

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

**Stocks** fell as investors fled to safe-havens like **Treasuries** and **gold** on fears of a global economic slowdown stoked by a prolonged U.S.-China trade war. The **dollar** gained. **Oil** prices dipped over concerns of drop in demand.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	25126.88	-220.89	-0.87	26951.81	21712.53
Nasdaq	7547.31	-60.04	-0.79	8176.08	6457.13
S&P 500	2783.02	-19.37	-0.69	2954.13	2443.96
Toronto	16131.47	-165.99	-1.02	16672.71	13776.88
FTSE	7185.30	-83.65	-1.15	7528.93	6599.48
Eurofirst	1459.70	-20.01	-1.35	1541.32	1308.86
Nikkei	21003.37	-256.77	-1.21	22362.92	19241.37
Hang Seng	27235.71	-155.10	-0.57	30280.12	24896.87

TREASURIES	Yield	Price
10-year	2.2605	2/32
2-year	2.1069	1/32
5-year	2.0661	-36/32
30-year	2.6903	11/32

FOREX	Last	% Chng
Euro/Dollar	1.1133	-0.24
Dollar/Yen	109.62	0.24
Sterling/Dollar	1.2625	-0.21
Dollar/CAD	1.3514	0.18
TR/HKEX RMB	93.86	0.07

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	58.91	-0.23	-0.39
Spot gold (NY/oz)	1279.95	0.89	0.07
Copper U.S. (front month/lb)	0.0267	-0.0003	-1.24
CRB Index Total Return	188.74	0.10	0.05

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
Helmerich and Payne Inc	50.99	1.75	3.55
CenturyLink Inc	10.41	0.28	2.76
Deere & Co	141.12	3.55	2.58
<b>LOSERS</b>			
Capri Holdings Ltd	35.05	-3.84	-9.87
L Brands Inc	22.63	-1.73	-7.10
PVH Corp	99.28	-6.62	-6.25

## Coming Up

The U.S. Commerce Department releases data on **gross domestic product** for the first quarter. The country's economic growth is expected to have expanded at a 3.1% annualized rate in the quarter, compared to a previous estimation of 3.2%. The number of Americans filing applications for **unemployment benefits** is likely to have increased 4,000 to a seasonally adjusted 215,000 for the week ended May 25. National Association of Realtors is expected to show **pending home sales** rose 0.9% in April, but at a slower pace than a reading of 3.8% in March.

Ride-hailing company **Uber Technologies Inc** is expected to report quarterly earnings for the first

time since its market debut. Investors will be looking out for more details on the company's numbers, any indication on future profitability and its strategies after smaller rival Lyft forecast that its losses would peak this year in its first earnings report as a public company.

**Costco Wholesale Corp** is expected to report a rise in third-quarter sales and profit. Membership and traffic trends at the discount warehouse club operator will be watched, as Costco competes in a highly competitive grocery industry against Walmart Inc's Sam's Club and online retailer Amazon.com.

**Dollar General Corp** is expected to report a rise in first-quarter same-store sales, as remodeled stores and an

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Corporate profits preliminary for Q1	0830	--	0.00%
GDP 2nd estimate for Q1	0830	3.10%	3.20%
GDP sales preliminary for Q1	0830	--	2.50%
GDP cons spending preliminary for Q1	0830	--	1.20%
GDP deflator preliminary for Q1	0830	0.60%	0.60%
Core PCE prices preliminary for Q1	0830	1.30%	1.30%
PCE prices preliminary for Q1	0830	--	0.60%
Advance goods trade balance for Apr	0830	--	-71.33 bln
Wholesale inventories advance for Apr	0830	--	-0.10%
Retail inventories ex-auto advance for Apr	0830	--	0.00%
Initial jobless claims	0830	215000	211000
Jobless claims 4-week average	0830	0	220250
Continued jobless claims	0830	1.662 mln	1.676 mln
Pending Homes Index for Apr	1000	--	105.8
Pending sales change mm for Apr	1000	--	3.80%

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 as well as its investments in its stores.

**Dollar Tree Inc.**, the discount store operator, is expected to post a rise in first-quarter same-store sales, benefiting from higher sales at its namesake stores. However, quarterly profit is expected to be pressured from increasing costs related to its investment in store renovations. Investors will look out for updates on potential tariff impact on the company.

**Gap Inc's** first-quarter same-store sales is expected to drop, hurt by continued weakness at its namesake brand and a slowdown in Old Navy, which will be separated into a new company. Investors will also look for updates on the company's planned closures of under-performing stores, as well as any potential impact of a new round of tariffs on its business.

IMF's **Christine Lagarde** participates at the **Women's Forum Americas**. Discussions on issues such as economy, innovation, immigration, climate change, gender violence, sustainable growth, the future of work and the construction of inclusive cities will be held.

**Facebook Inc** holds annual shareholders' meeting, where it is expected to face protests over its privacy policies.



A file photo of the Dollar Tree store in Westminster, Colorado, February 26, 2014. REUTERS/Rick Wilking

Federal Reserve Vice Chairman **Richard Clarida** speaks on "Sustaining Maximum Employment and Price Stability" before the Economic Club of New York, in New York.

The head of **JPMorgan Chase & Co's** consumer and community banking business, which includes Chase, **Gordon Smith**, is expected to discuss how macroeconomic issues are impacting consumer sentiment and lending risks in the U.S at the Bernstein 35th Annual Strategic Decisions Conference in New York. Alongside, **Wells Fargo & Co** CEO **Allen Parker** and **Morgan Stanley's** head of institutional securities **Ted Pick** will speak at the same conference.

U.S. Vice President **Mike Pence** will travel to Ottawa to meet with Prime Minister Justin Trudeau about accelerating the ratification of the new trade agreement between the United

States, Canada and Mexico, known as USMCA.

**Brazil's gross domestic product** is expected to have decreased 0.2% in the first quarter, from a growth of 0.1% in the prior quarter. The economy is likely to have expanded 0.5% on annual basis.

**Mexico's central bank** will publish **minutes** from its last monetary **policy** decision. Investors will look for comments on the future trajectory of interest rates and risks to inflation and economic growth.

**LIVECHAT-OIL OUTLOOK**  
Reuters energy correspondent **Jessica Resnick-Ault** take your questions about the oil markets in the rapid-fire, weekly segment "Lock, Stock and Barrel". (0930 ET/1330 GMT) To join the conversation, [click here](#)

# Market Monitor

**Stocks** fell, with the **S&P 500** and **Nasdaq** closing just above a key support level, as worries that a lengthy trade war between the United States and China would crimp global growth pushed investors into the safety of government bonds. Trade tensions between the two largest economies in the world showed little signs of dissipating as Chinese newspapers warned Beijing could use rare earths to strike back at the U.S. after President Donald Trump remarked on Monday he was "not yet ready" to make a deal with China over trade. "It is a combination of this protracted trade dispute, lousy data and Fed caution. Investors are putting all those ingredients in a hat and coming up with a pretty ugly stew," said Jack Ablin, chief investment officer at Cresset Capital Management in Chicago. **Capri Holdings** was down 9.87%. **Johnson and Johnson** fell 4.24%. The **Dow Jones Industrial Average** fell 0.87%, to 25,126.88, the **S&P 500** lost 0.69%, to 2,782.95, and the **Nasdaq Composite** dropped 0.79%, to 7,547.31.

**Benchmark U.S. Treasury yields** dropped to 20-month lows as Chinese newspapers warned of retaliation against the United States in a trade war that investors are increasingly concerned will drag down global economic growth. The yield curve between three-month bills and 10-year notes also inverted, a precursor to a possible recession. **Benchmark U.S. notes** were up 2/32 to yield 2.62%. 10-year yields earlier fell to 2.21%, the lowest since September 2017. **5-year notes** dropped 1-5/32 to yield 2.07%. **30-year bonds** rose 10/32, yielding 2.69%. The Treasury Department sold \$32 billion in **seven-year government notes** at a high yield of 2.144%, which was the lowest yield for this debt



Traders work on the floor at the New York Stock Exchange, in New York, May 29. REUTERS/Brendan McDermid

maturity since September 2017. The bid-to-cover ratio was 2.30.

The **dollar** stayed firm, as investors focused on socking their money into bonds, gold and other safe haven assets with no end in sight in the trade tension between China and the United States. "Most of the risk aversion that's coursing through markets is being felt by the Aussie, Kiwi and emerging markets," said Joe Manimbo, senior market analyst at Western Union Business Solutions in Washington. The **dollar** gained 0.24% against the **yen** to 109.62 yen. The **euro** slipped 0.25% against the **dollar** to \$1.1132. The **dollar index** rose 0.23% to 98.18.

**Oil** prices fell in volatile trade, weighed down by equity markets as China signaled readiness to escalate the trade war with the United States, stoking concerns that an ongoing stand-off could hurt demand. Supply

constraints linked to the Organization of the Petroleum Exporting Countries' output cuts and political tensions in the Middle East offered some support, however. **Brent crude futures** were down 0.96% at \$69.44 a barrel, having earlier hit a session low of \$68.08. U.S. **West Texas Intermediate (WTI) crude futures** fell 0.41% to \$58.90 per barrel, after earlier hitting a low of \$56.88, the lowest since March 12.

**Gold** prices rose alongside other safe-haven assets as the trade rift between the United States and China showed no sign of cooling, with investors fearing a global economic slowdown. "Investors are confused whether to go long stocks or short stocks; long bonds or short bonds. So, they are siding with the precious metals," said Jeffrey Christian, managing partner of CPM Group. **Spot gold** rose 0.72% to \$1,279.98 per ounce. **U.S. gold futures** gained 0.21% to \$1,279.80 an ounce.



# Top News

## Huawei challenges U.S. defense bill as sanctions fight ramps up

China's Huawei Technologies has filed a legal motion seeking to declare a U.S. defense law unconstitutional, in the telecom equipment maker's latest bid to fight sanctions from Washington that threaten to push it out of global markets. The motion for summary judgment in its lawsuit against the U.S. government asks a judge to declare the 2019 National Defense Authorization Act (NDAA) unconstitutional. The NDAA bill, passed by the U.S. Congress last summer, places a broad ban on federal agencies and their contractors from using Huawei equipment on national security grounds, citing the company's ties with the Chinese government. Some legal experts said Huawei's lawsuit was likely to be dismissed because U.S. courts are reluctant to second-guess national security determinations by other branches of government. Huawei's chief legal officer, Song Liuping, said the company was reviewing ways to fight the U.S. ban, which he said was affecting its more than 1,200 suppliers and threatened to affect its 3 billion customers in 170 countries.

## Abercrombie & Fitch shares plummet on sluggish Hollister demand

Abercrombie & Fitch's shares fell after the apparel company forecast second-quarter sales below estimates amid slowing demand for Hollister, a brand that has fueled company growth over the last two years. The company also said it would close three flagship stores, including a Hollister store in SoHo, New York City, incurring about \$45 million of lease-related charges in the second quarter. Its same-store sales rising just 2% in the quarter ended May 4, missing the average analyst estimate of a 3.3% increase,

according to Refinitiv IBES data. Overall same-store sales in the first quarter rose 1%, below estimates of a 1.33% increase, while net sales rose marginally to \$734 million. Abercrombie forecast second-quarter net sales to be flat to up 2%, below estimates of a 2.8% increase. Net loss attributable to the company narrowed to \$19.12 million in the reported quarter, or 29 cents per share, from \$42.5 million, or 62 cents per share, a year earlier. Abercrombie & Fitch's shares closed down 26.55% at \$18.37.

## Capri forecast hit by higher Versace spending, Michael Kors weakness

Capri Holdings forecast current-quarter profit below estimates as it plans to invest heavily in its luxury brand, Versace, while battling weak demand in its Michael Kors business. The company is looking to build on the popularity of its Versace and Jimmy Choo brands by opening new stores and hiring movie stars to promote them among young consumers. The company is also bolstering Versace's online presence, while expanding its

footwear and accessories business in a bid to boost the brand's annual revenue to \$2 billion. For its first quarter ending June, the company forecast earnings per share of 85 cents to 90 cents, including a 15-cent hit from the Versace acquisition. The company cut Michael Kors' full-year revenue forecast to \$4.45 billion from its prior target of \$4.55 billion and said it would close 50 stores this year. Total revenue climbed 13.9% to \$1.34 billion, narrowly beating the average analyst estimate of \$1.33 billion, according to IBES data from Refinitiv.

## Exxon holders reject separate CEO-chairman, climate resolutions

Exxon Mobil shareholders rejected a proposal that would have split the chief executive officer and board chairman roles at the largest publicly traded oil producer. Some shareholders had rallied behind that proposal as a protest after Exxon got the U.S. Securities and Exchange Commission to strike a climate change measure from its ballot. But the proposal to create an independent chairman received 41% of



A file photo of an Abercrombie & Fitch store in La Jolla, California, U.S., May 17. REUTERS/Mike Blake

the vote at the company's annual meeting. Shareholders also defeated measures calling for a special board committee on climate change and for a report on the risks of climate change to Exxon's U.S. Gulf Coast chemical plants. At Chevron's annual meeting, a proposal to create an independent chairman received just 26% of votes, and only 8% of votes favored a board committee on climate change.

### **We had no idea': overdose victim's dad testifies in J&J Oklahoma opioid trial**

The father of a university football player who died of a drug overdose provided emotional testimony about the U.S. opioid epidemic's personal cost during the second day of trial in a lawsuit by the state of Oklahoma accusing Johnson & Johnson of fueling the crisis. Holding back tears, Craig Box said he never suspected his son Austin, a 22-year-old University of Oklahoma linebacker, was abusing painkillers until after he was discovered unconscious at a friend's house in 2011 and died at a hospital. To further support their claims, lawyers for the state played a videotaped deposition from Dr. Russell Portenoy, a physician who spent years advocating the use of opioids for chronic pain while acting as a paid speaker and consultant for drugmakers like J&J.

### **NXP to buy Marvell's WiFi, Bluetooth business for \$1.76 billion**

Dutch chipmaker NXP Semiconductors said it will buy Marvell Technology Group's wireless connectivity business for \$1.76 billion in cash to offer its customers a bigger product portfolio. NXP will sell Marvell's connectivity products such as WiFi and Bluetooth along with its edge computing platforms to its clients in industrial, automotive and communication infrastructure markets. The unit brought in \$300 million in revenue for Marvell in fiscal 2019 and NXP expects that to double by 2022. The deal with Marvell will help NXP, which makes a wide

range of chips for industrial and automotive customers, to cross-sell Marvell's products to its clients. For Marvell, a sale of its connectivity business made strategic sense as it is focusing more on the network equipment market following its \$6 billion acquisition of Cavium in 2017. The deal, expected to close by the first quarter of 2020, will add to NXP's adjusted operating profit in the quarter after the transaction closes.

### **Oil producer Canadian Natural doubles down on Canada in \$2.8 billion deal with Devon**

Oil and gas producer Canadian Natural Resources said it would buy the Canadian assets of U.S.-based Devon Energy for C\$3.8 billion (\$2.81 billion) in cash, investing further in Canada's struggling energy sector as some rivals divest. Canadian Natural said Devon's Alberta assets were too good to pass up, since they are adjacent to its own operations and would save C\$135 million in costs over the next year. The assets provide economies of scale and allow Canadian Natural to boost production even as Alberta has imposed mandatory oil curtailments this year due to pipeline constraints, Canadian Natural Executive Vice Chairman Steve Laut said. Devon said it was selling the assets to focus purely on U.S. production.

### **Apple defends App Store amid mounting criticism**

Apple publicly defended its App Store from mounting criticism over its treatment of rivals in a new blog post detailing its functions and guidelines. In a section called "Principles and Practices", Apple defended its practices, saying developers decide what they want to charge from a set of price tiers. "We only collect a commission from developers when a digital good or service is delivered through an app." "We also care about quality over quantity, and trust over transactions. That's why, even though other stores have more users and more

app downloads, the App Store earns more money for developers. Our users trust Apple — and that trust is critical to how we operate a fair, competitive store for developer app distribution," it added.

### **Boeing 737 MAX may not return to service until August - IATA head**

Boeing' 737 MAX is unlikely to return to service before August, the head of the International Air Transport Association (IATA), Alexandre de Juniac said, adding that the final say on the timing rested with regulators. IATA plans to organize a summit with airlines, regulators and Boeing in 5 to 7 weeks to discuss what is needed for the 737 MAX to return to service, he said. Meanwhile, Boeing Chief Executive Officer Dennis Muilenburg reiterated the planemaker was focused on safely returning the MAX aircraft to service. The company continues to expect to ramp up its long-term production rate to 57 a month after cutting monthly output to 42 planes in response to the groundings. Separately, Boeing is surprised Canada softened the rules of a competition for new fighters to allow Lockheed Martin to submit a bid, but is still confident it has a chance. To read more, [click here](#)

### **Amazon launches smaller Echo Show device for \$90**

Amazon.com launched a smaller version of the company's Echo Show smart speaker, which is powered by its popular voice assistant Alexa. Priced at \$90, the new device, called Echo Show 5, features a 5.5-inch screen, a camera and a speaker and is much cheaper than its earlier version, which is priced at about \$230. The latest device also comes with an optional magnetic stand for an additional \$20, the company said. The new Echo Show device also comes with additional privacy protections, having a built-in camera shutter, while still being able to talk to Alexa.



U.S. Special Counsel Robert Mueller departs after delivering a statement on his investigation into Russian interference in the 2016 U.S. presidential election at the Justice Department in Washington, U.S., May 29. REUTERS/Jim Bourg

## Insight and Analysis

### Outside of Tesla, future EV sales in U.S. may be thin for most brands-study

U.S. demand for electric vehicles, including hybrids, could rise to 1.28 million by 2026, a study projected, but most brands will struggle to make money on the new models. IHS Markit forecasts that more than 130 models in the U.S. market, from 43 brands, will offer electrified propulsion systems, either pure battery electric or hybrid gasoline-electric. But two-thirds of those sales will be registered by the top 10 brands, dominated by segment leader Tesla, which will take up more than a quarter of those sales.

### POLL-Strategists see Wall Street moving higher despite trade war risks

U.S. stocks will build on this year's already strong gains over the rest of 2019 despite growing U.S.-China trade tensions that represent the biggest threat to the market, according to a Reuters poll of strategists. The S&P 500 index will finish 2019 at 2,925, up about 4.4% from Tuesday's close, based on the median forecast of 50 strategists polled by Reuters in the last two weeks. It would represent a gain of 16.7% from the end of 2018. Most strategists cited further the trade war as the biggest potential negative.

### Fraught Franco-Italian relations a roadblock risk for Renault-FCA

Fiat Chrysler's proposed \$35 billion merger with Renault has cheered investors, won conditional support from Paris and Rome and even earned cautious backing from trade unions. Beneath this veneer, however, the bold attempt to create the world's third largest carmaker risks becoming rapidly embroiled in the fraught relationship between France's President Emmanuel Macron and Italy's eurosceptic leaders. For while Deputy Prime Minister Matteo Salvini, state-subsidised Fiat factories are likely to bear the brunt of any production-related cost savings. .





## CANADA

## Coming Up



REUTERS/Chris Wattie

**Bank of Canada** Senior Deputy Governor **Carolyn Wilkins** (*in picture*) will give a speech on Canadian and global economic decisions and how they impacted the most recent rate decision.

Statistics Canada is scheduled to release **current account data** for the first quarter. The country's deficit is expected to have widened to C\$18 billion from C\$15.48 billion in the fourth quarter.

## MARKET MONITOR

**Canada's main stock index** fell.

The **Toronto Stock Exchange's S&P/TSX** fell 1.02%, to 16,131.47.

The **U.S. dollar** was up 0.16% against its **Canadian counterpart** at C\$1.3512.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
<b>GAINERS</b>			
Turquoise Hill Resources Ltd	1.65	0.09	5.77
B2Gold Corp	3.46	0.18	5.49
Canadian Natural Resources Ltd	36.81	1.36	3.84
<b>LOSERS</b>			
Canada Goose Holdings Inc	45.94	-20.69	-31.05
Canopy Growth Corp	57.19	-3.04	-5.05
Sierra Wireless Inc	16.58	-0.86	-4.93

## Top News

### Bank of Canada holds rates, says economic slowdown likely temporary

The Bank of Canada held interest rates steady as expected, saying there was evidence that the slowdown was temporary but signaling it would remain on the sidelines as it monitors economic developments. The central bank left its overnight rate at 1.75% and repeated language that current rates remain "appropriate". Inflation is expected to remain around the bank's 2% target in coming months, it said. "Recent data have reinforced Governing Council's view that the slowdown in late 2018 and early 2019 was temporary, although global trade risks have increased," the central bank said in a statement. "Continued strong job growth suggests that businesses see the weakness in the past two quarters as temporary," the statement said. Though the bank was more optimistic on growth, it cited increasing global trade risks. "The recent

escalation of trade conflicts is heightening uncertainty about economic prospects," the central bank said. "Trade restrictions introduced by China are having direct effects on Canadian exports."

### Canada told drugmakers it would limit scope of some new price rules

The Canadian government has assured the pharmaceutical industry that new features of its plan to cut drug costs would apply only to new medicines, Health Canada said, offering some relief to drugmakers even as other regulations could still lower prices of medicines already on the market. The Health Canada clarification comes after draft rules published in 2017 sowed confusion over how the government would implement its plan. The new features of the government's proposed regulations, which would take into account cost-effectiveness of medicines and their likely impact on

government budgets, would be limited to new drugs, Health Canada told Innovative Medicines Canada and BIOTEC Canada, the patented drug industry's main lobby groups, in a letter dated April 8, 2019. It added that other parts of the same draft regulation, changing the list of countries Canadian officials use as a basis for comparison when setting maximum prices, would apply to all drugs.

### Bank of Montreal expects lower costs for second half of 2019

Bank of Montreal's quarterly profit missed estimates due to higher provisions and a surge in expenses, but Canada's fourth-largest lender forecast lower costs for the second half of this year. The bank said it expects its costs to rise in the range of 3% to 4% in the second half of this year, nearly half when compared to the first half. The bank, on a post-earnings conference call with analysts, also forecast a 7% increase in earnings per



# CANADA

share in the second half of 2019, which is in line with the first half. Despite a rise in provisions, BMO's risk appetite for lending had not changed, it said. Non-interest expenses rose 2% in the second quarter ended April 30, mainly due to severance costs in its capital markets business and technology-related expenses. The bank's adjusted net income rose to C\$1.52 billion, or C\$2.30 per share, missing analysts' estimates of C\$2.33 per share, according to Refinitiv IBES data.

## Canada Goose shares plunge as revenue growth slows

Canada Goose Holdings posted its slowest revenue growth in eight quarters and forecast even slower sales growth for the next three years, sending shares in the high-end winter clothing brand. Revenue still rose 25% to C\$156.2 million in the fourth quarter ended March 31, marginally below analysts' estimates of C\$156.8 million, according to IBES data from Refinitiv. A forecast of 20% growth in 2020, however, put it on course to undershoot analysts' average estimate of C\$1.05 billion by more than C\$50 million, according to Reuters calculations. Net income rose 11.1% to C\$9 million, or 8 Canadian cents per share. Excluding items, it earned 9 Canadian cents per share, above analysts' estimates of 6 Canadian cents. Its shares ended 31.05% lower at C\$45.94.

## Bombardier declines comment on Swiss train deal profitability

Bombardier delivered three double-decker trains to Switzerland this month for a total of 15, it said, but declined to comment after the Swiss rail boss said the company was losing money on the overdue contract. "For Bombardier, the FV Dosto (double-decker) trains are ... a loss-making business deal," Swiss Federal Railways (SBB) Chief Executive Andreas Meyer told the Neue Zuercher Zeitung (NZZ) newspaper in an interview.



A file photo of an advertisement near the store of Canada Goose, in Sanlitun area of Beijing, China, December 31, 2018. REUTERS/Martin Pollard

"Bombardier will try to minimize these losses. But the contractual requirements are relatively clear and comfortable for us." Bombardier has cut its forecast for profit and revenue as its railcar unit struggles, but said it would not break out how problems with the Swiss order might contribute to that. "We do not comment on the profitability of our projects," a Bombardier spokesman said. "The FV-Dosto is a unique high-tech product tailored to the needs of Switzerland. The development of a new product is naturally associated with high investment costs."

## Canada judge rules SNC Lavalin corruption case can go to trial

A judge ruled there is enough evidence to send an SNC-Lavalin Group corruption case to trial, as expected, following efforts by the Canadian construction company to reach a settlement that led to a political scandal engulfing Prime Minister Justin Trudeau. The Montreal-based construction and engineering company said in a statement that it will vigorously defend itself and plead not guilty to the charges following the preliminary inquiry. "Given the

threshold to be met by the prosecution at the stage of the preliminary inquiry, this outcome was expected," said SNC-Lavalin Chief Executive Neil Bruce in a statement. "SNC-Lavalin is a completely transformed company. These charges relate to alleged wrongdoings that took place seven to 20 years ago by certain former employees who left the company long ago."

## Brookfield closes in on 50% of Spain's X-Elio in \$585 million solar deal- sources

Canadian asset manager Brookfield is close to sealing a deal with U.S. infrastructure fund KKR and Spain's Ribera family to buy a 50% stake in solar group X-Elio, according to three sources with knowledge of the matter. The transaction values the whole company, which builds and operates photovoltaic plants in the United States, Europe, Africa and Asia, at around 1.05 billion euros including debt, two of the sources said. Brookfield plans to buy a 20% stake in the company from the Riberas family, an industrial dynasty from northern Spain that founded car parts maker Gestamp.



# WEALTH NEWS

## REPORT ON RARE EARTH MINERALS

### Eyeing China, Pentagon sends report on rare earth minerals to Congress

The U.S. Defense Department has submitted a report to Congress on rare earth minerals as it looks to reduce American reliance on China, the Pentagon said, amid mounting concern in Washington about Beijing's role as a supplier. Although the Pentagon did not provide details of the report, it said the document was tied to a federal program designed to bolster domestic production capabilities through targeted economic incentives. Rare earths are a group of 17 chemical elements used in a wide range of consumer products, from iPhones to electric car motors, as well as military jet engines, satellites and lasers.



A file photo of a labourer operating a bulldozer at a site of a rare earth metals mine at Nancheng county, Jiangxi province, March 14, 2012. REUTERS/Stringer

## TRADE WAR WOES

### Trade worries seen pushing U.S. mortgage activity to 1-month low

The number of U.S. borrowers seeking a home loan fell to a one-month low amid concerns about the growing trade tension between China and the United States and its impact on the economy, the Mortgage Bankers Association said.

## REVAMP

### ADM marries grain trading, oilseed units; second revamp in 14 months

Global grains trader Archer Daniels Midland said it will consolidate five business units into four in the company's second reorganization in just over a year as adverse weather and a U.S.-China trade dispute threaten profits.

## M&A

### Springer family, KKR considering bid to take Axel Springer private - Bloomberg

The Springer family and private equity investor KKR are considering a bid to take German publishing house Axel Springer private, Bloomberg News reported, citing a person familiar with the matter.

## DEBT

### WeWork looking for \$2.75 billion credit line ahead of IPO - Bloomberg

Workspace operator WeWork Cos is in talks with banks to raise \$2.75 billion in debt ahead of its initial public offering, Bloomberg reported, citing people familiar with the matter.

## AGREEMENT WITH INVESTORS

### Bed Bath & Beyond says investor group withdraws board nominees after agreement

Bed Bath & Beyond said a group of activist investors, which had pushed for sweeping changes at the home goods retailer, has withdrawn its slate of 10 board nominees after reaching an agreement with the company.

## COST-CUTTING

### Morgan Stanley cuts about half a dozen Asian equities jobs -sources

Morgan Stanley has cut about half a dozen equity sales, trading and research jobs across Asia as part of a global cost-cutting move, people familiar with the matter told Reuters.

## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Cooper Companies	Q2	16:15	\$2.76	\$2.76	\$2.86	\$654.12
Costco Wholesale	Q3	16:15	\$1.84	\$1.82	\$1.70	\$34,705.97
Dollar General	Q1	BMO	\$1.39	\$1.39	\$1.36	\$6,565.22
Dollar Tree	Q1	BMO	\$1.15	\$1.14	\$1.19	\$5,783.81
Gap	Q1	16:15	\$0.31	\$0.32	\$0.42	\$3,773.68
Ulta Beauty	Q1	AMC	\$3.07	\$3.07	\$2.70	\$1,746.52

\*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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The Day Ahead - North America is compiled by Swathi Nair and Lisa Pauline Mattackal in Bengaluru.

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