

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks were higher as upbeat manufacturing numbers from the U.S. and China eased worries about slowing global growth. **Treasuries** fell as investors favored riskier assets. The **dollar** rose against the **euro**, while **gold** prices inched lower. **Oil** prices climbed on tighter supplies.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26258.48	329.8	1.27	26951.81	21712.53
Nasdaq	7828.91	99.59	1.29	7850.11	6457.13
S&P 500	2867.19	32.79	1.16	2860.31	2443.96
Toronto	16228.06	125.97	0.78	16586.46	13776.88
FTSE	7317.38	38.19	0.52	7370.61	6599.48
Eurofirst	1508.56	16.46	1.10	1515.87	1308.86
Nikkei	21509.03	303.22	1.43	21860.39	19241.37
Hang Seng	29562.02	510.66	1.76	29486.15	24896.87

TREASURIES	Yield	Price
10-year	2.4973	-24 /32
2-year	2.3265	-3 /32
5-year	2.3132	-11 /32
30-year	2.8916	-47 /32

FOREX	Last	% Chng
Euro/Dollar	1.1209	-0.06
Dollar/Yen	111.36	0.47
Sterling/Dollar	1.3113	0.62
Dollar/CAD	1.3316	-0.25
TR/HKEX RMB	95.78	0.03

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	61.62	1.48	2.46
Spot gold (NY/oz)	1286.88	-5.02	-0.39
Copper U.S. (front month/lb)	0.0292	-0.0002	-0.36
CRB Index Total Return	193.36	1.82	0.95

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Brighthouse Financial Inc	38.24	1.95	5.37
Autodesk Inc	163.82	8.00	5.13
Applied Materials Inc	41.13	1.47	3.71
LOSERS			
Abiomed Inc	277.76	-7.83	-2.74
Biogen Inc	232.49	-3.89	-1.65
Mcdonald's Corp	188.36	-1.54	-0.81

Coming Up

A report from the U.S. Census Bureau is likely to show orders for **core capital goods** stayed flat in February, following a 0.8 percent rise in January. **Total vehicle sales** in the U.S. is expected to have risen to 16.80 million units in March, from 16.57 million units in February.

Walgreens Boots Alliance Inc is expected to post a drop in second-quarter earnings due to falling prices of generic drugs. Investors will look out for forecast for this year as the company faces reimbursement pressures at its pharmacies and for comments on the status of Walgreens' partnerships.

Dallas Federal Reserve Bank President **Robert Kaplan** to give his latest views in Toronto on the economic outlook and appropriate monetary policy after Fed policymakers sharply downgraded their forecasts for interest rates this year and next.

GameStop Corp is expected to report



a fall in fourth-quarter revenue and profit due to stagnating sales in its core video game retail business, with increasing consumer shift to downloadable video games.

Brazil's industrial output data for February is scheduled for release. Industrial production fell 0.8 percent in January.

LIVECHAT – FED WATCH

Reuters reporters and editors tracking the Federal Reserve take questions on the economics, politics, trade matters and rates policies facing America's central bank and others whose decisions drive markets day in and day out. (0930 ET/1330 GMT) To join the discussion, [click here](#)

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Durable goods for Feb	0830	-1.8 pct	0.3 pct
Durables ex-transport for Feb	0830	0.2 pct	-0.2 pct
Durables ex-defense mm for Feb	0830	0.1 pct	0.7 pct
Nondefense cap ex-air for Feb	0830	0.0 pct	0.8 pct
ISM-New York Index for March	0945	--	860.7
ISM New York Business Conditions for March	0945	--	61.1
Domestic car sales for March	1530	3.81 mln	3.65 mln
Total vehicle sales for March	1530	16.80 mln	16.57 mln

Market Monitor

Stocks rallied, starting off the second quarter on a strong note, as upbeat manufacturing numbers from the United States and China eased worries about slowing global growth. Spurring gains in global equities, China's manufacturing sector unexpectedly returned to growth for the first time in four months in March. "The Chinese numbers bounced back, and people are taking more risk today because of it," said Michael O'Rourke, chief market strategist at JonesTrading in Greenwich, Connecticut. The rise in 10-year Treasury yields helped lift the **financial index**, which was up 2.42 percent. The **Dow** rose 1.27 percent to 26,258.48, the **S&P 500** gained 1.16 percent to 2,867.19 and the **Nasdaq Composite** added 1.29 percent to 7,828.91.

The **Treasury** market posted its biggest one-day sell-off in three months, as encouraging data on manufacturing activity in the world's two biggest economies spurred some investors to scale back their safe-haven holdings of bonds. "We are going from a bad situation to a less bad situation. **Benchmark notes** were down 24/32 to yield 2.4973 percent and the **30-year bonds** fell 1-15/32 to yield 2.8916 percent.

Oil climbed after positive signs for the global economy and tighter supplies drove both benchmarks' largest first-quarter gains in nearly a decade. **Brent crude for June delivery** was up 2.20 percent at \$69.07 a barrel, after rising to \$69.19, its highest since November. **U.S. crude futures** were up 2.48 percent at \$61.63 per barrel,



Traders work on the floor at the New York Stock Exchange in New York, U.S., March 22. REUTERS/Brendan McDermid

after reaching their highest in nearly five months at \$61.72. "This bull market in energy that has entered its fourth month in duration appears capable of continuing," said Jim Ritterbusch, president of Ritterbusch and Associates. On the supply front, booming American production has steadied, with the U.S. government reporting on Friday that domestic output in the world's top crude producer edged lower in January to 11.9 million barrels per day.

A pickup in U.S. manufacturing activity helped the **dollar** to rise against the **euro**, while **sterling** gained against the dollar before the British Parliament is due to vote on alternative Brexit options. The **euro** was 0.07 percent

lower against the **greenback** at \$1.1208 and the **sterling** was up 0.63 percent at \$1.3114. The **dollar index** inched down 0.03 percent to 97.25.

Gold inched lower as stronger-than-expected U.S. manufacturing data offset support from sluggish retail sales numbers, while **palladium** surged 2.71 percent to \$1421.00 an ounce. **Spot gold** dipped 0.40 percent to \$1,286.76 per ounce. **U.S. gold futures** were 0.43 percent lower at \$1,292.90 per ounce. "The poor retail sales print definitely did give gold a short-term tailwind, especially at levels where not too many parties are looking to aggressively sell," said Tai Wong, head of base and precious metals derivatives trading at BMO.

Top News

Lyft gives up debut gains on second day of trading

Shares of Lyft crashed through the ride-hailing company's initial public offering price on just their second day of trading, tumbling and matching the speed at which Facebook gave up its IPO price following its botched offering nearly seven years ago. Lyft's fast swoon was reminiscent of Facebook's debut in May 2012. Whether Lyft can deliver the turnaround Facebook managed is a top question for investors. After hitting a life-time low about three months after its IPO, Facebook shares have gained more than 800 percent to become the "F" in the vaunted FANG group of tech high flyers. Lyft reported a loss of \$911 million in 2018, up from \$688 million in 2017, despite revenue doubling in 2018 to \$2.16 billion. The company has not laid out a timeline for when it will turn a profit. Lyft shares ended 11.85 percent lower at \$69.01.

No Ethiopia plane crash report on Monday, maybe this week – source

Ethiopia will not release a preliminary report into the causes of last month's Ethiopian Airlines crash on Monday, as previously expected, but may publish it this week, a source familiar with the transport ministry told Reuters. "Not today, maybe this week," the source said, when asked about the report into a crash that killed 157 people and led to the worldwide grounding of U.S. planemaker Boeing's top-selling 737 MAX jet. The report will be closely examined for clues to any similarities between the March 10 accident and a Lion Air crash in October, also involving a 737 MAX, that killed 189 people. The stakes are high, with Boeing trying to hold on to nearly 5,000 MAX 737 orders; air safety regulators facing questions over their scrutiny of the aircraft; and airlines and victims' families looking for answers - and

potentially compensation. Liability claims related to the Ethiopian crash and 737 MAX grounding could be the largest aviation reinsurance claim outside of war on record, broker Willis Re said.

Kellogg agrees \$1.3 billion cookie sale with Nutella-maker Ferrero

Kellogg has agreed to sell its Keebler biscuits brand and other assets to Nutella maker Ferrero for \$1.3 billion as it focuses on its core cereals and snacks businesses. The deal comes as packaged food companies struggle to adjust to changing consumer tastes and rising demand for low-sugar, healthier items. Kellogg's fruit-flavored snacks, pie crusts and ice-cream cones businesses will also pass to the Italian confectioner as part of the deal. Monday's transaction is Ferrero's fourth acquisition in the United States since 2017 as it looks to expand in a key market for chocolate and biscuits, an area where it is growing rapidly. Giovanni Ferrero, Executive Chairman of the Ferrero Group, said that the Kellogg businesses were an excellent strategic fit for the group.

Facebook deletes accounts linked to India's Congress party, Pakistan military

Facebook has deleted 712 accounts and 390 pages in India and Pakistan for "inauthentic behaviour", it said, many linked to India's opposition Congress party days before a national election, and others related to Pakistan's military. Facebook has come under increasing pressure around the world to ensure its social media platform is not abused for political purposes or to spread misinformation. The action against accounts with alleged links to Congress marks a bold move by Facebook. The platform has more than 300 million users in India, where it has been a key political campaigning tool in the election starting on April 11. Among the most significant things it has removed, Facebook said it had taken down 549 accounts and 138 pages linked to India's Congress for "coordinated inauthentic behaviour". Also removed were 15 accounts linked to an Indian IT company which, among other things, issued posts on Modi's ruling Bharatiya Janata Party (BJP) and alleged



A file photo of the Facebook logo and emoticons seen on a coffee mug at the reception of its office in Mumbai, India May 27, 2016. REUTERS/Shailish Andrade

misconduct of political opponents including Congress, Facebook said.

China's Kunlun in talks with U.S. over Grindr -filing

Chinese gaming company Beijing Kunlun Tech said that it was in talks with U.S. government authorities about whether it should continue to own popular gay dating app Grindr LLC. Reuters reported last week that the Committee on Foreign Investment in the United States (CFIUS), a U.S. government panel that scrutinizes deals for national security risks, had asked Kunlun to sell Grindr, spurred on by data privacy concerns. "We are in talks with CFIUS at the moment. We have not reached any agreement with CFIUS as of the day of the announcement. We will disclose any future development," Kunlun said in a brief filing with the Chinese Securities Regulatory Commission. The development represents a rare high-profile example of CFIUS seeking to undo an acquisition that has already been completed. Kunlun took over Grindr through two separate deals between 2016 and 2018 without submitting the acquisition for CFIUS review, making it vulnerable to such an intervention, Reuters reported last week.

J&J baby shampoo samples fail Indian quality test; company rejects findings

Johnson & Johnson's baby shampoo samples failed quality tests conducted by the northwestern Indian state of Rajasthan, according to a public notice from the state's drugs watchdog, findings that were rejected by the U.S. drugmaker. The Rajasthan Drugs Control Organisation's notice dated March 5 said that the samples of J&J's baby shampoo taken from two batches had failed the quality test as they contained "harmful ingredients". It did not elaborate. A J&J spokeswoman said that the results it received from the watchdog indicated that formaldehyde

had been discovered in the samples. Formaldehyde, used in making building materials, is a known carcinogen. "We do not accept the interim results given to us, which mentioned samples to 'contain harmful ingredients-identification positive for formaldehyde,'" she told Reuters. The two batches of the baby shampoo tested are due to expire in September 2021 and were manufactured at the company's plant in the northern state of Himachal Pradesh, according to the watchdog's notice.

U.S. airlines back up after second system glitch in a week

Major U.S. airlines were back up and running after a system-wide outage delayed hundreds of flights and fired-up customer complaints on social media, the second such disruption in a week. The Federal Aviation Administration said the root of the problem was caused by the program provided by Scottsdale, Arizona-based AeroData Inc that helps airlines measure and manage weight and balance. The agency released a statement, saying the issue had been resolved and an FAA spokesman said it plans to look into the outage. American Airlines, Southwest Airlines and Delta Air Lines had reported outages.

Amazon now taking cash at Mexico's top corner store Oxxo

Amazon.com is now accepting cash payments at Mexico's top corner store chain, Oxxo, the two said, opening a major channel for the e-commerce leader to reach millions of people in the country who rely heavily on cash. Oxxo, owned by Mexican conglomerate Finsa, has nearly 18,000 stores across Mexico, where nearly 60 percent of the population lack bank accounts, posing an obstacle for online shopping. Amazon in Mexico began accepting cash payments in 2017 at several convenience store chains, including 7-Eleven. The partnership

with Oxxo, which already accepts cash for a number of online merchants including Amazon competitor MercadoLibre, will vastly expand the company's reach.

Discovery splits UKTV with the BBC, plans paid online video service

Discovery and the BBC have agreed to split up broadcaster UKTV and strike a new 10-year agreement that will lead to the creation of a new global subscription video-on-demand service, the two companies said. The new service, owned by Discovery, will pool the nature, science and wildlife libraries of the companies, and is aimed at viewers used to binge-watching shows on services like Netflix. Resolution of the fate of UKTV is expected to remove an obstacle to the BBC exploring partnerships with other UK media to compete against Netflix, according to reports. BBC Studios, the commercial arm of the public broadcaster, will pay Discovery 173 million pounds, which include the assumption of 70 million pounds of debt, to take over seven entertainment themed channels: Alibi, Dave, Drama, Eden, Gold, Yesterday and W. Discovery will assume ownership of UKTV's lifestyle channels Good Food, Home and Really.

Ex-CEO says tells Lynch trial HP did not need Autonomy at any cost

Hewlett-Packard did not have to buy Britain's Autonomy to solve the U.S. company's other problems in 2011, its former chief executive told the \$5 billion fraud trial of Mike Lynch. Lynch is accused of fraudulently inflating the value of Autonomy, which HP bought for \$11.1 billion and then wrote down by \$8.8 billion a year later. He argues that HP itself, a "vast but floundering company", botched the acquisition. Autonomy was a market leader in software for unstructured data, helping companies extract the meaning from emails, video or voice calls, which are hard to analyse in traditional ways.



A tightrope walker performs on ropes stretched over the Emmaus Monastery in Prague, Czech Republic, April 1. REUTERS/David W Cerny

Insight and Analysis

FOCUS-When it comes to disclosing sponsors, your Google Assistant may be mute

On stage at an investor conference last month, Google's Chief Business Officer Philipp Schindler identified a vexing challenge for the company's most prized app: its virtual assistant. Responding to user searches out loud through Google Assistant is not ideal for generating revenue, Schindler suggested. The Alphabet company declined to elaborate on Schindler's remarks. But Google's conundrum is one facing several big tech companies whose users increasingly seek help from voice-enabled speakers and gadgets.

Bond yield curveball stalls global stocks rally

This year's roaring rally in world equities ran into sand by the end of the quarter, with warning signs from bond markets, U-turns from central banks and persistent trade worries scattering consensus about what happens over the rest of 2019. The STOXX 600 index has climbed 12.2 percent in the first three months of the year, while the S&P 500 is on track for its biggest quarterly gain in nearly a decade. A bounceback was expected after the rout in late 2018, but few investors predicted the size of the rebound or the scale of the about-turn by European and U.S. central banks on interest rates that helped fuel it.

COLUMN-Hedge funds bullish on slowing oil output growth: Kemp

Hedge funds are becoming increasingly bullish on oil prices amid signs of slowing production growth as a result of output cuts by Saudi Arabia and a reduction in U.S. shale drilling. Hedge funds and other money managers bought 37 million barrels of futures and options in the six most important contracts linked to petroleum prices in the week to March 26. Funds have boosted their bullish position in the six major contracts by a total of 421 million barrels over the last 11 weeks, according to position reports published by regulators and exchanges.

CANADA

Market Monitor

Canada's main stock index rose, as a surprise recovery in China's factory activity spurred demand for equities globally.

The **Toronto Stock Exchange's S&P/TSX composite index** was up 0.78 percent at 16,228.06.

The **energy sector** rose 1.71 percent.

The **U.S. dollar** fell 0.28 percent against its **Canadian counterpart** to C\$1.3312.



COMING UP

Canada's **farm and trade ministers** will testify to the House of Commons trade committee about **China's ban on imports of canola seed**. Ottawa is under pressure from farmers to quickly address the crisis, which could hit billions of dollars worth of exports.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Aphria Inc	13.27	0.81	6.50
Dollarama Inc	37.83	2.18	6.12
Precision Drilling Corp	3.36	0.19	5.99
LOSERS			
MAG Silver Corp	13.25	-1.02	-7.15
Endeavour Mining Corp	18.81	-1.25	-6.23
BlackBerry Ltd	12.75	-0.72	-5.35

Top News

Canada manufacturing growth hits 2 -1/2-year low as export orders fall

Canada's manufacturing sector expanded in March at the slowest pace in two and a half years as a slowdown in global factory activity led to less new work from abroad, data showed. The IHS Markit Canada Manufacturing Purchasing Managers' index, a measure of manufacturing business conditions, fell to a seasonally adjusted 50.5 last month, its lowest since September 2016, from 52.6 in February. A reading above 50 shows growth in the sector. "The latest survey provides a clear signal that the recent global manufacturing slowdown has impacted on Canadian goods producers," said Christian Buhagiar, president and CEO at Supply Chain Management Association.

Cannabis company Cresco Labs to buy Origin House for about C\$1.1 billion

U.S. marijuana company Cresco Labs

said it would buy pot distributor Origin House for about C\$1.1 billion as it seeks to become a leading player in California's cannabis market. California legalized the use of recreational marijuana last year, becoming one of the 10 U.S. states to do so, prompting investors to show more interest in the budding cannabis sector. Origin House shareholders will receive 0.8428 shares of Cresco Labs for each share, or \$C12.68 per share.

Canadian provinces vow to resist Trudeau's landmark carbon tax

Canada imposed a landmark carbon tax on four provinces which had defied Ottawa's push to combat climate change, prompting unhappy premiers to say they would challenge the measure. Prime Minister Justin Trudeau (pictured), citing international commitments to fight global warming, had made clear for two years he would slap the tax on any of the 10 provinces that did not come up with their own



plans by April 1. The measure is opposed by Ontario, the most populous province, where Trudeau's Liberals need to do well to stand a chance of retaining power in a federal election this October. Carbon pollution will initially cost C\$20 a tonne, rising by C\$10 a year until it reaches C\$50 in 2022. It also applies in Manitoba, Saskatchewan and New Brunswick. "As of today, it's no longer free to pollute anywhere in Canada," Environment Minister Catherine McKenna said on Twitter. "Climate change is real ... some politicians may not care much, but our kids and our grandkids do."

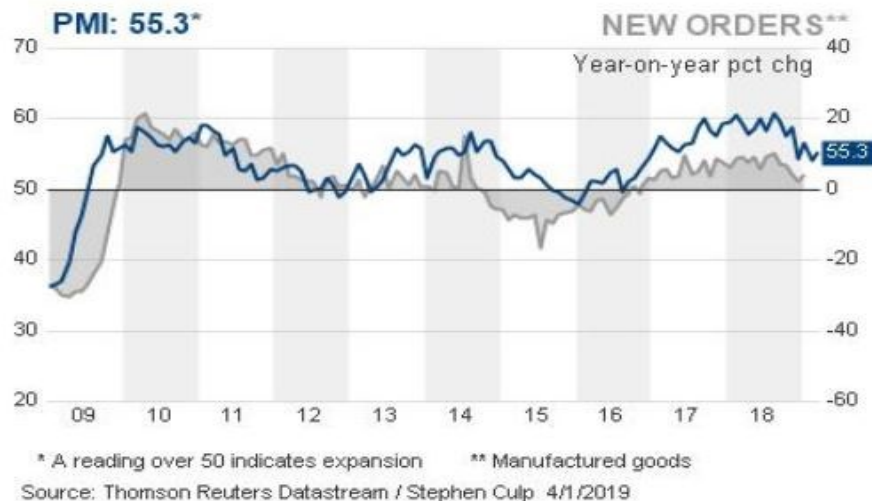
WEALTH NEWS

ECONOMIC REPORT

Mixed data offer glimmers of hope for slowing U.S. economy

U.S. retail sales unexpectedly fell in February, but a rebound in factory activity in March and strong increase in construction spending offered hope the economy was not slowing as sharply as previously feared. Retail sales dropped 0.2 percent as households cut back on purchases of furniture, clothing, food and electronics and appliances, as well as building materials and gardening equipment. The Institute for Supply Management said its index of national factory activity rose to a reading of 55.3 in March from 54.2 in February, which had marked the lowest level since November 2016.

U.S. manufacturing



ARAMCO'S BOND PLAN

Aramco's \$10 billion-plus bond plan shows profits put top earner Apple in shade

Saudi Aramco, the world's biggest oil producer, made core earnings of \$224 billion last year, almost three times as much as Apple, figures from the state-owned company showed ahead of its debut international bond issue.

OIL SUPPLY

OPEC oil output hits four-year low on Saudi cuts, Venezuela blackouts

OPEC oil supply sank to a four-year low in March, a Reuters survey found, as top exporter Saudi Arabia over-delivered on the group's supply-cutting pact while Venezuelan output fell further due to sanctions and power outages.

AIRBNB INVESTS IN OYO

Airbnb to invest \$100-200 million in India's OYO - source

Airbnb will invest between \$100 and \$200 million in SoftBank Group-backed Indian hotel start-up OYO, a source with direct knowledge of the matter told Reuters, as it dives deeper into the hotel-booking business.

REGULATION

U.S. Labor Department moves to ease companies' liability for franchisee wage violations

The U.S. Department of Labor issued a proposal that would make it more difficult to prove companies are liable for the wage law violations of their contractors or franchisees, a top priority for business groups.

APP'S LISTING

U.S. family tracking app Life360 seeks investors for Australia IPO

U.S. family tracking app operator Life360 has begun approaching potential investors for a listing in Sydney, fund managers said, valuing the company at up to \$675 million in what could be Australia's biggest technology IPO in three years.

IPO DELAYED

China drone maker EHang delays IPO plan, eyes private funding-sources

Chinese drone maker EHang has delayed plans for a U.S. initial public offering and is instead looking to raise up to \$200 million in a private fundraising, two people with direct knowledge of the matter told Reuters.

ON THE RADAR

Events	ET	Poll	Prior
Wed: ADP national employment for March	0815	170,000	183,000
Markit composite final PMI for March	0945	--	54.3
Markit Services PMI Final for March	0945	--	54.8
ISM N-Manufacturing PMI for March	1000	58.0	59.7
ISM N-Manufacturing Business Activity for March	1000	61.5	64.7
ISM N-Manufacturing Employment Index for March	1000	--	55.2
ISM N-Manufacturing New Orders Index for March	1000	--	65.2
ISM N-Manufacturing Price Paid Index for March	1000	--	54.4
Thu: Challenger layoffs for March	0730	--	76,835
Initial jobless claims for 30 March, w/e	0830	216,000	211,000
Jobless claims 4-week average for 30 March, w/e	0830	--	217,250
Continued jobless claims for 23 March, w/e	0830	1.750 mln	1.756 mln
Fri: Non-farm payrolls for March	0830	175,000	20,000
Private payrolls for March	0830	170,000	25,000
Manufacturing payrolls for March	0830	10,000	4,000
Government payrolls for March	0830	--	-5,000
Unemployment rate for March	0830	3.8 pct	3.8 pct
Average earnings mm for March	0830	0.3 pct	0.4 pct
Average earnings yy for March	0830	3.4 pct	3.4 pct
Average workweek hours for March	0830	34.5 hrs	34.4 hrs
Labor force participation for March	0830	--	63.2 pct
U6 underemployment for March	0830	--	7.3 pct
Consumer credit for Feb	1500	17.00 bln	17.05 bln

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Walgreens Boots Alliance	Q2	7:00	\$1.69	\$1.72	\$1.73	\$34,555.32

**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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