

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

**Stocks** climbed, helped by rise in healthcare shares and Boeing gained even as President Trump said the U.S. would ground the 737 MAX jets.

**Treasury yields** rose on the back of poor 30-year bond auction. **Oil** gained as U.S. crude inventories fell. The **dollar** edged lower as U.S. inflation data reinforced the Fed's patient stance on monetary policy, while **gold** prices gained.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	25702.95	148.29	0.58	26951.81	21712.53
Nasdaq	7643.41	52.37	0.69	7643.66	6457.13
S&P 500	2810.95	19.43	0.70	2816.88	2443.96
Toronto	16149.97	13.31	0.08	16586.46	13776.88
FTSE	7159.19	8.04	0.11	7261.63	6599.48
Eurofirst	1476.64	10.15	0.69	1481.21	1308.86
Nikkei	21290.24	-213.45	-0.99	21860.39	19241.37
Hang Seng	28807.45	-113.42	-0.39	29241.80	24896.87

TREASURIES	Yield	Price
10-year	2.6087	-1/32
2-year	2.4567	0/32
5-year	2.4169	-1/32
30-year	3.0079	-12/32

FOREX	Last	% Chng
Euro/Dollar	1.1329	0.38
Dollar/Yen	111.14	-0.19
Sterling/Dollar	1.3258	1.42
Dollar/CAD	1.3294	-0.43
TR/HKEX RMB	95.73	-0.04

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	58.40	1.53	2.69
Spot gold (NY/oz)	1310.11	8.35	0.64
Copper U.S. (front month/lb)	0.0293	0.0001	0.09
CRB Index Total Return	190.98	2.20	1.17

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
Take-Two Interactive Software Inc	96.03	6.18	6.88
DaVita Inc	53.59	2.26	4.40
Nektar Therapeutics	37.66	1.45	4.00
<b>LOSERS</b>			
Discovery Inc	26.93	-1.44	-5.08
Discovery Inc	25.62	-1.31	-4.86
Viacom Inc	28.45	-0.99	-3.36

## Coming Up



A file photo of job seekers and recruiters gathering at the TechFair in Los Angeles, California, U.S., March 8, 2018. REUTERS/Monica Almeida

The Labor Department is expected to report **initial claims for state unemployment benefits** rose to 225,000 in the week ended March 9, after slipping to 223,000 in the week before. In a separate report, the department is likely to report **import price** numbers gained 0.3 percent in February, following a 0.5 percent fall in January, while **export prices** increased 0.1 percent in February, after

declining 0.6 percent in January. The Commerce Department is scheduled to report **new home sales figures**, which likely declined to 620,000 units in January, from 621,000 units in December.

General Electric Chief Executive Officer **Larry Culp** and other top executives are expected to present the company's financial outlook, which was

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Build permits R number for Dec	0800	--	1.345 mln
Build permits R change mm for Dec	0800	--	1.4 pct
Import prices mm for Feb	0830	0.3 pct	-0.5 pct
Export prices mm for Feb	0830	0.1 pct	-0.6 pct
Initial jobless claims	0830	225,000	223,000
Jobless claims 4-week average	0830	--	226,250
Continued jobless claims	0830	1.775 mln	1.755 mln
New home sales-units for Jan	1000	0.620 mln	0.621 mln
New home sales change mm for Jan	1000	-0.6 pct	3.7 pct

delayed after the conglomerate changed its CEO last fall and reported nearly \$23 billion in losses last year.



**Oracle Corp** is expected to post a rise in third-quarter profit, boosted by its growing cloud services and license support unit.

**Adobe Inc** is set to report a rise in first-quarter revenue and profit, supported by higher subscriptions for its flagship Creative Cloud suite.

U.S. Treasury Secretary **Steven Mnuchin** testifies at U.S. House Ways and Means Committee hearing on President Donald Trump's proposed budget.

**Dollar General Corp** is expected to report a rise in fourth-quarter same-store sales as remodeled stores and an expanded offering of private label products pull in more customers through its doors. However, the discount chain's profit margins may be

weighed down by higher transportation costs.

**Brazilian** government statistics agency IBGE is scheduled to report **retail sales** numbers rose 0.2 percent in January, after dipping 2.2 percent in December.

## LIVECHAT - OIL OUTLOOK

Reuters oil correspondent **Jessica Resnick-Ault** takes your questions about energy markets in the rapid-fire, weekly segment "Lock, Stock and Barrel". (1030 ET/1430 GMT) To join the conversation, [click here](#)

## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Adobe	Q1	AMC	\$1.62	\$1.62	\$1.55	\$2,547.48
Broadcom	Q1	AMC	\$5.25	\$5.23	\$5.12	\$5,818.14
Dollar General	Q4	BMO	\$1.88	\$1.88	\$1.48	\$6,605.60
Oracle	Q3	AMC	\$0.84	\$0.84	\$0.83	\$9,589.66
Ulta Beauty	Q4	AMC	\$3.55	\$3.56	\$2.75	\$2,109.36

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

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

# Market Monitor

**Stocks** rose, led by gains in healthcare shares, and Boeing shares edged upward even as the United States grounded the company's 737 MAX jets after a fatal crash in Ethiopia. Also creating bearishness, Trump said he was in no rush to complete a trade deal with China that Washington wants to include structural reforms by Beijing, including how it treats U.S. intellectual property. **Boeing** shares closed up 0.56 percent. The **Dow Jones Industrial Average** rose 0.58 percent, to 25,702.95, the **S&P 500** gained 0.70 percent, to 2,810.93 and the **Nasdaq Composite** added 0.69 percent, to 7,643.41.

**Treasury yields** rose after falling the previous session, as risk appetite improved and equity markets stabilized, with a poor 30-year bond auction further lifting rates. U.S. producer prices remained subdued in February, data showed, a day after consumer prices showed a soft reading. Both reports reinforced expectations the Federal Reserve will hold interest rates steady throughout the year after raising them four times in 2018. The Treasury Department sold \$16 billion in **30-year bonds** at a high yield of 3.014 percent. The bid-to-cover ratio was 2.25. The **10-year notes** fell 1/32, yielding 2.61 percent. The **2-year notes** were flat, yielding 2.46 percent.

The **British pound** jumped in late trade, hitting session highs after British lawmakers rejected leaving the European Union without a deal in any scenario. The non-binding vote will increase pressure on Prime Minister Theresa May to rule out a "no-deal" exit, and paves the way for a vote to delay Brexit. If Britain does seek a delay, it will require the agreement of all the bloc's other 27 members. The **British pound** was last up 1.41 percent at \$1.3257 after a roller-



A trader works on the floor at the New York Stock Exchange in New York, U.S., March 13.

coaster ride this week in which its price has moved within a range of 3-1/2 cents against the dollar. It remained slightly off the session high of \$1.328 hit immediately after the vote as uncertainty remains around the process and the path forward. The **dollar index** was 0.47 percent lower at 96.48.

**Oil** rallied as U.S. crude inventories unexpectedly fell and an official forecast of crude oil supply growth from the world's top producer was revised lower. A widespread power outage in Venezuela that has stalled crude exports from the OPEC-member nation, which has already seen reduced shipments from U.S. sanctions, helped to tighten the market. U.S. crude stocks fell last week as refineries hiked output, the Energy Information Administration (EIA) said. Crude inventories fell by 3.9 million barrels in the last week, compared with analysts' expectations for an increase of 2.7 million barrels. Other EIA data showed U.S. crude output edged down

from a record high, dropping 100,000 barrels per day (bpd) to 12 million bpd last week. **Brent crude** was at \$67.68 a barrel, up 1.51 percent. **U.S. crude** was at \$58.40 a barrel, rising 2.69 percent.

**Gold** rose as tepid U.S. economic data reinforced views the Federal Reserve would be patient on monetary policy, with bullion's appeal also bolstered by uncertainty over a Brexit deal ahead of a key vote. Tepid inflation and disappointing producer price data this week support the Fed's stance of keeping interest rates on hold, denting the dollar and lifting demand for non-interest-yielding gold. The U.S. central bank's rate-setting committee will issue its next policy statement following its March 19-20 meeting. **Spot gold** gained 0.65 percent to \$1,310.28 per ounce. **U.S. gold futures** were 1.01 percent higher at \$1,311.2 per ounce.



# Top News

## U.S. joins other nations in grounding 737 MAX jets after second crash

The United States grounded Boeing's 737 MAX jets, citing new satellite data and evidence from the scene of Sunday's crash of an Ethiopian Airlines plane that killed 157 people, the second disaster involving the 737 in less than five months. "We're going to be issuing an emergency order of prohibition to ground all flights of the 737 MAX 8 and the 737 MAX 9 and planes associated with that line," Trump told reporters at the White House. Boeing said in a statement that it supported the move to temporarily ground 737 MAX operations. Germany's federal agency responsible for investigating air accidents will not analyse the black box from the Ethiopian Airlines plane that crashed, casting uncertainty over the process of finding out what may have caused the disaster. Canada also grounded 737 MAX jets, saying satellite data suggested similarities to a previous crash involving the same plane model. Boeing has said it has full confidence in the 737 MAX - a model that has 371 jets in operation around the world. Shares of the company closed up 0.56 percent at \$377.50.

## Brookfield to buy most of Oaktree to build juggernaut to rival Blackstone

Brookfield Asset Management said it will buy most of Oaktree Capital Management in a roughly \$4.8 billion deal, creating an alternative-asset manager that will challenge the likes of industry giant Blackstone Group. The decision by Oaktree, led by distressed debt investor Howard Marks, to sell a majority stake of itself comes after a sustained period in which its stock has underperformed the broader market. The combined businesses will have about \$475 billion of assets under management,

Brookfield said. Oaktree shareholders can exchange each of their shares for either \$49 in cash or 1.0770 Class A shares of Brookfield. However, Brookfield said the total amount will be paid in 50 percent stock and rest in cash. Both companies will continue to operate as independent businesses, while Marks, Oaktree's co-chairman, would join Brookfield's board of directors. Oaktree shareholders, consisting primarily of its founders, certain members of management and employees, will own the remaining 38 percent of the company.

## Fiat Chrysler recalling 965,000 U.S., Canadian vehicles over excess emissions

Fiat Chrysler will recall about 965,000 gasoline-powered vehicles in the United States and Canada that do not meet emissions standards and will replace their catalytic converters, officials said. The recall, reported earlier by Reuters, was prompted by in-use emissions investigations conducted by the Environmental

Protection Agency and in-use testing by Fiat Chrysler as required by U.S. regulations, the agency said. EPA said it will continue to investigate other Fiat Chrysler vehicles that are potentially noncompliant and may become the subject of future recalls. The recall covers nearly 863,000 U.S. vehicles and 103,000 Canadian vehicles, Fiat Chrysler said. The recall includes 2011-2016 Dodge Journeys, 2011-2014 Chrysler 200s and Dodge Avengers, 2011-2012 Dodge Calibers and 2011-2016 Jeep Compass/Patriots. The automaker said testing of vehicles on the road showed a deterioration in the performance of the catalytic converters. The company declined to estimate the cost of the recall, only to say it had accounted for the costs in the fourth quarter of 2018.

## Spotify files EU antitrust complaint against Apple

Spotify has filed a complaint with EU antitrust regulators against Apple, saying the company unfairly limits rivals to its own Apple Music streaming



A file photo of Bruce Flatt, CEO, Brookfield Asset Management Inc, speaking at the Milken Institute's 21st Global Conference in Beverly Hills, California, U.S., May 1, 2018.

service. Spotify said that Apple's control of its App store deprived consumers of choice and rival providers of audio streaming services to the benefit of Apple Music, which began in 2015. Central to Spotify's complaint, filed to the European Commission on Monday, is what it says is a 30 percent fee Apple charges content-based service providers to use Apple's in-app purchase system (IAP). Horacio Gutierrez, Spotify's general counsel, said the company was pressured into using the billing system in 2014, but then was forced to raise the monthly fee of its premium service from 9.99 to 12.99 euros, just as Apple Music launched at Spotify's initial 9.99 price.

### U.S. proposes stricter curbs on e-cigarette sales

The U.S. Food and Drug Administration (FDA) released formal plans to curb the sale of flavored e-cigarettes and slow a surge in teenage use of the popular nicotine devices. The proposal would allow traditional retailers such as convenience stores to sell tobacco, mint and menthol e-cigarettes, which the FDA says are more popular among adults than minors. But other flavors could only be sold in stores or online when strong age-verification protocols are in place. In an interview, FDA Commissioner Scott Gottlieb said the new guidelines give the agency flexibility to further restrict sales if youth use trends continue. The agency is paying close attention to "pod-based" e-cigarettes such as the ones popularized by Juul Labs, he said. Under the proposal, makers of e-cigarette products would have to submit a formal application to the FDA by August 2021 in order to keep selling them, a year earlier than previously proposed.

### Ford says cutting U.S. salaried jobs, doesn't say how many

Ford confirmed it is cutting an unspecified number of U.S. salaried jobs as part of a global reorganization

announced last year. Said Deep, a spokesman for the automaker, declined to say how many jobs are being slashed but said the company expects the process to be completed by the end of June. He said the restructuring "has resulted in some separations of salaried employees and the reassignment of others." Ford has said its global reorganization will involve thousands of jobs and possible plant closures in Europe and result in \$11 billion in charges.

### Philip Morris says Indian partner charges machinery costs; calls it "business expense"

Philip Morris' Indian partner charges machinery-related costs for manufacturing its Marlboro cigarettes in India, the company said, following a Reuters article that showed it may have circumvented foreign direct investment rules. Philip Morris has for years paid manufacturing costs to Godfrey Phillips, despite a nine-year-old government ban on foreign direct investment in the industry, Reuters reported last week, based on a review of dozens of internal company documents dated between May 2009 and January 2018. Philip Morris and Godfrey have said they comply with Indian rules. Philip Morris paid Godfrey for items ranging from large cigarette-making machines to costs of smaller equipment such as barcode scanners and printers deployed in Godfrey's factories, the Reuters review of documents found.

### UAW leader puts Detroit Three 'on notice' ahead of contract talks

The leader of the United Auto Workers union warned that job security and preventing the shift of U.S. jobs to Mexico would be top priorities in contract talks with Detroit's automakers slated for later this year. "There will be no more quiet closing of plants, no more shipping jobs to Mexico and abroad without a sound," Gary Jones said in a speech to delegates the union's bargaining convention in

Detroit. "They are on notice." This year's contract talks between the UAW and General Motors, Ford and Fiat are likely to be contentious, with both sides also focusing on healthcare costs and the use of temporary workers. During the convention, the union announced an increase in the amount of money paid to members if they go on strike.

### Insys Therapeutics' auditor raises going concern doubts, shares drop

Insys Therapeutics said its auditor raised doubts on the drugmaker's ability to continue as a going concern, sending its shares down. The company said the auditor's opinion on the audited financial statements for the year ended Dec. 31, 2018 flags uncertainty in its ability to generate enough cash to meet its legal obligations and sustain operations. "If we are unable to obtain sufficient funding, we would need to significantly reduce our operating plans and curtail some or all of our product development, commercialization and strategic plans," the company said. Shares of the company closed 26.23 percent lower at \$4.19.

### Verizon launches 5G in Chicago, Minneapolis at \$10 extra cost

Verizon beat rivals AT&T and Sprint in the race to launch the first fifth generation mobile services in two cities in the United States at an additional cost of \$10 for customers with existing unlimited plans. Users in Chicago and Minneapolis will be able to avail the 5G wireless network from April 11 by using a Motorola Z3 mobile and a 5G "Moto Mod", a physical magnet-like attachment for the phone, the company said. AT&T and Sprint are also building their 5G networks and plan to release 5G smartphones with Samsung Electronics later this year. The company will offer the "Moto mod" for \$50 initially and its customers would not have to pay for 5G for the first three months.



Actor Felicity Huffman departs an initial hearing for defendants in a racketeering case involving the allegedly fraudulent admission of children to elite universities, at the U.S. federal courthouse in downtown Los Angeles, California, U.S., March 12. REUTERS/Mike Blake

## Insight and Analysis

### **SPECIAL REPORT-Online activists are silencing us, scientists say**

The emails, tweets and blog posts in the "abuse" folder that Michael Sharpe keeps on his computer continue to pile up. Eight years after he published results of a clinical trial that found some patients with chronic fatigue syndrome can get a little better with the right talking and exercise therapies, the Oxford University professor is subjected to almost daily, often anonymous, intimidation.

### **COLUMN-U.S. shale oil may be the answer to Asia's heavy crude problem: Russell**

The historic discount that Asian buyers have enjoyed on heavier crudes has evaporated recently as such grades become scarcer, but it may just be that the answer lies in more light oil. Prices for heavier grades of crude have risen faster relative to light oils in Asia as the market tightens amid renewed U.S. sanctions against Iran, the ongoing political disintegration of Venezuela, and production curbs by OPEC and its allies.

### **Top gamer 'Ninja' made \$1 million to promote EA's 'Apex Legends' launch -source**

What are a few hours playing videogames and a handful of tweets worth? \$1 million if you are Tyler Blevins, known to millions as "Ninja," the world's most-followed computer gamer. Blevins was one of a few select professionals with huge followings pulled in by videogame giant Electronic Arts Inc to play and promote its latest title, "Apex Legends," in the first hours of the launch last month, generating a buzz that notched 10 million signups in the first three days.



## CANADA

## Market Monitor

Canada's main stock index rose, led by gains in healthcare and energy shares. Investors shrugged off data that showed a fall in February home prices for the fifth straight month.

The **Toronto Stock Exchange's S&P/TSX composite index** was up 0.08 percent, at 16,149.97.

The **healthcare sector** rose 2.49 percent to 131.07. The **energy sector** was up 1.41 percent at 156.55 on the back of higher oil prices.

The **U.S. dollar** was down 0.43 percent against its **Canadian counterpart** at C\$1.3295.

## COMING UP

Statistics Canada is likely to report **new housing price index** for January, after being unchanged in December.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
<b>GAINERS</b>			
Aurora Cannabis Inc	12.02	1.38	12.97
Badger Daylighting Ltd	39.98	2.65	7.10
Gran Tierra Energy Inc	3.29	0.20	6.47
<b>LOSERS</b>			
SSR Mining Inc	18.24	-1.29	-6.61
B2Gold Corp	3.93	-0.23	-5.53
Alacer Gold Corp	3.72	-0.19	-4.86

## Top News



### Cannabis maker Aurora picks billionaire investor Peltz as adviser

Aurora Cannabis tapped billionaire Nelson Peltz (*pictured*) as a strategic adviser, betting on the consumer industry-focused veteran to help the recreational marijuana maker chart its expansion into new markets. Shares of the company jumped after it offered Peltz the role and an option to buy nearly 20 million shares at C\$10.34 a share, a small discount on the stock's

close of C\$10.64 on Tuesday. This equates to a nearly 2 percent stake in the company, which would be vested every quarter over a four-year period, Aurora said. Peltz brings a network of relationships with large potential strategic companies that Aurora could partner with across medical and consumer applications, Cowen and Company analysts said in a note. Aurora, the second biggest cannabis producer by market value, has also been looking beyond recreational marijuana to drive sales, especially after the legalization of hemp, which was part of 2018 U.S. farm bill. "Canadian licensed producers, and Aurora in particular, are well positioned to lead in the development of the international cannabis industry," Peltz said in a statement. Shares of the company ended up 12.97 percent at C\$12.02.

### Canada home prices drop in Feb for 5th straight month -Teranet

Canadian home prices fell in February for the fifth straight month as most major markets weakened, data showed. The Teranet-National Bank Composite House Price Index, which measures changes for repeat sales of single-family homes, showed prices fell 0.4 percent last month from January. Prices fell in nine of the 11 markets in the index. It included a 2 percent drop in Victoria, British Columbia's capital city. In Hamilton, a city in Ontario where much of Canada's steel is produced, prices were down 1.4 percent. Prices rose 1.9 percent in February on an annual basis, led by a 6 percent increase in the capital region of Ottawa-Gatineau. In Montreal, prices were up 5.2 percent year-over-year.

# WEALTH NEWS

## ECONOMIC DATA

### U.S. core capital goods orders rebound; inflation muted

New orders for key U.S.-made capital goods rose by the most in six months in January and shipments increased, but the trend in both measures of business spending on equipment remained soft, leaving forecasts for weak first-quarter economic growth intact. Orders for non-defense capital goods excluding aircraft, rebounded 0.8 percent, the biggest gain since July. These so-called core capital goods orders fell 0.9 percent in December. Shipments of core capital goods jumped 0.8 percent in January after edging up 0.1 percent in the prior month. In the 12 months through February, the PPI rose 1.9 percent.

## U.S. durable goods



## U.S.-CHINA TRADE

### Trump says he is in no rush to complete China trade deal

U.S. President Donald Trump said he was in no rush to complete a trade deal with China that Washington wants to include structural reforms by Beijing, including how it treats U.S. intellectual property.

## REPLACING NAFTA

### U.S. Democrats cool toward NAFTA replacement, question labor standards

Democrats in the U.S. House of Representatives gave a cool reception to the replacement for the North American Free Trade Agreement as the top U.S. trade negotiator opened a campaign to win broad support for the accord in Congress.

## CERAWEEK

### U.S. says Iran has lost \$10 billion in oil revenue due to sanctions

Iran has lost \$10 billion in revenue since U.S. sanctions in November have removed about 1.5 million barrels per day (bpd) of Iranian crude from global markets, a U.S. State Department official said.

## BUSINESS STRATEGY

### JPMorgan's Chase to open up to 90 branches in new U.S. markets

JPMorgan Chase & Co's consumer banking unit said it will open up to 90 branches in new U.S. markets, in the face of intensifying competition for loans and deposits among the country's three biggest banks.

## POSSIBLE BANKRUPTCY

### Purdue Pharma CEO says company considering bankruptcy - Washington Post

Purdue Pharma's Chief Executive Officer Craig Landau said the company is considering bankruptcy, the Washington Post reported, as the OxyContin maker faces a slew of lawsuits alleging the drugmaker contributed to opioid epidemic sweeping the United States.

## INSURERS UNDER SCANNER

### House panel probes Anthem, UnitedHealth over short-term health plans

The U.S. House Committee on Energy and Commerce launched an investigation into 12 health insurers, including Anthem and UnitedHealth Group, over their sale of short-term plans.





*A newly born albino red-necked wallaby joey is being carried by its mother in their enclosure at the zoo in Decin, Czech Republic, March 13. REUTERS/David W Cerny*

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

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