

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street climbed, as reports of stimulus efforts in China and Germany to lift their sluggish economies improved risk sentiment. The **dollar** strengthened against the **Japanese yen** and **Swiss franc**, while **gold** prices dipped. **Treasury yields** rose, after the Treasury Department said it was gauging market interest in ultra-long-dated bonds. **Oil** rose on supply concerns.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26135.59	249.58	0.96	27398.68	21712.53
Nasdaq	8002.81	106.82	1.35	8339.64	6457.13
S&P 500	2923.64	34.96	1.21	3027.98	2443.96
Toronto	16304.05	154.26	0.96	16672.71	13776.88
FTSE	7189.65	72.50	1.02	7727.49	6599.48
Eurofirst	1471.93	15.79	1.08	1554.34	1308.86
Nikkei	20563.16	144.35	0.71	22362.92	19241.37
Hang Seng	26291.84	557.62	2.17	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.6046	-19 /32
2-year	1.5493	-4 /32
5-year	1.4770	-10 /32
30-year	2.0847	-62 /32

FOREX	Last	% Chng
Euro/Dollar	1.1077	-0.11
Dollar/Yen	106.61	0.24
Sterling/Dollar	1.2132	-0.14
Dollar/CAD	1.3333	0.47
TR/HKEX RMB	92.20	-0.05

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	56.23	1.36	2.48
Spot gold (NY/oz)	1495.29	-18.46	-1.22
Copper U.S. (front month/lb)	0.0260	0.0001	0.35
CRB Index Total Return	179.61	0.42	0.23

S&P 500	Price	\$ Chng	% Chng
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GAINERS			
Estee Lauder Companies Inc	201.77	22.55	12.58
NVIDIA Corp	170.78	11.22	7.03
Wynn Resorts Ltd	112.41	6.86	6.50

LOSERS			
Alliance Data Systems Corp	136.55	-2.14	-1.54
DaVita Inc	56.98	-0.84	-1.45
General Electric Co	8.67	-0.13	-1.42

Coming Up

Home improvement chain **Home Depot Inc** is expected to report a rise in second-quarter same-store sales, boosted by its new line of services for professionals. Investors will also pay close attention to any commentary on the impact of potential tariffs as well as its outlook for the U.S. home building market this year.

Medtronic Plc will report first-quarter earnings, where it is expected to raise its full-year profit forecast. Investors will watch for the company's comments on the recent closure of a contract sterilization plant, safety concerns around its drug-coated balloons and updates on the reported cybersecurity risk to some of its insulin pumps.

Department store operator **Kohl's Corp** is expected to post a drop in second-quarter same-store sales, likely to be weighed down by weak margins due to excess spring inventory. Analysts and investors will be looking out for the company's comments on the impact of escalating tariffs.

The Federal Deposit Insurance Corporation will vote on finalizing new rules that would ease bank compliance around the "**Volcker Rule**". The post-crisis regulation barred banks from engaging in riskier trading, and banks are now poised to get long-sought relief



on meeting its requirements.

U.S. luxury homebuilder **Toll Brothers Inc** is expected to post lower third-quarter profit and revenue, partly due to bad weather in North California that hurt home sales. Investors are likely to look for signs of a slowdown in the luxury housing segment amid slowing global economic growth and comments on Toll's financial forecast.

The off-price retailer **TJX Companies Inc** is expected to post a rise in second-quarter revenue and profit as deep discounts drive bargain hunters to its T.J. Maxx and Marshalls stores. Investors will look out for updates on its full-year earnings.

Federal Reserve Vice Chair **Randal Quarles** is scheduled to speak on community development at the 10-Year Celebration for the Utah Center for Neighborhood Stabilization in Salt Lake City.

KEY ECONOMIC EVENTS

No major events are scheduled.

Market Monitor

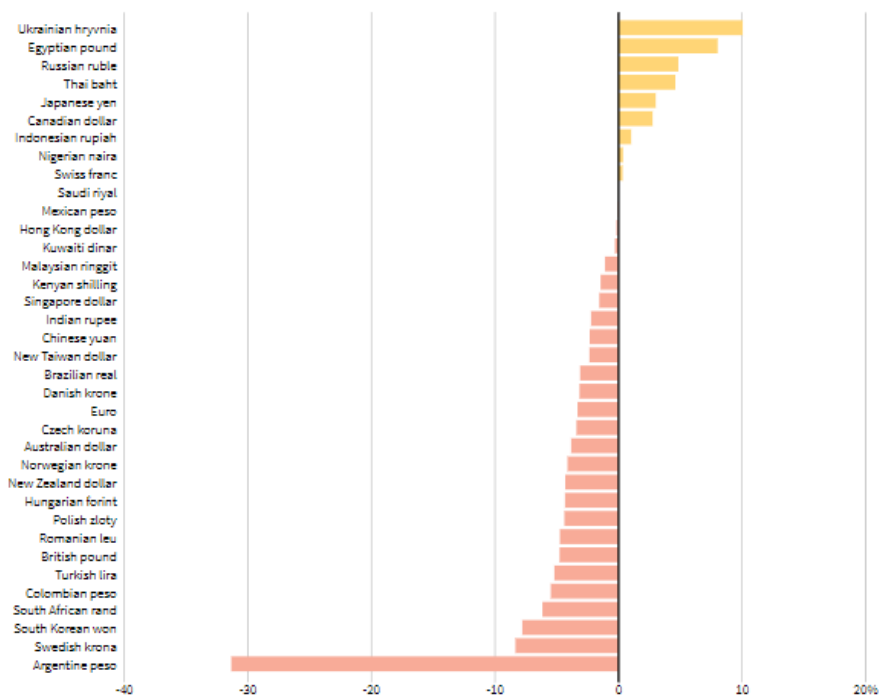
Stocks climbed as reports of stimulus efforts in China and Germany calmed fears of a severe downturn in the global economy that were stoked last week as bond yields fell. China's central bank unveiled a key interest rate reform on Saturday to help steer borrowing costs lower for companies. On Sunday, German Finance Minister Olaf Scholz suggested that Berlin could make available up to 50 billion euros of extra spending. President Donald Trump said on Sunday that he had spoken with Apple Chief Executive Officer Tim Cook, who "made a good case" that tariffs could hurt Apple. Shares of **Apple** rose 1.86%. **Estee Lauder** shares jumped 12.58% as the beauty company forecast full-year revenue and profit above estimates. The **Dow Jones Industrial Average** rose 0.96% to 26,135.59, the **S&P 500** gained 1.21% to 2,923.64 and the **Nasdaq Composite** added 1.35% to 8,002.81.

Treasury yields rose after the Treasury Department late on Friday said it was gauging market interest in ultra-long-dated debt, and as risk sentiment improved. The Treasury said it wants to "refresh its understanding of market appetite" for 50-year or 100-year year bonds. It came after 30-year bond yields fell to record lows last week on concerns about slowing growth. "We had the news on Friday afternoon that Treasury is reengaging people on the possibility of an ultra-long Treasury, and that set off a bad Treasury tone that carried overnight," said Jim Vogel, an interest rate strategist at FTN Financial in Memphis, Tennessee. **Benchmark notes** fell 19/32 yielding 1.60%. The **30-year bonds** were down 1-30/32 yielding 2.08%. Short dated **2-year notes** fell 4/32 to yield 1.54%.

The safe-haven **yen** and **Swiss franc** fell against the **dollar**, as risk sentiment

Global foreign exchange rates

Currencies against the US dollar, year-to-date change



Source: Thomson Reuters Datastream
By Michael Ovasika | REUTERS GRAPHICS

[Click on the chart for an interactive graphic](#)

gradually improved after a week of turmoil on hopes that major central banks would look to launch fresh stimulus measures to lift their sluggish economies. "We think the more accommodative central bank backdrop should help insulate the downside in risk markets," said Mazen Issa, senior FX strategist at TD Securities in New York. The **dollar** rose 0.24% against the **yen** to 106.62 yen. Against the **Swiss franc**, the **dollar** climbed 0.3% to 0.98 franc. The **dollar index** was up 0.2% at 98.38.

Oil prices rose, after a weekend attack on a Saudi oil facility by Yemen's Houthi forces threatened crude supplies and as traders looked for signs that top economies would take measures to counteract a global

slowdown. "The oil market seems to be pricing in again a geopolitical risk premium following the weekend drone attacks on Saudi Arabia, but the premium might not sustain if it does not result in any supply disruptions," said Giovanni Staunovo, oil analyst for UBS. **Brent crude** rose 1.93% to \$59.77 a barrel. **U.S. crude** was up 2.48% at \$56.23 a barrel.

Gold prices fell, as concerns eased that major economies could tip into recession, boosting investors' affinity for risk and detracting from bullion's safe-haven allure. **Spot gold** was down 1.25% at \$1,494.8 per ounce. **U.S. gold futures** fell 1.2% to \$1,505.3 an ounce.

Top News

Fearing data privacy issues, Google cuts some Android phone data for wireless carriers

Alphabet's Google has shut down a service it provided to wireless carriers globally that showed them weak spots in their network coverage, people familiar with the matter told Reuters, because of Google's concerns that sharing data from users of its Android phone system might attract the scrutiny of users and regulators. The withdrawal of the service, which has not been previously reported, has disappointed wireless carriers that used the data as part of their decision-making process on where to extend or upgrade their coverage. Even though the data were anonymous and the sharing of it has become commonplace, Google's move illustrates how concerned the company has become about drawing attention amid a heightened focus in much of the world on data privacy. Google's Mobile Network Insights service, which had launched in March 2017, was essentially a map showing carriers signal strengths and connection speeds they were delivering in each area.

U.S. grants Huawei another 90 days to buy from American suppliers

The United States will extend a reprieve that permits China's Huawei Technologies to buy components from U.S. companies to supply existing customers, the Commerce Department said, but it also moved to add more than 40 of Huawei's units to its economic blacklist. The extension, dated Thursday and first reported by Reuters on Friday, was announced by U.S. Commerce Secretary Wilbur Ross, even though President Donald Trump suggested on Sunday that no such reprieve would be granted. The 90-day extension "is intended to afford consumers across America the necessary time to transition away from

Huawei equipment, given the persistent national security and foreign policy threat," the department said in a statement.

Estee Lauder sees no slowdown in China, forecasts robust fiscal 2020

Estee Lauder forecast full-year revenue and profit above Wall Street expectations, putting to bed concerns of slowing demand in China due to trade tensions and Hong Kong protests as sales of its luxury skin care products soared. The company has been selling 10 of its brands including M.A.C and Tom Ford on Alibaba's online marketplace Tmall, in a bid to boost its presence in the Asian market. Estee Lauder expects full-year sales to grow in the range of 7% to 8% and adjusted profit between \$5.90 and \$5.98 per share in fiscal 2020. Estee Lauder, which also forecast first-quarter sales growth and profit above expectations, said the outlook took into account the potential impact of the Hong Kong protests and the protracted U.S.-China trade dispute, as well as costs related to Britain's impending exit from the European Union.

General Electric adds to defense against charges of bogus accounting

General Electric intensified its defense of its accounting practices after investors questioned it about an unusual research report alleging GE failed to put aside money to cover \$29 billion in potential insurance losses and improperly counted profit from subsidiary Baker Hughes. The Boston-based conglomerate's new comments follow the release on Thursday of a 175-page research report that alleged there was fraud in GE's accounting, renewing concern about the company's financial position. GE has suffered a series of financial losses and taken more than \$40 billion in charges and write-offs in recent years. Steve Winoker, GE's investor relations chief, said in an email that the amount of GE's long-term care payouts would "play out over decades" and that GE uses "rigorous testing," "sound actuarial analysis" and follows "regulatory and accounting" rules to estimate future payouts. Addressing the Baker Hughes questions, Winoker said accounting rules require GE to



A file photo of a Huawei device pictured in the Manhattan borough of New York, New York, U.S., July 22. REUTERS/Carlo Allegri

include the subsidiary's results in its earnings reports because it is the majority shareholder.

Uber appoints new UK boss as London licence renewal nears

Uber appointed a new boss for Britain and Ireland just over a month before its licence expires in London, one of its most important global markets where the regulator has previously stripped it of its right to operate. Melinda Roylett, former head of Europe at digital payment company Square, begins her new role at Uber, replacing Tom Elvidge, who moved to co-working space company WeWork earlier this year. "I am excited to be joining the company as we look to build out even more ways to get the UK moving, support licensed drivers and help make our cities cleaner," she said.

U.S. assures support to American tech firms in India in letter

The United States ambassador to India has written to top American technology firms assuring them of support for a level playing field in India, a letter seen by Reuters showed, amid Washington's concerns over New Delhi's protectionist policies. Kenneth Juster last month wrote to the heads of leading U.S. technology companies in India, urging them to "participate personally" in discussions with government officials in New Delhi on data localization and e-commerce, issues that have soured trade ties between the two nations. "Our Embassy will continue working with you to ensure that U.S. firms compete on a level playing field. My team at the Embassy stands by ready to help," Juster said in his letter, a copy of which was seen by Reuters. "We look forward to your continued success in India."



Juul raises \$325 million in equity and debt financing for global expansion

U.S. e-cigarette maker Juul Labs has raised \$325 million in an equity and debt offering to speed up its global reach at a time of intense regulatory scrutiny in its home market. The latest funding round comes a year after Juul, which launched its products in 2015, raised about \$1.25 billion to fund its explosive growth. Last December, it received about \$12.5 billion from Altria for a stake in the company. The company did not break out the ratio of equity and debt offered, but a source familiar with the matter told Reuters that Juul sold convertible debt in a bridge financing to bolster its balance sheet.

Disney streaming service to launch in Canada, Netherlands in November

Walt Disney said it will launch its Disney+ video streaming service in Canada and the Netherlands on Nov. 12, the same date as its previously announced United States launch. Disney+ will also launch in Australia and New Zealand a week later, the company said in a statement, adding that the service will be priced between \$6 to \$8 per month in these countries. Disney+ will be available on most major mobile and connected TV devices platforms, including Apple, Google, Microsoft, Roku and Sony, the

company said.

Facebook contractor hikes pay for Indian content reviewers

Facebook contractor Genpact has raised minimum wages for the content moderation teams it runs for the Silicon Valley firm in India, the latest sign of improvement for workers after reports of stressful conditions at the social network's sites globally. Reuters reported in February on a group of workers at Genpact's offices in the southern Indian city of Hyderabad, who described the work they did as underpaid, stressful and sometimes traumatic. Two sources familiar with the matter told Reuters on Friday that Genpact has since more than doubled minimum salaries for new recruits to its Facebook teams to 250,000 Indian rupees a year. One of the sources said that the recent hikes applied only to new recruits and were not applicable to existing workers.

Plans detailed for first U.S. mission to land on moon since Apollo

The first American spacecraft expected to land on the moon in nearly 50 years will be a robotic moon lander built by closely held Astrobotic Technology and launched in two years by United Launch Alliance's Vulcan rocket, the companies told Reuters. Pittsburgh-based Astrobotic picked Vulcan, being developed by a joint venture of Boeing and Lockheed Martin, to launch its Peregrine lander from Florida's Cape Canaveral in summer 2021. Barring schedule slips, Astrobotic said Peregrine would be the first American spacecraft to touch down on the moon since Apollo astronauts touched down in 1972.





A competitor swipes lard off the "gostra", a pole covered in lard, as he slips off the pole during the week-long celebrations of the religious feast of St Julian, patron of the town of St Julian's, Malta, August 18. REUTERS/Darrin Zammit Lupi

Insight and Analysis

COLUMN-Hedge funds sell oil as global economy slows: Kemp

Hedge funds cut their bullish positions in petroleum last week for the second week running as anxiety about the slowing global economy and oil consumption trumped optimism over production restraint by OPEC and its allies. Hedge funds and other money

managers reduced their net long position in the six major petroleum futures and options contracts by 35 million barrels in the week to Aug. 13, having cut it by 25 million barrels the previous week. Portfolio managers last week sold Brent (37 million barrels), U.S. gasoline (15 million), U.S. heating oil (9 million) and European gasoil (4

million) as the consumption outlook deteriorated. By contrast, funds bought NYMEX and ICE WTI (30 million barrels) as new pipelines from the Permian Basin to the coast reduced congestion near the oilfields and supported local prices.



CANADA

Market Monitor

Canada's main stock index rose, as sentiment was buoyed by signs of an interest rate reform in China that raised hopes that major economies would act to counter slowing economic growth.

The **Toronto Stock Exchange's S&P/TSX composite index** ended 0.96% higher at 16,304.05.

The **energy sector** climbed 2.45% to 125.25.

The **U.S. dollar** was 0.47% percent higher against its **Canadian counterpart** at C\$1.3332.



COMING UP

Statistics Canada is expected to report **factory sales** dropped by 1.7% in June, after posting a rise of 1.6% in May.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Precision Drilling Corp	1.71	0.26	17.93
First Quantum Minerals Ltd	9.16	0.72	8.53
Hudson's Bay Co	10.09	0.71	7.57
Peyto Exploration & Develop-	3.41	0.23	7.23
Ensign Energy Services Inc	3.05	0.19	6.64
LOSERS			
OceanaGold Corp	3.00	-0.26	-7.98
Turquoise Hill Resources Ltd	0.60	-0.03	-4.76
Canopy Growth Corp	35.66	-1.59	-4.27
Interfor Corp	12.32	-0.54	-4.20
CannTrust Holdings Inc	2.69	-0.10	-3.58

Top News

Catalyst Capital to buy about 10% stake in Hudson's Bay

Buyout firm Catalyst Capital Group said it will acquire a significant stake in Hudson's Bay, a move that could block the department store's executive chairman's plans to take it private for C\$1.74 billion. Catalyst's acquisition, which it plans to finalize in three days, represents the most significant move yet that could prevent Hudson's Bay executive chairman Richard Baker from taking the company private with a consortium of shareholders holding 57 percent of the company. Baker needs a majority of minority shareholders to approve any deal he offers for the owner of department stores Saks Fifth Avenue, Lord & Taylor and Hudson's Bay. A special committee for the department store has said Baker's initial offer to acquire Hudson's Bay at C\$9.45 was "inadequate." Catalyst acquired 10.05 percent of Hudson's Bay's stock, or 18.5 million shares, at C\$10.11 per share, for a total cost of \$187 million.

PNG puts Barrick, Zijin on notice over Porgera gold mine negotiations

Papua New Guinea plans to take a larger share of the Porgera gold mine as part of lease-renewal talks, diluting the ownership of joint venture partners Barrick Gold and Zijin Mining Group, the country's commerce minister told Reuters. The planned changes are part of a push by the South Pacific archipelago to transform its economy under new government leadership amid a perceived lack of benefits flowing from resources projects back to communities. Porgera, located in PNG's northern highlands region, is expected to produce 240,000 to 260,000 ounces of gold this year. Barrick and Zijin each own 47.5% of the mine, with the remaining 5% held by landowner group, Mineral Resources Enga. PNG's Minister for Commerce and Industry, Wera Mori, said a portion of Barrick and Zijin's stakes would be given to the national and provincial governments and to landowners.

MEG Energy joins opposition to Enbridge pipeline changes in Canada

MEG Energy has become the largest producer so far to call for pipeline company Enbridge to scrap plans to introduce long-term, fixed-volume contracts on its Mainline system, in a letter to Canadian regulators laying out its opposition. Last month the Explorers and Producers Association of Canada, which represents smaller producers, also wrote to Canada's National Energy Board opposing the change because of concerns it will favor larger oil producers and refiners. The 2.85 million barrel-per-day Mainline is North America's largest pipeline system and a crucial conduit for Canadian producers exporting crude to the United States. Enbridge's plan to switch from a monthly nomination system to "contract carriage" comes at a time when Canadian export pipelines are so constrained the Alberta government has imposed oil production curtailments and has drawn fierce criticism from small producers.



WEALTH NEWS

ARAMCO LISTING

Saudi Aramco asks banks to pitch for roles in planned IPO-sources

Saudi Aramco has formally asked major banks to submit proposals for potential roles in its planned initial public offering, two sources with direct knowledge of the matter said. Aramco's planned IPO, which could potentially raise \$100 billion, is the centrepiece of Saudi Arabia's economic transformation drive to attract foreign investment and diversify away from oil. Request for proposals were sent to banks few days ago, they said. The formal IPO process begins after Saudi Arabia's Crown Prince Mohammed bin Salman had said in June the government remained fully committed to the IPO, expecting it to take place between 2020 and early 2021.



A file photo of an Aramco oil tank seen at the production facility at Saudi Aramco's Shaybah oilfield in the Empty Quarter, Saudi Arabia May 22, 2018. REUTERS/Ahmed Jadallah

TRUMP ON FED POLICY

Trump says Fed should cut interest rates by 1 percentage point

U.S. President Donald Trump said the Federal Reserve should consider cutting interest rates by 1 percentage point and advocated "some quantitative easing" as he continued his pressure campaign on the central bank.

ULTRA-LONG BONDS

U.S. reopens inquiries on ultra-long bond

The U.S. Treasury Department is asking for updates from market participants about the possibility about selling ultra-long bonds after posing a similar inquiry in 2017 on issuing debt beyond 30 years.

SOCIAL RESPONSIBILITY

Top CEOs say companies should put social responsibility above profit

Companies should focus on social responsibilities as well as profits, the Business Roundtable, a group of corporate chief executives that includes the head of the largest U.S. bank and the CEO of the world's largest airline, said.

ASSET SALE

Pilot Flying J buying NGL Energy's TransMontaigne assets -sources

Pilot Flying J, a top operator of highway truck stops in North America, has agreed to acquire NGL Energy Partners' TransMontaigne Product Services assets, according to two people familiar with the matter.

INVESTMENT

Buyout firm Centerbridge makes major investment in GoHealth

Private equity firm Centerbridge Partners has made a significant investment in GoHealth, giving the online health insurance marketplace a major new financial backer at a time when the insurance industry is bracing for change.

AGREEMENT

Motiva to buy Flint Hills Port Arthur, Texas chemical plant

Motiva Enterprises said it has signed an agreement to buy the Flint Hills Resources chemical plant adjacent to its Port Arthur, Texas, oil refinery, kicking off a push into petrochemicals.

ON THE RADAR

Events	ET	Poll	Prior
Wed: Existing home sales for Jul	1000	5.39mln	5.27mln
Existing home sales percentage change for Jul	1000	2.5%	-1.7%
Thu: Initial jobless claims	0830	216,000	220,000
Jobless claims 4-week average	0830	--	213,750
Continued jobless claims	0830	1.700mln	1.726 mln
Markit Composite Flash PMI for Aug	0945	--	52.6
Markit Manufacturing PMI Flash for Aug	0945	50.5	50.4
Markit Services PMI Flash for Aug	0945	52.8	53.0
Leading index change mm for Jul	1000	0.2%	-0.3%
KC Fed Manufacturing for Aug	1100	--	-6
KC Fed Composite Index for Aug	1100	--	-1
Fri: Build permits number for Jul	0800	--	1.336 mln
Build permits R change mm for Jul	0800	--	8.4%
New home sales-units for Jul	1000	0.645 mln	0.646 mln
New home sales change mm for Jul	1000	-0.2%	7.0%

KEY RESULTS - ON TUESDAY

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Home Depot	Q2	BMO	\$3.08	\$3.08	\$3.05	\$30,984.75
Jack Henry & Associates	Q4	AMC	\$0.77	\$0.77	\$1.10	\$390.17
Kohl's	Q2	BMO	\$1.53	\$1.53	\$1.76	\$4,204.19
Medtronic	Q1	06:45	\$1.18	\$1.18	\$1.17	\$7,395.56
TJX Companies	Q2	09:30	\$0.62	\$0.62	\$0.59	\$9,901.44

*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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