

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street tanked and **oil** prices plunged after the **U.S. Treasury yield curve** temporarily inverted for the first time in 12 years, pointing to a growing risk of a recession. Disappointing data from Germany and China added to the global gloom, sending investors to safe-havens. The **dollar index** and **Japanese yen** gained. **Gold** prices rose.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	25479.42	-800.49	-3.05	27398.68	21712.53
Nasdaq	7773.94	-242.42	-3.02	8339.64	6457.13
S&P 500	2840.60	-85.72	-2.93	3027.98	2443.96
Toronto	16045.94	-304.90	-1.86	16672.71	13776.88
FTSE	7147.88	-103.02	-1.42	7727.49	6599.48
Eurofirst	1442.44	-23.82	-1.62	1554.34	1308.86
Nikkei	20655.13	199.69	0.98	22362.92	19241.37
Hang Seng	25302.28	20.98	0.08	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.5860	28/32
2-year	1.5791	6/32
5-year	1.4957	11/32
30-year	2.0254	81/32

FOREX	Last	% Chng
Euro/Dollar	1.1132	-0.35
Dollar/Yen	105.99	-0.69
Sterling/Dollar	1.2051	-0.06
Dollar/CAD	1.3316	0.74
TR/HKEX RMB	92.18	-0.20

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	55.11	-1.99	-3.49
Spot gold (NY/oz)	1511.79	10.65	0.71
Copper U.S. (front month/lb)	0.0259	-0.0004	-1.31
CRB Index Total Return	179.42	-2.56	-1.41

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Newmont Goldcorp Corp	37.98	0.32	0.85
Ventas Inc	71.46	0.17	0.24
Evergy Inc	63.79	0.05	0.08
LOSERS			
Macy's Inc	16.80	-2.56	-13.22
Kohls Corp	45.11	-5.56	-10.97
Nordstrom Inc	26.02	-3.10	-10.65

Coming Up

On the U.S. economic tap, the commerce department is scheduled to show **retail sales** likely increased 0.3% in July, after it rose 0.4% in June. The department is likely to show **business inventories** increased 0.1% in June, after advancing 0.3% in May. The labor department is likely to show **initial jobless claims** for the week ended August 10 rose to 214,000, from 209,000. The department is expected to report second-quarter preliminary

nonfarm productivity rose at a rate of 1.5%. **Labor cost** likely rose 2% in the second quarter, after falling 1.6% in the previous quarter. The Federal Reserve is expected to show **industrial production** likely rose 0.1% in July, after being flat in June. The **Philadelphia Fed's business conditions index** is likely to show a reading of 10 for August, after showing a reading of 21.8 in July.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
NY Fed Manufacturing for Aug	0830	3.00	4.30
Initial jobless claims	0830	214,000	209,000
Jobless claims 4-week average	0830	--	212,250
Continued jobless claims	0830	--	1.684 mln
Philly Fed Business Index for Aug	0830	10.0	21.8
Philly Fed 6M Index for Aug	0830	--	38.00
Philly Fed Capex Index for Aug	0830	--	36.90
Philly Fed Employment for Aug	0830	--	30.00
Philly Fed Prices Paid for Aug	0830	--	16.10
Philly Fed New Orders for Aug	0830	--	18.90
Labor costs preliminary for Q2	0830	2.0%	-1.6%
Productivity preliminary for Q2	0830	1.5%	3.4%
Retail sales ex-autos mm for Jul	0830	0.4%	0.4%
Retail sales mm for Jul	0830	0.3%	0.4%
Retail ex gas/autos for Jul	0830	--	0.7%
Retail control for Jul	0830	0.3%	0.7%
Retail sales YoY for Jul	0830	--	3.42%
Industrial production mm for Jul	0915	0.1%	0.0%
Capacity utilization SA for Jul	0915	77.8%	77.9%
Manufacturing output mm for Jul	0915	-0.1%	0.4%
Industrial production YoY for Jul	0915	--	1.32%
Business inventories mm for Jun	1000	0.1%	0.3%
Retail inventories ex-auto revenue for Jun	1000	--	-0.1%
NAHB Housing Market Index for Aug	1000	65	65



A file photo of the logo of Walmart shown on one of its stores in Encinitas, California April 13, 2016. REUTERS/Mike Blake

Walmart Inc will report its second-quarter earnings. The retailer is expected to post robust sales growth despite increasing pressure from tariffs imposed on imports from China. Investors will watch for an update on consumer demand in the wake of tariffs, contingency plans to mitigate the impact and an update on the e-commerce business following Walmart's decision to deprioritize Jet.com.

Alibaba Group Holdings Ltd, China's top e-commerce company, is expected to post a rise in first-quarter revenue as the company benefits from its offline commerce and cloud computing businesses, where it has been investing heavily in the past few months.

Nvidia Corp is expected to post a fall in second-quarter revenue, as the chip designer continues to struggles with slowing sales to data centers and weak

demand for its gaming chips. Investors will expect commentary on the overall slowing chip industry, amid mixed results from other chipmakers.

Chip equipment maker **Applied Materials Inc** is expected to post a fall in third-quarter revenue as chipmakers continue to struggle with renewed trade war worries between U.S. and China. Investors will look for details and forecast, as other chipmakers see better second half for the industry.

Tapestry Inc is expected to report higher fourth-quarter revenue, boosted by sales of its Coach handbags. Investors will also focus on any update on the progress the company has made on fixing its millennial-focused Kate Spade brand, whose sales have suffered in recent months due to some of its out-of-touch fashion designs.

J C Penney Co Inc is likely to post its fourth consecutive drop in same-store sales in its second quarter as it battles decreasing store traffic and fierce online competition. The main focus would be if the quarterly results would be another blow for the struggling retailer. Investors will be look for the company's take on how escalating tariffs would impact its business.

Mexican central bank is scheduled to hold its next **monetary policy meeting**, with markets eager to see if the board could cut interest rates following the U.S. Federal Reserve's rate cut and a slowdown of inflation in Mexico.

Argentina's National Institute of Statistics and Censuses is expected to report **consumer prices index** data for July. It rose 2.6% in the June.



Market Monitor

Wall Street sold off sharply, with the Dow registering its largest one-day point drop since October 2018 as investors were gripped by increased concerns about a recession after the U.S. Treasury yield curve temporarily inverted for the first time in 12 years. The **energy sector** fell 4.12% to 416.27 and the **financial sector** lost 3.56% to 430.82. The **Dow Jones Industrial Average** fell 3.05% to 25,479.42, the **S&P 500** lost 2.93% to 2,840.59 and the **Nasdaq Composite** dropped 3.02% to 7,773.94 at close.

The **Treasury yield curve** temporarily inverted for the first time since June 2007 in a sign of investor concern that the world's biggest economy could be heading for recession. The inversion - where shorter-dated borrowing costs are higher than longer ones - saw U.S. 2-year note yields rise above the benchmark 10-year yield. The U.S. curve inverted to as much as minus 2.1 basis points, a metric widely viewed as a classic recession signal. The last time this yield curve inverted was in June 2007 when the U.S. subprime mortgage crisis was gathering pace. The U.S. curve has inverted before every recession in the past 50 years, offering a false signal just once in that time. The **curve** was last at 0.2 basis point after the inversion reversed.

Benchmark notes rose 28/32 yielding 1.59%. Short dated **2-year notes** were up 5/32 to yield 1.58%. The **30-year bonds** were up 2-17/32 yielding 2.03%.

The **Japanese yen** and **dollar index** rose after the U.S. Treasury bond yield curve inverted for the first time since 2007 and investors, gripped by fear of a looming global recession, fled to the safety of perceived safe-haven assets. "There is plenty of doom and gloom to



Traders work on the floor at the New York Stock Exchange in New York, U.S., August 13. REUTERS/Eduardo Munoz

spread across the globe," said John Doyle, vice president for dealing and trading at Tempus Inc in Washington. The U.S. yield curve "is a major recession indicator. Germany, Italy and the UK are likely headed for a recession. Today's Chinese data was shockingly bad." The **dollar** was last down 0.17% against the Japanese currency at 105.97 yen. The **dollar index** was 0.21% higher at 98.02.

Oil prices tumbled, after fresh Chinese and European economic revived global demand fears and U.S. crude inventories rose unexpectedly for the second week in a row. China reported weak data for July, including a surprise drop in industrial output growth to a more than 17-year low. The euro zone's GDP barely grew in the second quarter of 2019. U.S. crude stocks grew by 1.6 million barrels last week compared with analysts' expectations for a decrease of 2.8 million barrels as

refineries cut output, the Energy Information Administration said in its report. Profit taking after Tuesday's gains also weighed on crude prices on Wednesday, analysts said. **Brent crude** dropped 3.28% to \$59.29 a barrel, while **U.S. crude** tumbled 3.47% to \$55.12 a barrel.

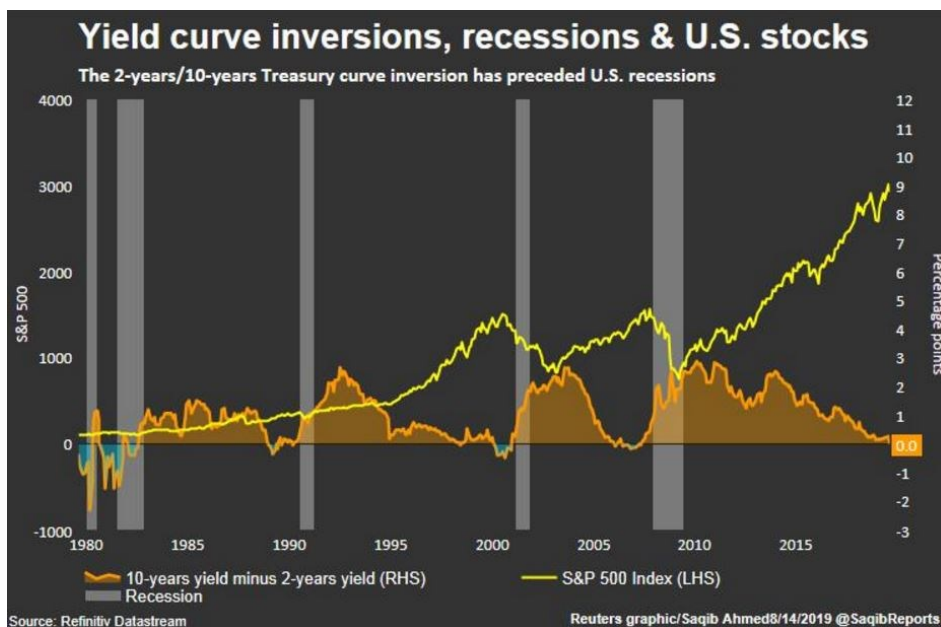
Gold prices rose as an inverted U.S. Treasury yield curve and weak euro zone data stoked fears of a global economic recession and drove investors toward safe-haven bullion. "With major economies in the euro zone reporting negative growth, it's possible we will see a recession. So for gold in particular, it increases expectations of what the U.S. Federal Reserve will do in terms of easing" interest rates, said Jeff Kleerman, portfolio manager at GraniteShares. **Spot gold** rose 0.78% to \$1,512.88 per ounce. **U.S. gold futures** were up 0.75% at \$1,525.40 an ounce.

The Upside Down: Yield Curve Inverts

U.S. Treasury bond curve inverts for 1st time since 2007 in recession warning

warning

The U.S. Treasury bond yield curve inverted for the first time since 2007, in a sign of investor concern that the world's biggest economy could be heading for recession. The inversion -- a situation where shorter-dated borrowing costs are higher than longer ones -- saw U.S. 2-year note yields rise above the 10-year bond yield. Such an inversion, considered a classic recession signal, occurred last in June 2007 when the U.S. sub-prime mortgage crisis was gathering pace. Elsewhere, yield curves have been less accurate in predicting downturns but Germany's was at its flattest since 2008. Britain's bond yield curve also inverted for the first time since the global financial crisis.



The U.S. curve has inverted before every recession in the past 50 years, offering a false signal just once in that time.

EXPLAINER-Countdown to recession: What an inverted yield curve means

The yield curve is a plot of the yields on all Treasury maturities - debt sold by the federal government - ranging from 1-month bills to 30-year bonds. In normal circumstances, it has an arcing, upward slope because bond investors expect to be compensated more for taking on the added risk of owning bonds with longer maturities. When yields further out on the curve are substantially higher than those near the front, the curve is referred to as steep. So a 30-year bond will deliver a much higher yield than a two-year note. When the gap, or "spread", is narrow, it is referred to as a flat curve. In that situation, a 10-year note, for instance, may offer only a modestly higher yield than a 3-year note. On rare occasions, some or all of the yield curve ceases to be upward sloping. This occurs when shorter-dated yields are higher than longer-dated ones and is called an inversion.

U.S. yield curve inversion highlights recession fears, Fed dilemma

When the U.S. Federal Reserve cut interest rates last month for the first time in more than a decade, it signaled that further reductions in borrowing costs might not be needed. Bond markets vehemently disagree. Sliding bond yields and the inversion of a key part of the U.S. yield curve for the first time in 12 years show that bond investors have a far gloomier outlook for the U.S. and global economies than the U.S. central bank. "The rates market rarely lies and globally it looks like it's expecting a day of reckoning," said Tom di Galoma, a managing director at Seaport Global Holdings in New York. Fears are also rising the Fed may not only be behind the curve in cutting rates, but that central banks may be running out of ammunition to stimulate growth as countries offset each other's attempts to boost growth with looser fiscal policy.

GRAPHIC-Inverted yield curve rattles investors wary of dying stock bull market

A yield curve typically has an upward slope -- when the yields are plotted on a graph -- because investors expect greater compensation for the risk of owning longer-maturity debt. An inversion, when shorter-dated yields are higher than longer-dated ones, is considered a warning of a looming recession. With inverted yield curves widely viewed on Wall Street as a major danger signal for the economy, Bank of America Merrill Lynch warned this week that Wall Street's decade-long rally is also under threat. "The equity market is on borrowed time after the yield curve inverts. However, after an initial post-inversion dip, the S&P 500 can rally meaningfully prior to a bigger US recession related drawdown," Bank of America Merrill Lynch analysts wrote in a report on Monday.

Other Top News

Macy's shares sink as discounts to clear inventory hurt, tourism drops

Macy's cut its full-year earnings forecast after missing estimates for quarterly profit for the first time in at least two years, as it discounted merchandise heavily to clear spring inventory, sending its shares down. Macy's executives reassured investors on a post-earnings call that the company is in "active discussions" with vendors and suppliers to mitigate tariffs and minimize customer impact in 2019 as much as possible. Macy's now expects 2019 adjusted profit to be between \$2.85 per share to \$3.05 per share, down from a previous forecast of \$3.05 to \$3.25. For the second quarter ended Aug. 3, net income attributable to Macy's shareholders slumped 48% to \$86 million, or 28 cents per share. The company's shares ended 13.22% lower at \$16.8 at market close.

WeWork to test IPO investor appetite with widening losses

WeWork owner The We Company published detailed financial statements for the first time, revealing breakneck revenue growth and soaring losses, as it prepares for an initial public offering as early as next month. "Large money-losing IPOs with high valuations tend to be challenging in the IPO market," said Kathleen Smith, founding principal at IPO research firm Renaissance Capital. "IPO investors have already been burnt by Lyft and Uber. They are going to be cautious about WeWork." We Company, co-founded in 2010 by its chief executive, Adam Neumann, said in a filing with the U.S. Securities and Exchange Commission that it lost more than \$900 million in the first half of 2019, up 25% from a year earlier, even as its revenue doubled to \$1.54 billion. The company did not give a time frame for becoming profitable.

Irish regulator queries Facebook on transcription of users' audio

The lead regulator of Facebook in the European Union is seeking information on how the company handled data during the manual transcription of users' audio recordings, Ireland's Data Protection Commission said. "Further to our ongoing engagement with Google, Apple and Microsoft in relation to the processing of personal data in the context of the manual transcription of audio recordings, we are now seeking detailed information from Facebook on the processing in question and how Facebook believes that such processing of data is compliant with their GDPR obligations," the commission said in an emailed statement. Facebook until recently carried out human review of private audio from its Messenger app in order to improve artificial intelligence systems to transcribe accurately but no EU users were affected, the company said.

FCC chairman circulates order to approve Sprint, T-Mobile tie-up

U.S. Federal Communications Commission Chairman Ajit Pai circulated a draft order that would grant approval to the \$26 billion tie-up of T-Mobile US and Sprint. The order must still be approved by two of the other four FCC commissioners. The U.S. Justice Department approved the merger last month but the deal still faces a court challenge from 16 state attorneys general. Democratic FCC Commissioner Jessica Rosenworcel said on Twitter she was "not convinced that removing a competitor will lead to better outcomes for consumers."

China's Luckin counts cost of Starbucks battle

Luckin Coffee posted a bigger-than-expected quarterly loss in its first results as a public company, hurt by soaring costs as it opened stores at a rapid clip and invested aggressively to take on Starbucks. Luckin's operating



A file photo of people standing outside a WeWork co-working space in New York City, New York U.S., January 8. REUTERS/Brendan McDermid

expenses surged more than three times in the June quarter, as it opened 593 new stores taking its total to 2,963, about 1,000 fewer than Starbucks. On an adjusted basis, Luckin lost 48 cents per share. In a conference call, Luckin's CEO Qian Zhiya said the company is on track to reach store level break-even point during the third quarter of 2019, after a 55.8 million yuan operating loss in the second quarter, "thanks to better bargaining power due to scale benefit, and higher store level sales."

IT services company Presidio to go private in \$2 billion deal

Presidio said it would be taken private by BC Partners in a \$2 billion all-cash deal, as the European buyout fund looks to expand its footprint in the cybersecurity space. Presidio stockholders will receive \$16 in cash for each share they own, representing a premium of 21.3% to Presidio's closing price on Tuesday. The deal, which is expected to close in the fourth quarter of 2019, includes a 40-day "go-shop" period, which allows Presidio's board and advisers to consider alternative offers, the company said. BC Partners said Presidio fits well with its investment priorities in IT systems and networks.

U.S. lawmakers push Mylan, Teva over drug pricing probe

The head of the U.S. House of Representative's oversight panel called on three drugmakers to turn over documents as part of an ongoing congressional review over generic drug price increases and accused the companies of "apparent efforts to stonewall" the probe. U.S. House Oversight Chairman Elijah Cummings,

along with U.S. Senator Bernie Sanders, the ranking member on the Senate Budget Committee, sent the letters to Mylan, Teva Pharmaceutical and privately held Heritage Pharmaceuticals, the lawmakers said. Mylan denied obstructing the inquiry and said it was prepared to make its case in a court of law, while Teva said it continues to fully cooperate with the investigations.



Ford extends warranties on 560,000 Focus, Fiesta models

Ford Motor said it was extending warranties on clutch and related hardware in 560,000 Focus and Fiesta cars in the United States and Canada after reports of problems with their six-speed transmission. The company said it would reimburse any repair charges to customers of 2014 through 2016 model cars, and offer other owners another chance to get a software update to fix the issue. The problems with the cars' automatic transmission DPS6 - made to improve the vehicle's fuel economy - include a degree of vibration when the transmission is operated at low speed, and a potential for the transmission to default to neutral. The company declined to reveal how much it would cost to offer the extended warranties and said the decision was independent of news reports or lawsuits related to the issue.

Education group urges U.S. Justice Department to block textbook merger

An education group seeking to increase access to college textbooks and research materials asked the U.S. government to block the proposed merger of textbook publishers McGraw-Hill Education Inc and Cengage Learning Holdings II Inc. The proposed merger "will significantly decrease competition in a market already rife with anti-consumer behavior," the Scholarly Publishing and Academic Resources Coalition (SPARC) said in a filing with the Justice Department's Antitrust division. A representative for the two companies said Cengage and McGraw-Hill were working closely with the Justice Department and were "confident that the transaction will benefit our customers and create more affordable options for students."

Anbang's Japan properties up for sale, Blackstone seen bidding - sources

China's troubled Anbang Insurance has put its \$2.4 billion property portfolio in Japan up for sale and previous owner Blackstone is bidding, two people familiar with the company's plans said. The insurer is offering its entire portfolio of mainly residential buildings in Tokyo and other big cities after it failed to sell some of the assets last year, the sources said. Anbang tried to sell a portion of the Japanese portfolio last year, but failed to attract buyers because the assets were less attractive due to age and location, the sources said. They said Blackstone was among the bidders for the entire portfolio largely made up of apartment buildings catering to middle class clients in Tokyo, Nagoya and other large cities.



A visitor watches a floral decoration in the Gothic wing of Brussels' city hall during "Flowertime" event, in Brussels, Belgium, August 14. REUTERS/Francois Lenoir

Insight and Analysis

GRAPHIC-Dow transport average struggles to keep pace, could be market warning sign

The Dow Jones Transportation Average is struggling to get into gear and that could be a sign the market is ready to stall further. The 20-component index of rail operators, airlines, truckers and package delivery stocks is seen by many investors as a barometer of economic activity, and it is failing to keep up with other key market measures. While other major U.S. averages have set all-time highs in 2019 amid a broad equities rally, the Dow transports only came within 4% of its Sept. 14 record, doing so on April 24.

COLUMN-Trump avoids becoming the Grinch, but weakens trade hand with China: Russell

President Donald Trump has inadvertently admitted that the United States no longer holds the whip hand in the ongoing trade dispute with China, after backtracking on his latest escalation of the tariff war. Trump told reporters that the decision to defer the tariffs on a range of mainly consumer goods was to protect U.S. consumers from price increases ahead of Christmas holiday shopping. That statement alone makes a mockery of Trump's long-held assertion that China is paying for the tariffs, not the U.S. consumers.

Going negative? As trade war rages, central banks ponder radical steps

Negative interest rate policy is becoming a more attractive option for some other central banks to counter unwelcome currency rises. In Asia, central banks in economies as diverse as Australia, India and Thailand have stunned markets by cutting aggressively rates in response to the broadening fallout from the U.S.-China trade war. The fact such controversial tools are being more widely contemplated underscores the dilemma central banks across the world face, as the global slowdown forces them to go to extremes in shielding their economies from a strengthening currency.



CANADA

Market Monitor

Canada's main stock index fell, mirroring a global slump in equities.

The Toronto Stock Exchange's S&P/TSX composite index was down 1.86% at 16,045.94.

The energy sector fell 3.44% to 121.97.

The U.S. dollar was 0.73% higher against its Canadian counterpart at C\$1.3315.



COMING UP

Canada's ADP is expected to post the country's **National Employment Report** for July. In June, jobs rose by 30,400, thanks to a rise in construction jobs.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Eldorado Gold Corp	11.37	0.68	6.36
NovaGold Resources Inc	9.20	0.37	4.19
Chemtrade Logistics Income Fund	9.90	0.38	3.99
Detour Gold Corp	23.54	0.78	3.43
Turquoise Hill Resources Ltd	0.65	0.02	3.17
LOSERS			
Kelt Exploration Ltd	2.78	-0.38	-12.03
Baytex Energy Corp	1.71	-0.16	-8.56
Crescent Point Energy Corp	3.80	-0.35	-8.43
Birchcliff Energy Ltd	2.10	-0.19	-8.30
Hudbay Minerals Inc	4.23	-0.38	-8.24

Top News



Canada Goose margins miss on higher sales of less profitable, lighter clothes

Canada Goose's quarterly gross margins missed estimates, as the luxury apparel maker sold more of its light-weight spring season clothes, which are not as profitable as its \$1,000 parkas. "The affinity and desire we have seen for our seasonally relevant lightweight offerings tells us our product expansion is working," Canada Goose said in its statement. The company said online and retail sales of its light-weight, non-parka products rose to about a third of its

total revenue in the quarter for the first time and that it expects to sell more parkas in the third and fourth quarter as the weather gets colder. Net loss widened to C\$29.4 million, or 27 Canadian cents per share, in the quarter, from a loss of C\$18.7 million, or 17 Canadian cents per share, a year earlier.

Canada's Trudeau accepts he breached ethics rules, refuses to apologize

Canadian Prime Minister Justin Trudeau accepted a watchdog's report that he breached ethics rules by trying to influence a corporate legal case but refused to apologize, saying he had been trying to defend jobs. Independent ethics commissioner Mario Dion said Trudeau and his team attempted last year to undermine a decision by federal prosecutors that construction company SNC-Lavalin should face a corruption trial. Dion's scathing 58-page assessment could

hurt Trudeau's chances of retaining power in a general election in October. "I fully accept this report ... I take full responsibility. The buck stops with the prime minister," said Trudeau, adding that he nevertheless disagreed with some of Dion's conclusions.

Canadian pension giant plans hiring spree in Asia, Europe

Ontario Teachers' Pension Plan plans to hire "extensively" in Asia and Europe over the next two years and could shift an extra C\$11 billion into infrastructure and other real assets, its chief executive told Reuters. Outgoing Chief Executive Ron Mock told Reuters that Ontario Teachers' (OTPP) could triple its current Asia headcount of around 25 people and is considering opening offices in Mumbai and Singapore. Mock said China, India, Australia, Vietnam, Indonesia and the Philippines were all areas likely to see further investment. "Asia represents a growth opportunity over the next 10-15 years... you can't

just set up on a dime and take down on a dime when you're investing in private assets like private equity and infrastructure." Despite political turmoil in Britain as the country inches closer to leaving the European Union, Mock said London would remain its European base and headcount could rise from around 30 to more than 50 over the next two years.

Air Canada sees A220 jet delivering boost for key U.S. transit traffic

Air Canada said it will launch a direct Seattle-Montreal service in May 2020 with its new A220-300 jets, as the carrier eyes new routes to expand its share of lucrative international transit traffic to and from the United States. Airbus's smallest commercial jet, expected to enter Air Canada's fleet in December with its first delivery, will help the carrier open new routes and increase capacity to cities that lack enough traffic to warrant a larger plane, Canada's largest carrier said. "The economics that come with this aircraft allow Air Canada to open new routes that you couldn't serve profitably," Mark Galardo, the Montreal-based carrier's vice president of network planning, said in an interview. Air Canada will use the fuel-efficient 137-seat jet, developed by Bombardier, to help attract U.S. passengers flying through its Canadian hubs, Galardo said.

Canada's Freeland, on weak yuan, says many reasons for currency fluctuations

Canadian Foreign Minister Chrystia Freeland sidestepped a question on whether Ottawa would join Washington in accusing China of manipulating the



A file photo of Canada's Foreign Minister Chrystia Freeland taking part in a bilateral meeting at the Lappei Areena in Rovaniemi, Finland May 7. Mandel Ngan/POOL via REUTERS

yuan, saying there could be lots of reasons why currencies rise or fall. "At a time of volatility in the global economy and volatility in the trading space, there can be a lot of explanations for why currencies fall and rise," Freeland told a televised news conference in Toronto when asked whether Canada would also label China a currency manipulator. When a reporter suggested this comment meant Canada would not act, Freeland replied: "I answered your question choosing my words with care."

Canada's CAE profit miss, weak cash flow send shares tumbling

Canada's CAE fell short of analysts' profit expectations and reported weaker-than-expected free cash flow in the quarter, sending its shares

tumbling. The world's largest civil aviation training company reported a negative free cash flow of C\$102.1 million, much bigger than an estimated negative cash flow of C\$11 million, according to four analysts polled by Refinitiv. Revenue from CAE's biggest unit, civil aviation training solutions, rose 10.8% to C\$477.6 million, mainly driven by the CAE's acquisition of Bombardier's business aircraft training unit. However, the unit's revenue fell short of estimates, TD Securities analysts said in a note. Net income attributable to shareholders fell 11.4% to C\$61.5 million, or 23 Canadian cents per share, in the first quarter of fiscal year 2020. At market close, the company's shares ended 4.58% lower at C\$34.17.

WEALTH NEWS

ECONOMIC REPORT

U.S. import prices rebound, but trend still subdued

U.S. import prices unexpectedly rose in July, but the underlying trend continued to be weak, pointing to subdued imported inflation pressures. Import prices increased 0.2% last month as a rebound in the cost of petroleum products offset declines in prices for capital goods and motor vehicles, the government said. The core import prices fell 1.5% in the 12 months through July. The Labor Department report also showed export prices rose 0.2% in July, boosted by gains in prices for agricultural and nonagricultural products, after declining for two straight months. Export prices fell 0.9% on a year-on-year basis in July after decreasing 1.6% in June.



A file photo of a stack of shipping containers pictured in the Port of Miami in Miami, Florida, U.S., May 19, 2016. REUTERS/Carlo Allegri

TRADE TENSIONS

No concessions from China as Trump postpones some tariffs -U.S. officials

China made no concessions to the United States after President Donald Trump postponed threatened tariffs on some Chinese imports until mid-December, senior U.S. officials said.

TRUMP ON FED POLICY

Trump sees Fed rather than trade war as source of market turmoil

With global markets flashing concern about the fallout from the U.S.-China trade war and the near-term strength of the American economy, U.S. President Donald Trump targeted Federal Reserve policy as the culprit for recent market turmoil.

OIL OUTPUT

U.S. crude stocks build unexpectedly; gasoline demand at record high-EIA

U.S. crude oil stockpiles rose unexpectedly for a second week in row as refineries cut output last week, while fuel inventories posted surprise drawdowns with gasoline demand hitting a record high, the Energy Information Administration said.

DEAL TALKS

Osram and AMS say takeover talks are constructive

Osram and AMS said that talks about a takeover of the German lighting group by the Austrian sensor maker were progressing.

POTENTIAL TAKEOVER

Axel Springer on M&A hunt before ink dries on KKR deal

German publisher Axel Springer said it was actively looking at potential takeovers, even as a buyout of its minority shareholders awaits completion, amid speculation that the digital classifieds sector will consolidate in Europe.

GRAPHIC

Saudi, Trump 'jawboning' suggests \$75 top for oil market

Ask Saudi Arabia about its preferred oil price and the kingdom will say it has no target. But a look at the pronouncements on the oil market by the world's top oil exporter this year points to an oil price aspiration of around \$70 per barrel.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Applied Materials	Q3	AMC	\$0.70	\$0.70	\$1.20	\$3,523.98
NVIDIA	Q2	AMC	\$1.15	\$1.15	\$1.94	\$2,544.90
Tapestry	Q4	BMO	\$0.61	\$0.61	\$0.60	\$1,533.28
Walmart	Q2	BMO	\$1.23	\$1.22	\$1.29	\$130,106.42

*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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