDAY

No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
CannTrust Holdings Inc	3.01	0.43	16.67
Aecon Group Inc	21.59	1.89	9.59
Winpak Ltd	46.90	2.38	5.35
Thomson Reuters Corp	92.74	3.86	4.34
TFI International Inc	40.37	1.37	3.51
Air Canada	45.55	1.48	3.36
LOSERS			
Aphria Inc	7.24	-0.47	-6.10
Canfor Corp	10.30	-0.63	-5.76
Peyto Exploration & Development Corp	3.76	-0.17	-4.33
Encana Corp	5.54	-0.24	-4.15
Birchcliff Energy Ltd	2.62	-0.11	-4.03
Vermilion Energy Inc	24.29	-0.90	-3.57

Top News

Canada posts 2019-2020 budget deficit of C\$1.41 billion vs surplus a year ago, preliminary data show

Canada posted a budget deficit of C\$1.41 billion in the first two months of the 2019-2020 fiscal year, preliminary data from the federal finance ministry showed, following a C\$3.18 billion surplus posted a year earlier. Canada, the department of finance said in its monthly Fiscal Monitor, posted a deficit of C\$2.12 billion in the month of April and a narrow surplus in May of C\$0.71 billion. Revenues in the first two months combined were up C\$2.3 billion, or 4.2%, largely reflecting increases in tax and other revenues, the data showed.

Canadian regulators recommend approving new Teck oil sands mine

Canadian energy regulators recommended approval of an oil sands mine proposed by Teck Resources in northern Alberta, saying economic



benefits would outweigh "significant" adverse effects on the environment and indigenous communities. In a decision released late on Thursday, a joint provincial and federal review panel found the 260,000 barrel per day Frontier mining project, to be situated 110 kilometers (68 miles) north of the oil sands hub of Fort McMurray, would be in the public interest. Alberta's oil sands contain the vast majority of Canada's crude reserves, which are the world's third-largest, but the province is struggling with declining capital spending and delays in building new export pipelines.

Canada's new cannabis licensing favors richer companies, experts say

A new licensing process for legal cannabis producers in Canada limits the ability of smaller companies to attract investment, which could leave the fledgling industry dominated by companies with deep pockets or those who got a foot in the door prior to regulation changes in May, industry executives said. The changes came about after Health Canada, the federal health agency in charge of the licensing process, was swamped by applications for licensed producers, putting a strain on its resources and causing months of delays for applicants. The agency has received over 800 applications for cannabis licenses since 2013. Of those, 457 passed the initial paper-based review, but 70% of them have yet to show evidence they have built a facility.

WEALTH NEWS

WALL STREET WEEK AHEAD

Even if Fed cut is a given, Powell seen as wild card for stock market

U.S. Federal Reserve Chairman Jerome Powell will have to walk a fine line to avoid roiling the stock market next week, even if the central bank delivers on expectations and lowers interest rates for the first time in more than a decade. Investors are betting that the Fed most likely will cut the federal funds rate by 25 basis points to a range of 2.00% to 2.25% at the end of its two-day meeting on July 31. Whether that kicks off the first full-blown rate-easing cycle since September 2007, when the financial crisis was starting to build, or a more limited spurt of "insurance" cuts, is far from clear.



A file photo of Federal Reserve Chairman Jerome Powell testifying during a House Financial Services Committee hearing on "Monetary Policy and the State of the Economy" in Washington, U.S. July 10. REUTERS/Erin Scott

SOFTBANK'S NEW VISION FUND

SoftBank Group's \$108 billion Vision Fund 2 draws in Microsoft, Apple

SoftBank Group has secured pledges from Microsoft and other investors of around \$108 billion for a second Vision Fund aimed at investing in technology firms.

DIGITAL TAX

Trump says U.S. to hit France with 'substantial' action for digital tax

U.S. President Donald Trump said the United States would hit France shortly with a "substantial reciprocal action" after Paris announced a tax aimed at U.S. technology companies.

KKR'S BUYOUT OFFER ACCEPTANCES

KKR has 6.7% acceptances for Axel Springer buyout offer

KKR said its tender to buy out minority shareholders in Axel Springer had received acceptances on behalf of 6.7% of the shares in the German publisher.

DIFFICULTIES ON FANNIE, FREDDIE OVERHAUL

Trump's ambitious Fannie, Freddie overhaul faces hurdles

President Donald Trump's administration faces a growing list of hurdles that could scuttle its ambitions to remove U.S. mortgage giants Fannie Mae and Freddie Mac from their government lifeline.

INITIAL PUBLIC OFFERING

China's Wanda Sports raises \$190.4 million in downsized IPO

Wanda Sports, a sport events owner whose interests include the distribution of media rights in Asia for the FIFA World Cup, said it priced a smaller-than-expected U.S. initial public offering (IPO) below its targeted range to raise \$190.4 million.

CURRENCY INTERVENTION

White House adviser says U.S. has 'ruled out' currency intervention

The Trump administration has "ruled out" intervening in markets to lower the U.S. dollar's value, even though President Donald Trump is concerned other countries are weakening their currencies to gain a trade advantage, a top White House adviser said.



ON THE RADAR

Events	ET	Poll	Prior
Tue: Personal income mm for Jun	0830	0.4%	0.5%
Personal consumption real mm for Jun	0830	--	0.2%
Consumption, adjusted mm for Jun	0830	0.3%	0.4%
Core PCE price index mm for Jun	0830	0.2%	0.2%
Core PCE price index yy for Jun	0830	1.7%	1.6%
PCE price index mm for Jun	0830	--	0.2%
PCE price index yy for Jun	0830	--	1.5%
Caseshiller 20 mm SA for May	0900	--	0%
Caseshiller 20 mm NSA for May	0900	--	0.8%
Caseshiller 20 yy for May	0900	2.4%	2.5%
Consumer Confidence for Jul	1000	125	121.5
Pending Homes Index for Jun	1000	--	105.4
Pending sales change mm for Jun	1000	0.5%	1.1%
 Wed: ADP national employment for Jul	0815	150,000	102,000
Employment wages QQ for Q2	0830	--	0.7%
Employment benefits QQ for Q2	0830	--	0.7%
Employment costs for Q2	0830	0.7%	0.7%
Chicago PMI for Jul	0945	51	49.7
Fed funds target rate Jul	1400	2-2.25%	2.25-2.5%
 Thu: Challenger layoffs for Jul	0730	--	41,977
Initial jobless claims	0830	213,000	206,000
Jobless claims 4-week average	0830	--	213000
Continued jobless claims	0830	1.680 mln	1.676 mln
Markit Manufacturing PMI Final for Jul	0945	--	50
Construction spending mm for Jun	1000	0.4%	-0.8%
ISM Manufacturing PMI for Jul	1000	52	51.7
ISM Manufacturing Prices Paid for Jul	1000	50	47.9
 Fri: Non-farm payrolls for Jul	0830	165,000	224,000
Private payrolls for Jul	0830	160,000	191,000
Manufacturing payrolls for Jul	0830	5,000	17,000
Government payrolls for Jul	0830	--	33,000
Unemployment rate for Jul	0830	3.6%	3.7%
Average earnings mm for Jul	0830	0.2%	0.2%
Average earnings yy for Jul	0830	3.2%	3.1%
Average workweek hours for Jul	0830	34.4 hrs	34.4 hrs
U6 underemployment for Jul	0830	--	7.2%
International trade for Jun	0830	-\$54.6 bln	-\$55.5 bln
Goods trade balance (R) for Jun	0830	--	-74.17 bln
Durables ex-defense, R mm for Jun	1000	--	3.1%
Durable goods, R mm for Jun	1000	--	2%
Factory orders mm for Jun	1000	0.8%	-0.7%
Durables ex-transport R mm for Jun	1000	--	1.2%
Nondefense cap ex-air R mm for Jun	1000	--	1.9%
Factory ex-transport mm for Jun	1000	--	0.1%
U Mich Sentiment Final for Jul	1000	98.4	98.4

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Affiliated Managers Group	Q2	BMO	\$3.18	\$3.19	\$3.61	\$544.95
Alexandria Real Estate Equities	Q2	AMC	\$0.54	\$0.52	\$0.57	\$284.70
Everest Re Group	Q2	AMC	\$6.47	\$6.44	\$0.98	\$1,942.03
Illumina	Q2	16:05	\$1.29	\$1.34	\$1.43	\$866.16
Leggett & Platt	Q2	AMC	\$0.64	\$0.64	\$0.63	\$1,275.82
National Oilwell Varco	Q2	AMC	-\$0.07	-\$0.06	\$0.06	\$2,089.17
PerkinElmer	Q2	AMC	\$1.00	\$1.00	\$0.91	\$729.81
SBA Communications	Q2	AMC	\$0.23	\$0.22	-\$0.50	\$488.60

*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.

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