

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street bounced back as a strong forecast from IBM added to optimism over corporate earnings. The **dollar index** was flat and **safe-haven currencies** slipped on waning China virus fears. **Treasury yields** fell. **Oil** slid as a market surplus forecast outweighed Libya concerns. **Gold** prices inched higher.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	29187.02	9.02	0.03	29373.62	24244.31
Nasdaq	9383.77	12.96	0.14	9397.58	8943.50
S&P 500	3321.76	0.97	0.03	3329.88	3214.64
Toronto	17599.86	27.58	0.16	17620.19	15141.54
FTSE	7571.92	-38.78	-0.51	7689.67	7524.96
Eurofirst	1652.63	-2.43	-0.15	1661.93	1614.20
Nikkei	24031.35	166.79	0.70	24115.95	22951.18
Hang Seng	28341.04	355.71	1.27	29174.92	27857.73

TREASURIES	Yield	Price
10-year	1.7656	1/32
2-year	1.5262	0/32
5-year	1.5716	0/32
30-year	2.2153	11/32

FOREX	Last	% Chng
Euro/Dollar	1.1092	0.09
Dollar/Yen	109.85	-0.01
Sterling/Dollar	1.3134	0.67
Dollar/CAD	1.3140	0.56
TR/HKEX RMB	93.29	-0.14

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	56.66	-1.72	-2.95
Spot gold (NY/oz)	1558.73	1.00	0.06
Copper U.S. (front month/lb)	0.0277	-0.0003	-1.02
CRB Index Total Return	190.72	-1.62	-0.84

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Capital One Financial Corp	106.77	4.58	4.48
Ball Corp	71.83	2.57	3.71
Intel Corp	62.73	2.18	3.60
LOSERS			
Mosaic Co	20.03	-1.12	-5.30
Zions Bancorporation NA	47.84	-2.06	-4.13
TechnipFMC PLC	18.65	-0.75	-3.87

Coming Up

Intel Corp is expected to report a drop in fourth-quarter revenue, as the semiconductor industry faces setbacks from a global slowdown. An early forecast from Taiwan chipmaker TSMC has suggested some rebound in demand.

Dow 30 components, **Procter & Gamble Co** and **Travelers Companies Inc** are scheduled to report their quarterly earnings. The maker of Pampers diapers and Pantene shampoo is expected to show a rise in second-quarter sales and profit, driven by higher sales of detergents, face creams and healthcare products. Focus will be on updates on the company's financial projections for the year, as it ramps up investments in new products across most of its business to gain back market share. When Travelers reports fourth-quarter earnings, investors will be looking for insights on the insurer's catastrophe losses and whether workers' compensation claims are on the rise, given low U.S. unemployment.

Governing Council of the **European Central Bank (ECB)** is scheduled to hold its **monetary policy meeting** in

Frankfurt. The ECB is expected to keep policy on hold but will launch a broad, one-year review of its policy strategy that would alter its inflation target and change how it pursues its objective.

A report from the Labor Department is expected to show the number of Americans filing for **unemployment benefits** rose by 11,000 to a seasonally adjusted 215,000 for the week ended Jan. 18.

REUTERS/Shannon Stapleton



American Airlines Group Inc is expected to post a rise in fourth-quarter profit as the U.S. carrier benefits from higher fares and strong travel demand. Investors will look for updates on the company's financial forecast and comments around the 737 MAX. **Southwest Airlines Co** will also report

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Initial jobless claims	0830	215,000	204,000
Jobless claims 4-week average	0830	--	216,250
Continued jobless claims	0830	1.746 mln	1.767 mln
Leading index change mm for Dec	1000	-0.2%	0.0%
KC Fed Manufacturing for Jan	1100	--	-7
KC Fed Composite Index for Jan	1100	--	-8

THE DAY AHEAD

earnings and is expected to post a fall in fourth-quarter profit, as the carrier has been hurt by the ongoing grounding of Boeing's 737 MAX jets. The largest operator of the MAX worldwide is removing about 330 weekday flights from its more than 4,000 daily flights. Investors will look for updates on financial forecast and capacity growth in 2020. Separately, **Boeing Co** plans to carry out the first test flight of its all-new 777X, the world's largest twin-engined jetliner outside Seattle. Boeing has said the first delivery of the plane, designed to hold on average 406 people, would happen in 2021. It was originally due to be delivered in mid-2020.

Comcast Corp is expected to post an increase in fourth-quarter revenue, helped by rising internet customers. Investors will be looking at any

commentary on its streaming platform, Peacock, that is set to be launched in April.



Vans sneaker maker **VF Corp** is likely to post declines in third-quarter revenue and profit, given its move to divest its jeans business as a separate publicly traded company, Kontoor Brands, in 2019. Investors will be on the lookout for comments on potential

acquisitions and the company's performance during the holiday period and recent launches including ComfyCush sneakers.

LIVECHAT- DAVOS

Moderated by experienced Reuters journalists, join us in the GMF as we bring you to the heart of the Davos debate and on-location coverage of one of the biggest global events of the year. A raft of guests including Hazem **Ben Gacem**, Co-CEO, Investcorp, (0700 ET/1200 GMT) **Amit Nayyar**, President, financial services business, Paytm, (0745 ET/1245 GMT) **David M. Rubenstein**, Co-Founder and Co-CEO, The Carlyle Group, (0900 ET/1400 GMT) **Pirojsha Godrej**, Executive Chairman, Godrej Properties (1000 ET/1500 GMT) will join us. To be a part of discussions, [click here](#)

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
American Airlines Group	Q4	BMO	\$1.14	\$1.14	\$1.04	\$11,311.13
Comcast	Q4	BMO	\$0.76	\$0.76	\$0.64	\$28,169.18
Discover Financial Services	Q4	AMC	\$2.24	\$2.24	\$2.03	\$2,947.51
E*TRADE Financial	Q4	AMC	\$0.83	\$0.83	\$1.06	\$672.51
Freeport-McMoRan	Q4	BMO	-\$0.01	\$0.00	\$0.11	\$3,697.64
Huntington Bancshares	Q4	BMO	\$0.30	\$0.31	\$0.29	\$1,166.18
Intel	Q4	AMC	\$1.26	\$1.25	\$1.28	\$19,226.32
Intuitive Surgical	Q4	AMC	\$3.50	\$3.38	\$3.12	\$1,238.43
KeyCorp	Q4	BMO	\$0.48	\$0.48	\$0.48	\$1,645.06
Kimberly-Clark	Q4	BMO	\$1.71	\$1.70	\$1.60	\$4,535.20
M&T Bank	Q4	BMO	\$3.45	\$3.47	\$3.76	\$1,522.36
Procter & Gamble Co	Q2	BMO	\$1.38	\$1.37	\$1.25	\$18,372.79
Skyworks Solutions	Q1	AMC	\$1.65	\$1.65	\$1.83	\$880.60
Southwest Airlines Co	Q4	BMO	\$1.06	\$1.09	\$1.17	\$5,723.98
SVB Financial Group	Q4	AMC	\$4.64	\$4.65	\$4.96	\$788.10
Travelers Companies	Q4	BMO	\$3.38	\$3.31	\$2.13	\$7,077.45
Union Pacific	Q4	BMO	\$2.03	\$2.04	\$2.12	\$5,218.81
VF	Q3	BMO	\$1.21	\$1.21	\$1.31	\$3,433.99

*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.



Market Monitor

Technology shares led the **S&P 500** marginally higher, as a healthy forecast from IBM helped mitigate worries over the developing coronavirus outbreak. The **S&P 500** and the **Nasdaq** closed barely in the black after approaching, then backing down from record highs the day after virus fears prompted a sell-off. The Dow closed nominally lower. "The toggling up and down has to do with short term valuations," said Matthew Keator, managing partner in the Keator Group, a wealth management firm in Lenox, Massachusetts. "Investors have to remain cautious in the short term because price matters." Optimism was boosted by **International Business Machines**, which posted surprise quarterly revenue growth and forecast higher-than-expected full-year profit. Its shares ended up 3.2%. The **Dow Jones Industrial Average** ended up 0.03% to 29,187.02, the **S&P 500** gained 0.03% to 3,321.81 and the **Nasdaq Composite** added 0.14% to 9,383.77.

Treasury yields were narrowly mixed, with market participants cautious overall, as bond investors digested the economic implications of a fatal new coronavirus from China. "It's not so much the virus directly. It's the virus taking down growth in China and Asia, which should put downward pressure on commodity prices," said Stan Shipley, fixed income strategist at Evercore ISI in New York. "When commodity prices are down, that's bullish for Treasuries. If Asia's growth is slowing and inflation in the U.S. is down, then the Federal Reserve will not tighten at all, but could well ease policy." Earlier in the session, U.S. yields were also pressured after the Bank of Canada held interest rates steady and opened the door for possible easing amid an economic slowdown. That rekindled worries about global growth. **Benchmark 10-year notes** were up 1/32 to yield 1.76%. **30-year bonds** were up 10/32,



Trader Peter Tuchman works on the floor at the New York Stock Exchange (NYSE) in New York, U.S., January 21. REUTERS/Brendan McDermid

yielding 2.22%. **Two-year notes** were flat, yielding 1.53%.

The **dollar** was little changed against a basket of currencies as safe-haven demand ebbed along with worries about whether the spread of a flu-like coronavirus would hurt the global economy. Investors' demand for other safe-haven currencies was also muted. Against the Japanese yen and the Swiss franc, which tend to draw investors during times of geopolitical or financial stress, the dollar was little-changed. The **U.S. dollar** was up 0.55% against its **Canadian counterpart** after the Bank of Canada maintained its key overnight interest rate at 1.75% as expected, but opened the door to a possible cut should slow growth continue. The **dollar index** was flat at 97.53.

Oil prices fell as a market surplus forecast by the International Energy Agency (IEA) and demand worries amid the outbreak of a virus in China outweighed concern over disruptions to Libya's crude output. The head of the

IEA, Fatih Birol, said he expects the market to be in surplus by 1 million barrels per day (bpd) in the first half of this year. "Oil prices remain heavy on oversupply concerns and after the Saudi Energy Minister Prince Abdulaziz did not offer any hints of optimism that the OPEC+ production cuts would be extended beyond March," said Edward Moya, senior market analyst at OANDA in New York. **Brent crude** was down 2.29% at \$63.11 a barrel. **West Texas Intermediate** fell 2.98% to \$56.64 per barrel.

Gold inched up as expectations of dovish monetary policy from global central banks capped bullion's losses and kept prices above the \$1,550 an ounce level. "Investors are actually selling excess positions, and that is keeping the prices capped," said Daniel Ghali, commodity strategist at TD Securities. **Spot gold** was up 0.06% at \$1,558.60 an ounce. **U.S. gold futures** were up 0.03% at \$1,558.30 per ounce.

In Focus: Davos 2020

U.S. and Britain trade threats in tech tax row

U.S. Treasury Secretary Steven Mnuchin and his British counterpart Sajid Javid clashed over taxation in a brewing battle over how Europe taxes the world's biggest technology firms. Javid said Britain would press ahead with a digital service tax in April even as Mnuchin, sitting feet away on the same stage, said such a move could generate "arbitrary" retaliation. Several European nations are considering taxes on search engines, social media platforms and online marketplaces to compensate for lost revenues, drawing the ire of the United States which claims that such a tax unfairly targets U.S. firms. "International tax issues are very complicated and take a long time to look at. If people want to just arbitrarily put taxes on our digital companies, we'll consider arbitrarily putting taxes on car companies," Mnuchin told a panel at the World Economic Forum. "We plan to go ahead with our digital services tax in April," Javid said. "It's a proportionate tax and it's deliberately designed as a temporary tax, so it will fall away once there is an international solution."

Trump threatens big tariffs on car imports from EU

U.S. President Donald Trump threatened to impose high tariffs on imports of cars from the European Union if the bloc doesn't agree to a trade deal. Trump has previously made threats to place duties on European automobile imports, with the intent of receiving better terms in the U.S.-Europe trade relationship. Trump has delayed imposing the tariffs a number of times. "I met with the new head of the European Commission, who's terrific. And I had a great talk. But I said, 'look, if we don't get something, I'm going to have to take action' and the action will be very high tariffs on their cars and on other things that come into our country," Trump told CNBC's Joe Kernan in an interview

from the World Economic Forum in Davos, Switzerland. In a interview with Fox Business Network, the U.S. President said the tariffs on EU cars could amount to 25%.

Global deal over digital tax eludes France, U.S. in Davos talks

France and the United States failed to agree how to push forward a global rewrite of decades-old cross-border tax rules though they agreed to set aside a bilateral row on digital taxation, France's finance minister said. But preparations led in part by France and the United States have been eclipsed by a bilateral dispute between the two with Washington threatening retaliatory tariffs against Paris' own national tax on big tech companies that book out-sized profits on French income despite minimal physical presence. The United States has further complicated the backdrop for a global deal by proposing last month that the future rules should be optional for companies. Calling a truce until the end of the year, French Finance Minister Bruno Le Maire said he had agreed with U.S. Treasury Secretary Steven Mnuchin in Davos

that France would not require companies to pay its digital tax this year and that Mnuchin had agreed to suspend the tariff threat in the meantime.

Google CEO eyes major opportunity in healthcare, says will protect privacy

Sundar Pichai, the CEO of Alphabet and its Google subsidiary, said that healthcare offers the biggest potential over the next five to 10 years for using artificial intelligence to improve outcomes, and vowed that the technology giant will heed privacy concerns. U.S. lawmakers have raised questions about Google's access to the health records of tens of millions of Americans. "When we work with hospitals, the data belongs to the hospitals," Pichai told a conference panel at the World Economic Forum. "But look at the potential here. Cancer if often missed and the difference in outcome is profound. In lung cancer, for example, five experts agree this way and five agree the other way. We know we can use artificial intelligence to make it better," Pichai added.



U.S. President Donald Trump talks during the 50th World Economic Forum (WEF) annual meeting in Davos, Switzerland, January 22. REUTERS/Jonathan Ernst

Top News

J&J forecasts weak annual profit, misses revenue estimates

Johnson & Johnson forecast 2020 profit below Wall Street estimates and said increased competition for its off-patent treatments could somewhat limit growth in the top-earning pharmaceuticals unit. Shares of the healthcare conglomerate fell after it reported a rare miss on quarterly revenue, as sales of cancer drug Imbruvica and psoriasis treatment Stelara came in below lofty Wall Street estimates. J&J's pharmaceuticals unit, which makes up half of the company's overall sales, has powered much of its recent growth. Chief Financial Officer Joseph Wolk said the company still expects sales growth to accelerate in 2020, but it will "probably not be as robust as we would have thought this time last year." J&J expects full-year 2020 adjusted earnings of \$8.95 to \$9.10 per share, with a midpoint below current analysts' average estimates at the top of the range. Overall sales rose 1.7% to \$20.75 billion, below the average analyst estimate of \$20.80 billion. Shares of the company ended down 0.73% to \$148.18.

Boeing CEO says he expects to resume 737 MAX production before mid-year

Boeing Chief Executive Dave Calhoun told reporters the U.S. planemaker expects to resume 737 MAX production months before its forecasted mid-year return to service and said it did not plan to suspend or cut its dividend. Calhoun said the company is not considering scrapping the MAX and expects it will continue to fly for a generation. He also said it will not launch a marketing campaign to get customers to get back on 737 MAX planes. He also disclosed Boeing is starting with a "clean sheet of paper" on a New Midsize Airplane but it is not clear if the company is scrapping the existing design. Calhoun said Boeing is not planning to cut or suspend the dividend because Boeing has the "financial capacity and

capability to do the things we need to do." Separately, Boeing's bill for the 737 MAX grounding could balloon to more than \$25 billion, analysts estimated, a day after the U.S. planemaker warned of further delay in returning its once best-selling jet to service. To read more, [click here](#)

Tesla's furious rally pushes market value past \$100 billion

Tesla shares surged, and the company became the first publicly listed U.S. automaker to cross \$100 billion in market valuation, more than Ford Motor and General Motors combined. It "speaks to the inflection in electric vehicle demand globally," Wedbush analyst Dan Ives wrote in an email. "The skeptics have been proven wrong, and the \$100 billion market cap is sending the bears into hibernation mode." The milestone comes less than a month after Tesla's stock crossed \$420, the price at which Chief Executive Officer Elon Musk had tweeted he would take the electric-car maker private. "The liquidity concern for now is off the table, and that opens up the ... base to new investors," said Ben Kallo, senior research analyst at Robert W. Baird & Co., which on Jan. 9

downgraded its rating on the stock to neutral. Tesla's market value also puts Musk a step closer to earning the first \$346 million tranche of options in a record-breaking pay package. Tesla shares were 4.09% higher at \$569.56 at market close.

Abbott hits all-time high on quarterly revenue beat

Abbott Laboratories' shares rose to an all-time high after the device maker beat Wall Street estimates for quarterly sales on higher demand for its nutrition products and generic drugs. Shares rose as much as 3% to \$92.45 in early trade, after the company said it expects 2020 full-year adjusted earnings from continuing operations between \$3.55 and \$3.65 per share. Abbott's Chief Operating Officer Robert Ford, will replace long-time Chief Executive Miles White in March and is expected to prioritize sales of the glucose monitoring device and heart device MitraClip. Sales of FreeStyle Libre, which helps diabetics track blood sugar levels without having to prick their fingers, rose 58.5% to \$534 million. Overall sales rose 7% to \$8.31 billion, beating estimates of \$8.26 billion, according to IBES data from Refinitiv.



A file photo of Boeing 737 Max airplanes parked at Boeing Field in Seattle, Washington, U.S. October 20, 2019. REUTERS/Gary He

Shares of the company closed 2.43% higher at \$91.91.

Bank of America to hire 50 bankers for Asia dealmaking team in 2020 - sources

Bank of America will recruit about 50 bankers for its investment banking team in Asia this year, as it pushes to bolster its dealmaking business and shore up revenues from the unit, three people with direct knowledge of the matter said. Bank of America's (BoFA's) Asia headcount expansion comes against the backdrop of a subdued recruitment outlook for the broader investment banking business as global lenders grapple with cost pressures and slowing M&A momentum. A third of BoFA's new hires in Asia will be senior bankers, including managing directors, for its merger and acquisitions advisory and capital markets businesses, mainly in Hong Kong, Singapore and Australia, the people told Reuters. With the renewed focus on investment banking, BoFA is aiming to break into the top four of Asian investment banking advisory league tables in the next few years, the people said.

Wall Street analysts buy into Netflix optimism amid Disney threat

Netflix acknowledged pressure from Disney+ after the company reported its quarterly results. But executives largely brushed off the long-term global impact of rivals that also include Apple, Comcast's NBCUniversal and AT&T. So too did Wall Street analysts. "Despite new services on the horizon from Disney and Apple (and probably others), we expect minimal long-term impact to Netflix subscriber addition and retention," Piper Sandler analyst Michael Olson said. At least four brokerages raised their price targets on the stock, with Monness Crespi Hardt being the most bullish, hiking it by \$50 to \$400, in-line with the median price target. Netflix beat global paid subscriber estimates in the fourth-quarter, boosted by returning series "The Crown", Oscar contender "The Irishman" as well as its adapted series "The Witcher". On Tuesday, Netflix executives said new competitors hurt

traditional television businesses more than Netflix and its rivals.

Fiat Chrysler CEO: Peugeot merger talks progressing well

Fiat Chrysler's chief executive Michael Manley said that merger talks with Peugeot owner PSA to create the world's No. 4 carmaker are progressing well and he hopes to have a deal within 12-14 months. Speaking to Reuters on the sidelines of an industry meeting, he said he doesn't expect any major obstacles that could delay a final agreement. His comments come a month after the two carmakers agreed a binding deal worth about \$50 billion to combine forces in response to a slowdown in global demand and mounting costs of making cleaner vehicles amid tighter emissions regulations. Manley's timeline for completing the deal by early 2021 is in line with a forecast made by the companies in December. Fiat and Peugeot are now getting into the details of how the merger will work, including choosing which vehicle platforms - the technological underpinnings of a vehicle - will fit which products in a combined company.

Baker Hughes profit misses estimates as LNG equipment demand wanes

Baker Hughes posted lower-than-expected earnings, hit by lower sales and orders in its business that supplies turbines and compressors to liquefied natural gas (LNG) producers. Revenue in the Turbomachinery & Process Solutions (TPS) unit dipped 8% and orders fell 10% year-over-year, driven largely by a large deal in the prior-year's quarter. Profit for that unit rose 19%, however, on productivity and cost gains. The company expects TPS revenues to grow 20% this year and margins to expand. "As we look ahead to 2020, we see a macro environment that is slowly improving, said Lorenzo Simonelli, Baker Hughes' chief executive. Total revenue from the company's oilfield services business, which accounts for roughly half of total sales, rose 7.5% to \$3.29 billion. Adjusted net income was 27 cents per

share compared with Wall Street forecasts of 31 cents per share.

Real estate developer in \$240 million deal to buy Philadelphia refinery

Real estate developer Hilco Redevelopment Partners has entered into a \$240 million agreement to purchase the Philadelphia Energy Solutions oil refinery, which was the largest and oldest on the East Coast, according to court documents. Chicago-based Hilco submitted the winning bid, which includes an escrow amount of \$30 million, in an auction last week for the Philadelphia site, documents filed with the U.S. Bankruptcy Court for the District of Delaware show. The sale still needs to be approved by the bankruptcy court, and Los Angeles-based developer Industrial Realty Group, LLC, was selected as the backup bidder, the documents show. The plan is scheduled to be submitted to the court for approval on Feb. 6, and PES can withdraw the sale plan at any time before then.

North American oil company bankruptcies jump in 2019 -report

The number of oil company bankruptcies rose 50% in 2019 over the previous year, as a slide in prices continued to shake producers in the United States and Canada, Dallas law firm Haynes and Boone said in a report. U.S. and Canadian oil and natural gas exploration and production company bankruptcies totaled 42 in 2019, the law firm said. "Following a steep drop in oil prices in the fourth quarter of 2018, there was a sharp increase in the number of filings in 2019," the report said. A total of 208 oil and gas production companies have filed for bankruptcy between 2015 and 2019. "This increase in year-over-year filings indicates that the reverberations of the 2015 oil price crash will continue to be felt in the industry through at least the first half of 2020," Haynes and Boone said. Oilfield service companies were again hit hard with the number of bankruptcies nearly doubling from 12 in 2018 to 21 in 2019, the largest being the \$7.4-billion filing by Weatherford International in July.



A tiger rescued from a circus by Animal Defenders International in Guatemala arrives at its new home near Winburg, South Africa, January 21. REUTERS/Siyabonga Sishi

Insight and Analysis

COLUMN-In Davos, Trump frames climate change as global culture war

In Davos on Tuesday, President Donald Trump pledged the United States to a major global project to plant a trillion trees worldwide in the next decade. In almost any previous administration, that announcement would have been the centerpiece of the president's speech to the World Economic Forum, focusing this year on climate change. Instead, Trump grabbed the agenda in a very different way, lambasting climate change campaigners as "prophets of doom" making "predictions of apocalypse" and pledging that America would defend its economy.

To train more workers, companies turn to virtual reality

The future of employee training involves no embarrassing role-playing in front of new colleagues or boring web modules which take an hour each to click through. For the next wave in workplace learning, get ready to strap on a pair of virtual reality goggles. In ten minutes, the lesson is indelibly locked in your brain. "This is what pilots have been doing for 50 years. You fly the plane without flying the plane," said Derek Belch, founder and chief executive of Strivr, a virtual reality-based immersive-training provider based in Menlo Park, California. "We can give that to any employee."

GRAPHIC-Rhodium rally goes supersonic as auto makers clamour for supplies

A rally in rhodium, a precious metal used to reduce vehicle emissions, has exploded into high gear, with surging demand and an uncertain supply outlook pushing prices up 40% in just three weeks to near record highs. Rhodium is used to neutralise nitrous oxides in car exhausts, and increasingly stringent emissions regulations, particularly in China, are forcing auto makers to use more of the metal. Demand is expected to outstrip supply this year and supplies are being disrupted by power outages at South African mines which produce more than 80% of mined rhodium.



CANADA

Market Monitor

Canada's main stock index ended higher after the central bank maintained its key overnight interest rate but opened the door to a possible cut should a slowdown in Canadian growth drag on.

The Toronto Stock Exchange's S&P/TSX composite index closed up 0.16% to 17,599.86.

The U.S. dollar rose 0.55% against its Canadian counterpart to C\$1.3139.



COMING UP

No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Aphria Inc	7.56	0.61	8.78
Centerra Gold Inc	9.87	0.35	3.68
First Quantum Minerals Ltd	12.56	0.42	3.46
Rogers Communications Inc	66.67	2.10	3.25
Aurora Cannabis Inc	2.68	0.08	3.08
LOSERS			
Ballard Power Systems Inc	13.13	-1.22	-8.50
Enerplus Corp	7.55	-0.41	-5.15
Ero Copper Corp	18.50	-0.74	-3.85
Spin Master Corp	34.10	-1.36	-3.84
ARC Resources Ltd	7.39	-0.28	-3.65

Top News

Bank of Canada opens door to possible rate cut if recent slowdown lingers

The Bank of Canada left interest rates on hold as expected but said a future cut was possible should a recent slowdown in domestic growth persist, raising market bets the central bank could ease as soon as this spring. The door "is open" to a possible rate cut, Bank of Canada Governor Stephen Poloz told reporters. "But it hinges on how the data evolve from here." The central bank cut its forecast for fourth quarter annualized growth to 0.3% from 1.3% in October and pegged first quarter annualized growth in 2020 at 1.3%. The Bank said it would pay close attention to developments in consumer spending, the housing market and business investment. Statistics Canada reported wholesale trade fell 1.2% in November.

Canada's annual inflation rate holds steady at 2.2%

Canada's annual inflation rate held steady at 2.2% in December, Statistics Canada said, supported by higher energy prices and balanced out by slower cost gains in food and cars. The

number is in line with a Reuters analysts' poll. Energy prices were 5.5% higher in December compared with the same month last year. CPI common, which the central bank says is the best gauge of the economy's underperformance, was at 2.0%, while CPI median, which shows the median inflation rate across CPI components, was at 2.2%. CPI trim, which excludes upside and downside outliers, was at 2.1%. Separately, Statscan said Canadian wholesale trade fell for the third time in five months in November, declining 1.2% as sales of motor vehicles and motor vehicle parts and accessories dropped.

Rogers Communications misses Wall Street quarterly estimates

Rogers Communications missed Wall Street estimates for its fourth-quarter core earnings as more people continued to shift to its unlimited data plan, leading to a decrease in its revenues from charging customers for additional data usage. The company's net income fell to C\$468 million in the quarter, from C\$502 million, a year earlier. On an adjusted basis, it earned C\$1 per share, missing analysts'

average estimate of C\$1.02. Separately, the company said it expects to spend up to C\$2.9 billion this year to expand its communications infrastructure in Canada, including for 5G, but warned that "punitive" regulations would slow the deployment of the high speed network. To read more, [click here](#)

Canada prosecutors say fraud at heart of Huawei CFO Meng's U.S. extradition case

Huawei Chief Financial Officer Meng Wanzhou returned to a Vancouver courtroom where Canadian prosecutors defended a U.S. extradition request, saying Meng's alleged bank fraud is the heart of the case that has strained relations between Ottawa and Beijing. Canadian prosecutors have told the British Columbia Supreme Court that Meng was arrested on charges of bank fraud, which is a crime in both countries, and not because of U.S. allegations she violated U.S. sanctions against Iran. Over three days of hearings, Meng's legal team argued that "double criminality" is at the heart of the U.S. extradition request.



WEALTH NEWS

ECONOMIC INDICATOR

U.S. home sales surge to near two-year high; supply at record low

U.S. home sales jumped to their highest level in nearly two years in December, the latest indication that lower mortgage rates are helping the housing market to regain its footing after hitting a soft patch in 2018, though record low inventory could be an obstacle to continued strong gains. The report from the National Association of Realtors followed on the heels of government data last week showing homebuilding raced to a 13-year high in December. Existing home sales increased 3.6% to a seasonally adjusted annual rate of 5.54 million units last month. The report helped to lift the PHLX housing index. Economists polled by Reuters had forecast existing home sales would increase 1.3% to a rate of 5.43 million units in December.

U.S. existing home sales and housing stocks



Source: Refinitiv Datastream / S. Culp 22/01/2020

INTERNATIONAL TRADE

After China trade deal, Europe and U.K. next on Trump's to-do list

U.S. President Donald Trump vowed to rip up international trade deals and rebalance America's global trade relationships, using a slew of tariffs, threats, and bilateral talks to shake up relations with nearly every major U.S. trading partner.

MODEST COMPENSATION

With record profits on Wall Street, small bonuses will annoy bankers -experts

Most Wall Street banks announced their fourth quarter profits beat industry expectations last week. But by the end of this week, bank sources and compensation experts told Reuters, most of their staff will be underwhelmed by their bonuses.

U.S. ELECTION

Warren calls on big U.S. banks for steps on climate risk

U.S. Senator Elizabeth Warren, a contender for the Democratic Party's presidential nomination, is asking the biggest U.S. banks for details on their assessments of and preparations for risks related to global warming.

CYBER INSURANCE

Insurers look to curb ransomware exposure as U.S. cyber rates rise

U.S. insurers are ramping up cyber-insurance rates by as much as 25% and trying to curb exposure to vulnerable customers after a surge of costly claims, industry sources said.

ACQUISITION

Investor group to buy financial services firm Duff & Phelps for \$4.2 billion

A global group of investors led by Stone Point Capital and Further Global will buy financial services firm Duff & Phelps for \$4.2 billion, the companies said.

DIVESTITURE

WeWork offloads non-core business Teem, stake in The Wing

Shared workplace operator WeWork said it sold cloud and analytics services provider Teem to digital workplace solutions provider iOFFICE, as it offloads non-core businesses after a botched initial public offering last year.





Passengers wearing masks are seen at Shanghai railway station in Shanghai, China January 22, 2020. REUTERS/Aly Song

The Financial and Risk business of Thomson Reuters is now Refinitiv.

The Day Ahead - North America is compiled by Siddharth Athreya V and Samritha Arunasalam in Bengaluru.

For questions or comments about this report, email us at: TheDay.Ahead@thomsonreuters.com.

To subscribe for The Day Ahead newsletter [click here](#)

© 2020 Refinitiv. All rights reserved.

Refinitiv
3 Times Square, New York, NY 10036

Please visit: [Refinitiv](#) for more information.

[Privacy statement](#)

