

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks and Treasury yields rose after President Donald Trump said a trade deal with China could happen sooner than expected. The **dollar** rose amidst political uncertainties in the U.S., pushing **gold** prices down. **Oil** fell on a rise in U.S. crude stockpiles.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26970.71	162.94	0.61	27398.68	21712.53
Nasdaq	8077.38	83.76	1.05	8339.64	6457.13
S&P 500	2984.84	18.27	0.61	3027.98	2443.96
Toronto	16784.29	-14.04	-0.08	16947.23	13776.88
FTSE	7289.99	-1.44	-0.02	7727.49	6599.48
Eurofirst	1524.01	-8.06	-0.53	1554.34	1308.86
Nikkei	22020.15	-78.69	-0.36	22362.92	19241.37
Hang Seng	25945.35	-335.65	-1.28	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.7320	-28 /32
2-year	1.6795	-5 /32
5-year	1.6058	-14 /32
30-year	2.1778	-60 /32

FOREX	Last	% Chng
Euro/Dollar	1.0941	-0.70
Dollar/Yen	107.77	0.67
Sterling/Dollar	1.2351	-1.10
Dollar/CAD	1.3264	0.18
TR/HKEX RMB	91.47	0.21

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	56.52	-0.77	-1.34
Spot gold (NY/oz)	1504.24	-27.57	-1.80
Copper U.S. (front month/lb)	0.0260	0.0001	0.23
CRB Index Total Return	186.14	-0.57	-0.31

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Marathon Petroleum Corp	60.15	4.67	8.42
Cintas Corp	266.62	14.48	5.74
Philip Morris International Inc	75.30	3.74	5.23
LOSERS			
SBA Communications Corp	246.01	-8.76	-3.44
Cimarex Energy Co	46.90	-1.28	-2.66
Humana Inc	267.69	-7.28	-2.65

Coming Up

The Commerce Department is expected to show **gross domestic product** for the second quarter expanded at a 2.0% annualized rate, similar to the previous quarter. The department is also expected to show **core personal consumption expenditures (PCE) price index** rose 1.7% in the second quarter, similar to the first quarter. Later, the Labor Department is expected to report **initial jobless claims** for the week ended September 21 rose to 212,000 from 208,000 in the week before.

Meanwhile, the National Association of Realtors is expected to show **pending home sales index** likely rose 0.9% in August, after dropping 2.5% in the month before.



Federal Reserve Bank of Dallas President **Robert Kaplan** (pictured) is expected to give opening remarks before the "forging a new path in North American trade and immigration" conference hosted by the Federal Reserve Bank of Dallas. Federal Reserve Bank of St. Louis President **James Bullard** is set to make welcome remarks at "banking and the economy:

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Corporate profits revised for Q2	0830	--	5.1%
GDP final for Q2	0830	2.0%	2.0%
GDP sales final for Q2	0830	3.1%	3.0%
GDP consumer spending final for Q2	0830	--	4.7%
GDP deflator final for Q2	0830	2.4%	2.5%
Core PCE prices final for Q2	0830	1.7%	1.7%
PCE prices final for Q2	0830	2.3%	2.3%
Advance goods trade balance for Aug	0830	--	-\$72.46 bln
Wholesale inventories advance for Aug	0830	--	0.2%
Retail inventories ex-auto advance for Aug	0830	--	0.3%
Initial jobless claims	0830	212,000	208,000
Jobless claims 4-week average	0830	--	212,250
Continued jobless claims	0830	1.665 mln	1.661 mln
Pending Homes Index for Aug	1000	--	105.6
Pending sales change mm for Aug	1000	0.9%	-2.5%
KC Fed Manufacturing for Sep	1100	--	-2
KC Fed Composite Index for Sep	1100	--	-6

a forum for minorities in banking" at St. Louis. Federal Reserve Bank of San Francisco President **Mary Daly** is expected to give welcome remarks and Federal Reserve Vice Chair **Richard Clarida** is set to speak at a "Fed listens, San Francisco" event. Federal Reserve Bank of Richmond President **Thomas Barkin** is set to speak on "risk management monetary policy" before the Richmond Chapter of the Risk Management Association at Virginia.



Micron Technology Inc is expected to post a decline in its fourth-quarter revenue. The protracted Sino-U.S. trade war has had an impact on the semiconductor industry, leading to a slump in sales. Investors will be looking at any commentary on forecast.

Consulting and outsourcing services provider **Accenture Plc** is expected to post a rise in fourth-quarter revenue, helped by its investment in digital and cloud services businesses. Investors will be looking for quarterly booking numbers and details on forecast.

Conagra Brands Inc is expected to post a rise in first-quarter revenue. However, the focus will be on Pinnacle Foods it bought last year and on the extent of improvement in the business. Investors will also be on the lookout for updates on full-year outlook and the company's pricing strategy as it battles higher freight and raw material costs.

Cruise operator **Carnival Corp** is expected to post a rise in third-quarter profit and revenue, boosted by higher demand for its cruises and strong onboard spending. Investors will look out for update on full-year forecast that may come under pressure from higher fuel costs, as well as comments on demand in Europe and China.

Global grain trader **Cargill Inc** will release its fiscal 2020 first-quarter

earnings. The earnings report comes after the company reported a 41% slump in fourth-quarter adjusted profit, as the U.S.-China trade war led to supply disruptions, and flooding in the central United States hit marketing and transportation of grains.

Mexico's central bank is set to hold its **monetary policy meeting** as investors will be on the lookout for comments on the future trajectory of interest rates and risks to inflation and economic growth. Later in the day, **Argentina's economic activity data** for July is expected to be released. The country's current account data for the second quarter is also scheduled for release.

LIVECHAT - BONDS UPDATE

Reuters European Government Bonds Correspondent **Yoruk Bahceli** reviews rate decisions by major European central banks and tells the GMF what to look forward to in the week ahead. (0730 ET/1130 GMT)

To join the conversation, [click here](#)

SPECIAL REPORT-New frontier in health fraud: Genetic tests of the elderly

The genetic-screening sales reps turn out at health fairs, houses of religion, parks and elder enclaves, offering seniors a chance to learn if they or their loved ones are at risk of developing cancer. All they need, the reps say, is a free cheek swab. In truth, U.S. federal investigators say, some of the sales representatives are part of a burgeoning industry that threatens to become what multiple government investigators call the next big frontier in healthcare fraud: genetic testing, which is reaping millions of dollars from unnecessary tests that target senior citizens. Shimon Richmond, assistant inspector general for investigations with the Office of Inspector General for the Department of Health and Human Services, said his office has seen a



A file photo of offices belonging to Next Genomix Laboratories seen in an office park in Lawrenceville, Georgia, August 22. REUTERS/Elijah Nouvelage

steady stream of complaints into genetic testing. In 2018, the inspector general's office received about one or two complaints per week. Now, he said, the fraud hotline burns with as

many as 50 calls weekly. "We have investigations going on in this space across the country. It is not limited to one geographic region," Richmond said in an interview.

Market Monitor

The **S&P 500** notched its biggest daily gain in two weeks as investors looked past Democrats' attempt to impeach President Donald Trump, while Nike shares jumped on upbeat quarterly results. Helping sentiment, data showed that sales of new U.S. single-family homes rebounded more than expected in August. Trump's comments on the trade talks added to the bullish sentiment. **Nike** shares jumped 4.15%. Shares in **Philip Morris** surged 5.5% after the company called off merger talks with Altria Group. The **Philadelphia chip index** gained 1.78% to 1579.56, while the **technology sector** rose 1.24% to 1416.41. The **Dow** was up 0.61% at 26,970.71 and the **S&P 500** was up 0.61% at 2,984.84. The **Nasdaq** was up 1.05% at 8,077.38.

Yields on U.S. Treasury long-dated debt rallied, after falling for seven straight sessions, bolstered by strong housing data and comments by President Donald Trump about a possible trade deal with China. Investors also largely shrugged off concerns about Trump's impeachment investigation, while a lackluster U.S. five-year note auction helped extend a sell-off in Treasury prices. The Treasury Department sold \$41 billion of **five-year notes** to a strong demand at a high yield of 1.600%, treasury data showed. The bid-to-cover ratio was 2.32. **Benchmark 10-year notes** fell 28/32 to yield 1.7320. **2-year notes** fell 5/32 yielding 1.6775. **30-year bonds** fell 1-27/32, yielding 2.1771.

The **dollar** rebounded as investors were drawn to its safe-haven appeal a day after news of the launch of a formal impeachment inquiry against U.S.



A file photo of traders working on the floor at the New York Stock Exchange in New York, September 23. REUTERS/Brendan McDermid

President Donald Trump drove a sharp move lower in risky assets. "I think that overall the dollar's safe haven status is understood," said Juan Perez, senior currency trader at Tempus Inc in Washington. The **dollar index** was up 0.68% at 99. The **euro** shed 0.72% against the **dollar** to \$1.0939.

Oil prices dropped, logging a second straight day of losses after U.S. crude inventories unexpectedly rose and on worries that demand could fall after U.S. President Donald Trump's comments about trade talks with China. U.S. crude inventories unexpectedly rose 2.4 million barrels last week, the Energy Information Administration said, instead of declining 249,000 barrels as analysts forecast. "The complex is seeing significant downside pressure today off further reduction in risk appetite related to lack of progress on the U.S.-China trade front as well as

the impeachment inquiry that appears poised to reduce appeal for risky assets," said Jim Ritterbusch, president of Ritterbusch and Associates. "Adding to the mix was some bearish ... data featured by a counter seasonal U.S. crude build." **Brent crude futures** shed 1.13% to \$62.39 a barrel, while **U.S. crude** fell or 1.34% to \$56.52 a barrel.

Gold slid as political uncertainties in the United States stemming from an impeachment inquiry into President Donald Trump drove investors to the safety of the dollar, limiting bullion's appeal. "It (gold's pullback) started out with the strength in the dollar weakening the metals and crude; the dollar seems to be a haven," said George Gero, managing director at RBC Wealth Management. **Spot gold** fell 1.81% to \$1,504.12 per ounce. **U.S. gold futures** were down 1.84% at \$1,511.90 an ounce.

Top News

Juul boss exits in vaping crisis as Philip Morris, Altria axe merger talks

The chief executive of e-cigarette maker Juul stepped down as merger talks between its biggest investor Altria and Philip Morris collapsed in the face of a regulatory backlash against vaping that could reshape the industry. Juul Labs, in which tobacco giant Altria owns a 35% stake, is facing intense scrutiny in its home market as teen use of e-cigarettes surges. The company, which faces a U.S. ban on some products, said that it would suspend all advertising in the country. Marlboro makers Philip Morris International and Altria, announcing the end of their \$187 billion merger talks, said they would instead focus on the joint launch of tobacco-heating product iQOS in the United States. In its announcements, Juul also said it would not lobby the administration over the proposed ban on flavored products.

Boeing expected to testify at U.S. Senate hearing on plane safety

Boeing is expected to testify at an upcoming U.S. Senate Commerce Committee hearing on aviation safety, a spokeswoman for the panel said. The announcement came after the company's board said it created a new permanent safety committee to oversee development, manufacturing and operation of its aircraft and services in the aftermath of two fatal 737 MAX crashes. It is not clear who from Boeing will testify. The committee's chairman, Senator Roger Wicker, said he was happy to see Boeing had released long-awaited recommendations and looks forward to learning more about the recommendations "and other conclusions Boeing has made at the aviation safety hearing I plan to call very soon." Boeing declined to comment. Separately, Boeing has settled the first claims stemming from

the crash of a Lion Air 737 MAX in Indonesia, a U.S. plaintiffs' lawyer said, and three other sources said that families of those killed will receive at least \$1.2 million apiece. To read full story, [click here](#).

EBay CEO steps down, cites differences with board

EBay Chief Executive Officer Devin Wenig stepped down, citing differences with the company's recently revamped board, which is looking to sell some of its businesses amid pressure from activist investors. Wenig, who has been the online auction and retail site's CEO for four years, said in a tweet: "In the past few weeks it became clear that I was not on the same page as my new Board. Whenever that happens, it's best for everyone to turn that page over." Wenig, 52, will be replaced with Chief Financial Officer Scott Schenkel on an interim basis, eBay said, adding that it was continuing a review of its businesses and expects to provide an update this fall. "Given a number of considerations, both Devin and the Board believe that a new CEO is best for the Company at this time," board Chairman Thomas Tierney said.

No tariff fears for Nike after online success

Nike's online sales growth and a bullish outlook in China put it on a firm path for

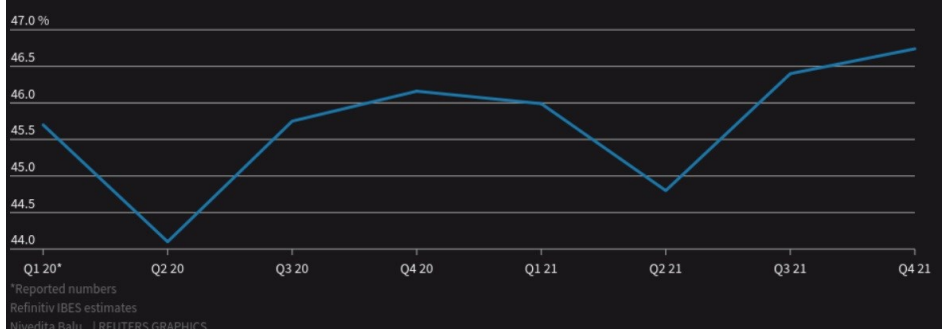
years to come and should help it easily ride out rises in U.S. import tariffs on its Chinese-made sneakers, Wall Street analysts said after a strong set of quarterly results. Shares in the world's biggest sportswear maker surged in early trade after the results late on Tuesday showed its margins soaring and sales up 42% through apps and websites it has developed under its Nike Direct strategy. That signaled an end to a rough period marked by strong competition from German rival Adidas and prompted at least 11 Wall Street brokerages to raise price targets on its stock far above a current \$87.

Elliott revives call to split Marathon Petroleum into three

Elliott Management urged Marathon Petroleum to split into three companies, saying it would boost shareholder value by as much as \$40 billion, three years after it asked the refiner to consider spinning off businesses. Elliott said its call to separate Marathon's retail, refining and midstream assets was prompted by the company's failure to deliver on past promises and "chronic underperformance". Marathon's transportation and storage business will become MPLX, a company with an enterprise value of more than \$50 billion. Its refining business will be the "New Marathon" with an enterprise

Wall Street votes Nike for gold

Nike says the impact of tariffs will be most pronounced in the current quarter, but expects greater gross margin expansion in the second half of the year



value of \$29 billion, while its retail business will become Speedway worth about \$18 billion. Marathon said it was focused on increasing shareholder value and would "thoroughly evaluate" Elliott's proposal. Shares of Marathon were last up 8.56% at \$60.23.

GM and UAW union making progress in talks for new labor deal - sources

General Motors and the union that represents its 48,000 striking hourly workers in the United States have made progress in talks toward a new labor deal but are grappling with issues over the pay and job security of newer and temporary workers, two people familiar with the talks said. Talks ran late into the evening on Tuesday and began again early Wednesday morning, representatives for both sides said. However, the sources familiar with the negotiations said some of the bigger remaining issues relate to how fast newer hires progress to the top UAW pay scale of about \$31 an hour. Currently, it takes eight years to reach that level for newer hires and the union wants a faster ramp to the top. In other news, General Motors will enable U.S. owners of 2018 and newer model vehicles to download Amazon.com's Alexa digital assistant software to control navigation, streaming media and phones starting next year, the companies said. To read more, [click here](#).

Google to stop showing news snippets for French users

Alphabet's Google will stop showing news snippets from European publishers on search results for its French users, complying with a new European copyright law, the company said. The change means French users will only see the headlines and not the first few lines or a thumbnail image for news content unless European publishers specifically request to show previews, the company said. Thousands of European publishers are expected to be affected by the

changes, but French publishers will be the most hit. The move may impact publishers' revenue stream as visibility on Google drives traffic to their websites, potentially boosting advertising and subscriptions.

Best Buy targets \$50 billion in revenue by 2025, eyes health tech boost

Best Buy aims to rake in revenue of \$50 billion and cut about \$1 billion in costs by 2025, while ramping up its healthcare technology business, the biggest U.S. consumer electronics retailer said. The company has zeroed in on healthcare technology as a key driver in the second phase of its growth plan and has made a series of purchases such as GreatCall in August 2018 for \$800 million to build out the business. Best Buy at its Investor Day also said it expects adjusted operating income to grow 5% in 2025. The retailer has estimated adjusted operating income to be flat to slightly up for its current fiscal year. The retailer in August narrowed its current year revenue forecast to \$43.1 billion to \$43.6 billion, blaming uncertainty about future consumer behavior and the U.S. tariffs on Chinese imports.

Ford self-driving cars to launch in Austin in 2021

Ford Motor said it will add Austin, Texas, to the short list of cities where it plans to launch a commercial

transportation service using automated vehicles in 2021. The automaker previously said it would begin transporting people and goods in automated vehicles in Miami and Washington. Sherif Marakby, chief executive of Ford Autonomous Vehicles, said Ford plans to launch the commercial transportation service in 2021 in a purpose-built hybrid vehicle that can be equipped to carry either people or goods.

Tinder owner sued for using fake profiles in ads on Match.com

The owner of Tinder and OkCupid is being sued by U.S. regulator for seeking to draw in potential subscribers with emails from fake users expressing interest in pairing up. The U.S. Federal Trade Commission alleged that Match Group knowingly sent automated advertisements via Match.com with expressions of interest from accounts which it knew were likely fake. The emails in question, which did not include user pictures, told recipients that a particular profile had expressed interest in them and gave them a link to click to see details, leading to a subscription page. "The FTC has misrepresented internal emails and relied on cherry-picked data to make outrageous claims and we intend to vigorously defend ourselves," Match Group said.



A file photo of a row of Ford Fusion Hybrid sedans outfitted with sensors and other self-driving equipment in Argo's test garage in Pittsburgh, Pennsylvania, September 19.



Britain's Meghan, Duchess of Sussex, holding her son Archie, meets Archbishop Desmond Tutu at the Desmond & Leah Tutu Legacy Foundation in Cape Town, South Africa, September 25. REUTERS/Toby Melville/Pool

Insight and Analysis

Be careful what you wish for: Impeachment inquiry poses risks for 2020 Democrats

The crowded field of Democratic presidential candidates were nearly unanimous in praising House Democrats' decision to begin an impeachment inquiry into Republican President Donald Trump over accusations he sought foreign help to smear a political rival. Now comes the hard part. With impeachment set to overshadow the Democratic presidential primary race, how will candidates draw attention to their key policy issues, ranging from universal healthcare to income inequality?

NEWSMAKER-WeWork chief Neumann's top lieutenants step up as successors

As WeWork parent We Company's CEO Adam Neumann asked Artie Minson and Sebastian Gunningham to separately take care of the U.S. office-sharing space start-up's finances and business, they developed turfs that became their mutual ticket to the top job. We Company's board decided to split the CEO job when it announced on Tuesday that Neumann would relinquish his role and only stay on as non-executive chairman, following a plunge in the company's estimated valuation and a fallout with investors, including Japan's SoftBank.

COLUMN-India's stuttering economy hits global oil demand: Kemp

India's oil consumption is growing well below its long-term trend as the country struggles with a widespread economic slowdown, including a slump in new vehicle sales. The slowdown is part of a worldwide economic deceleration, which is weighing heavily on the motor industry. But because India has been so important for growth in oil demand over the last two decades, its downturn is materially shifting oil's global production-consumption balance and weighing on prices. India's slowdown threatens to trim at least 100,000 barrels per day (bpd) from global consumption growth in 2019.

CANADA

Market Monitor

Canada's main stock index dropped for the third straight session, hurt by declines in energy shares but losses were limited by a rise in the healthcare sector.

The **energy sector** slipped 0.44% to 139.26, while the **healthcare sector**

rose 0.6% to 85.28.

The **Toronto Stock Exchange's TSX** fell 0.08% to 16,784.3.

The **U.S. dollar** was up 0.15% against its **Canadian counterpart** at C\$1.3260.

COMING UP

No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Shopify Inc	417.54	26.82	6.86
Hudbay Minerals Inc	5.30	0.20	3.92
Canopy Growth Corp	32.69	0.90	2.83
LOSERS			
Eldorado Gold Corp	10.89	-0.96	-8.10
MAG Silver Corp	15.44	-0.99	-6.03
Kinross Gold Corp	6.83	-0.37	-5.14

Top News



A file photo of an electric vehicle charging station seen at the Volkswagen display during media day at the Canadian International AutoShow in Toronto, February 14. REUTERS/Chris Helgren

Lithium Americas trims production target, budget for Nevada mine

Lithium Americas Corp has cut its budget and production target for a proposed Nevada mine amidst growing concern of a global supply glut for the

white metal, a key ingredient used to make electric vehicle batteries. The announcement from the company comes as lithium prices plummet in China, the world's largest consumer of the metal, due to fears of supply

exceeding demand, even as Rivian Automotive, Volkswagen and other automakers launch ambitious EV plans. Lithium Americas said it now plans to spend \$400 million on the first phase of its Thacker Pass project with output of 20,000 tonnes of lithium annually. The company had previously forecast a \$581 million budget for the first phase with annual output of 30,000 tonnes. The mine is expected to open by 2023. "People are really preoccupied with pricing, but they're just looking at spot pricing in China, which is only part of the market," Chief Executive Jon Evans told Reuters. "The demand picture remains strong." Lithium Americas also said it has hired Nacco Industries to build and run Thacker Pass, where lithium is found in clay rock. The company plans to use a proprietary acid leaching process to extract the lithium. Nacco will fund \$50 million for mining equipment, funds that will be repaid by Lithium Americas once the mine is operational.

WEALTH NEWS

TRADE TALKS

Trump says trade deal with China could happen sooner than people think

U.S. President Donald Trump said that a deal to end a nearly 15-month trade war with China could happen sooner than people think and that the Chinese were making big agricultural purchases from the United States, including of beef and pork.

ECONOMIC DATA

Lower mortgage rates stimulate lethargic U.S. housing market

Sales of new U.S. single-family homes rebounded more than expected in August, the latest sign that the sluggish housing market was starting to get a lift from lower mortgage rates. The report from the Commerce Department also suggested the economy continued to grow moderately. The Commerce Department said new home sales increased 7.1% to a seasonally adjusted annual rate of 713,000 units last month, boosted by a surge in activity in the South and West. The 30-year fixed mortgage rate has dropped about 120 basis points from last year's highs to an average of 3.73%, according to data from mortgage finance agency Freddie Mac.



A file photo of a newly constructed single family home seen alongside a sold sign in Encinitas, California, July 31. REUTERS/Mike Blake

ARAMCO OPERATIONS

Saudi Aramco restores oil output earlier than expected - sources

Saudi Arabia has restored its oil production capacity to 11.3 million barrels per day, three sources briefed on Saudi Aramco's operations told Reuters, maintaining a faster than expected recovery after the Sept. 14 attacks on its oil facilities.

CREATING NEW UNIT

Cargill creates new business unit focused on animal, human health

Global commodities trader Cargill is launching a new business unit focused on animal and human health products as part of a reorganization of its animal nutrition business, the company told Reuters.

OIL SURVEY

U.S. oil activity slumps amid rising price uncertainty: Fed survey

U.S. oil and gas activity in some of the largest producing regions is declining, led by a weakening oilfield services sector as producers cut spending, according to an energy survey released by the Federal Reserve Bank of Dallas.

DEUTSCHE RAIDED

German authorities raid Deutsche Bank over Danske scandal

German authorities have raided Deutsche Bank's Frankfurt headquarters in search of information related to Danske Bank and a money laundering scandal, Frankfurt prosecutors said.

YOUR MONEY

How to use ETFs as a buffer in volatile markets

When it comes to investing, how much are you willing to put on the line for the biggest possible gains? If bumpy markets are making you nervous, there is a middle ground emerging between being all-in or sitting on the sidelines. Defined outcome exchange-traded funds offer a buffer against losses - meaning, if the market goes down, you do not necessarily lose money.



KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Accenture PLC	Q4	BMO	\$1.72	\$1.71	\$1.58	\$11,079.91
Conagra Brands	Q1	BMO	\$0.39	\$0.39	\$0.47	\$2,475.81
Carnival	Q3	BMO	\$2.54	\$2.53	\$2.36	\$6,164.89
Micron Technology	Q4	AMC	\$0.51	\$0.49	\$3.53	\$4,567.74

*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.

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

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