

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks rose, boosted by optimism that the trade conflict between the United States and China may come to an end, while **Treasuries** fell. The **dollar** strengthened, while gold slipped. **Oil** prices rose after an OPEC report showed that members' production fell sharply last month.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	24669.06	298.96	1.23	26951.81	21712.53
Nasdaq	7157.23	72.77	1.03	7113.95	6457.13
S&P 500	2671.21	35.25	1.34	2645.06	2443.96
Toronto	15303.83	92.61	0.61	16586.46	13776.88
FTSE	6968.33	133.41	1.95	7001.94	6599.48
Eurofirst	1404.87	25.37	1.84	1381.47	1308.86
Nikkei	20666.07	263.80	1.29	20580.25	19241.37
Hang Seng	27090.81	335.18	1.25	27012.19	24896.87

TREASURIES	Yield	Price
10-year	2.7842	-11 /32
2-year	2.6139	-3 /32
5-year	2.6214	-8 /32
30-year	3.0974	-14 /32

FOREX	Last	% Chng
Euro/Dollar	1.1363	-0.28
Dollar/Yen	109.74	0.47
Sterling/Dollar	1.2866	-0.91
Dollar/CAD	1.3274	-0.01
TR/HKEX RMB	94.27	-0.10

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	53.71	1.64	3.15
Spot gold (NY/oz)	1280.51	-10.89	-0.84
Copper U.S. (front month/lb)	0.0274	0.0004	1.00
Reuters/CRB Index Total Return	189.05	2.56	1.37

S&P 500	Price	\$ Chng	% Chng
GAINERS			
PG&E Corp	7.24	0.88	13.84
VF Corp	82.47	9.21	12.57
Schlumberger NV	44.91	3.54	8.56
Western Digital Corp	39.20	2.73	7.49
LOSERS			
Carmax Inc	61.95	-2.61	-4.04
Netflix Inc	339.10	-14.09	-3.99
Fortinet Inc	70.50	-2.15	-2.96
LKQ Corp	26.25	-0.65	-2.42

Coming Up-On Tuesday



Johnson & Johnson is expected to report a fourth-quarter profit versus an year-ago loss, helped by continued strength of its pharmaceuticals unit. Investors will focus on the company's profit forecast for the year and any comments on its deal-making strategy amid multi-billion dollar acquisitions by rivals.

The world's business and political elite will gather for the **World Economic Forum** annual meeting in the Swiss resort town of **Davos**. An array of crises will keep several world leaders away from the forum. Anxieties over trade disputes, fractious international relations, Brexit and a growth slowdown that some fear could tip the world economy into recession are set to dominate the meeting.

International Business Machines Corp's fourth-quarter revenue is expected to drop due to a downturn in the mainframe cycle and a stronger dollar. Investors will look for the company's outlook, comments on

margin stability, its services business and progression on the Red-Hat deal.

Halliburton Co is expected to post a fourth-quarter profit, compared with a year-ago loss, when it set aside \$1.05 billion for income tax payments. Investors will look out for Halliburton's strategy in the light of the recent decline in oil prices.

The **Travelers Companies Inc** is set to report results for the fourth quarter. The results follow a difficult quarter for U.S. property and casualty insurers, marked by California wildfires, Hurricane Michael and early winter storms in the Northeast and Midwest.

The National Association of Realtors is likely to report that U.S. **existing home sales** in December dropped to 5.24 million units from 5.32 million units in the previous month.

Canadian factory sales is expected to have dropped 0.6 percent in November, compared with a 0.1 percent fall in October. Separately, **Canadian wholesale trade data** for November is scheduled to be reported by Statistics Canada. Canadian wholesale trade had increased by 1.0 percent in October.

Coming Up-Week Ahead

Intel Corp is expected to post a rise in fourth-quarter revenue and profit on Thursday, helped by demand for its chips from data centers and PCs. **Western Digital Corp**, which makes hard drives for

PCs and businesses, is expected to post a fall in second- quarter revenue on the same day, hurt by falling prices for memory chips.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Existing home sales for Dec	1000	5.24 mln	5.32 mln
Existing home sales percentage change for Dec	1000	-1.0 pct	1.9 pct



Procter & Gamble Co is expected to report a drop in second-quarter revenue on Wednesday, hurt by weak demand for its baby, feminine and family care products. The company has been raising prices for certain products to make up for higher commodity costs. Investors and analysts will look out for any updates on forecast for the coming quarter and year, especially how much impact the company expects currency to have. On Friday, **Colgate-Palmolive Co** is expected to report a slight drop in fourth-quarter profit, hurt by higher input costs and a strong dollar. Colgate resorted to raising prices in emerging markets such as Latin America to buffer higher raw material costs and dollar impact. But the move has led to a fall in volumes, with consumers shifting to cheaper local brands. Any update on full-year forecast would be of interest to investors. Separately on the same day, **Kimberly-Clark Corp** is expected to report a fall in fourth-quarter sales as it was hit by its personal care segment. Kimberly-Clark's profit numbers will be in focus, especially after the company last year warned of higher-than-expected raw material costs including that of pulp, a major ingredient for tissues, diapers and sanitary pads.

Bristol-Myers Squibb Co is expected to post fourth-quarter earnings on Thursday, when questions about its plans to execute

its \$74 billion acquisition of Celgene Corp are expected to dominate the company management's call with analysts. Investors will watch for updates on the deal, the largest ever in pharmaceuticals history, and listen in for more details on the company's forecast for the year ahead, as worries about the future of its mainstay drug, Revlimid, persist. **Abbott Laboratories** is scheduled to report fourth-quarter earnings on Wednesday, when the company is expected to provide details on demand for its FreeStyle Libre, a sensor-based continuous glucose monitor. Investors will also watch for revenue from its established pharmaceuticals and medical device segments, and comments from the company management about mergers and acquisitions.

Comcast Corp is expected to post a rise in fourth-quarter revenue and profit on Wednesday, helped by more subscribers for its high-speed internet business.

On Wednesday, **Ford Motor Co** is scheduled to report a fourth-quarter profit, that it said on Jan. 16 would come in below Wall Street expectations. Investors will also be watching for details about the automaker's ongoing restructuring and its new alliance with Germany's Volkswagen.

Starbucks Corp is expected to post growth in first-quarter same-store sales in

the United States on Thursday, driven by the popularity of holiday beverages such as Gingerbread Latte and Peppermint Mocha, as well as the Happy Hours afternoon promotions. Sales at Starbucks' fastest growing market - China - is also expected to benefit from the rapid expansion in delivery.

United Technologies Corp is expected to report higher revenue for the fourth quarter, before market open on Wednesday, as it benefits from robust demand for aircraft parts amid booming air travel. Investors will look for comments on 2019 financial forecast.

Freeport-McMoran Inc is expected to post a drop in quarterly profit on Thursday, as prices for the red metal have slipped in the past 12 months.

The Labor Department on Thursday is likely to release data on **initial claims for state unemployment benefits**. It is expected to have increased to a seasonally adjusted 218,000 for the week ended Jan. 19 from 213,000 a week before.

Data for **Canadian retail sales**, which is scheduled to be released by Statistics Canada on Friday, is expected to have fallen 0.6 percent in November from the previous month, when it gained 0.3 percent.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Capital One Financial	Q4	16:05	\$2.36	\$2.37	\$1.59	\$7,078.65
Fifth Third Bancorp	Q4	BMO	\$0.67	\$0.67	\$0.48	\$1,659.48
Halliburton	Q4	BMO	\$0.36	\$0.37	\$0.53	\$5,862.20
International Business Machines	Q4	AMC	\$4.83	\$4.82	\$5.18	\$21,710.55
Johnson & Johnson	Q4	BMO	\$1.95	\$1.95	\$1.74	\$20,167.92
Prologis	Q4	BMO	\$0.43	\$0.42	\$0.55	\$664.57
Stanley Black & Decker	Q4	BMO	\$2.10	\$2.10	\$2.18	\$3,623.85
Travelers Companies	Q4	BMO	\$2.15	\$2.06	\$2.28	\$6,739.98

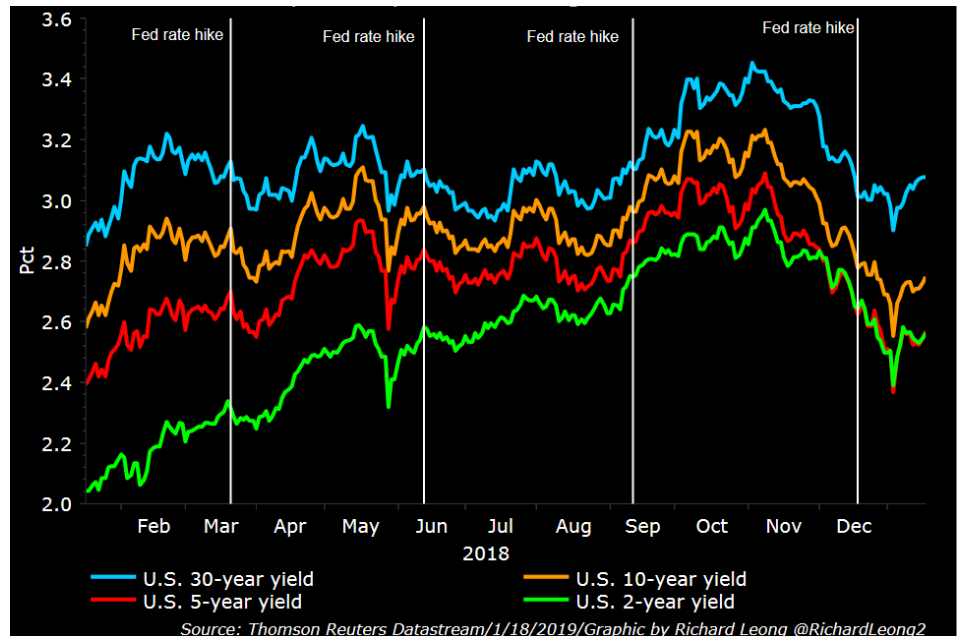
I/B/E/S EPS and revenue estimates, and StarMine Smart Estimates, provided by Refinitiv.

Market Monitor

Stocks rose, helping Wall Street's major indexes advance for a fourth consecutive week, as increased hopes that the United States and China would resolve their trade dispute lifted shares across sectors. Wall Street moved higher after a Bloomberg report said China sought to raise its annual goods imports from the United States by a combined value of more than \$1 trillion in order to reduce its trade surplus to zero by 2024. "It's risk-on again," said Tim Chriskey, chief investment strategist at Inverness Counsel in New York. "We've gotten an olive branch from China regarding trade. Obviously there's been a very positive reaction from the market." Even so, Chriskey said, relatively light trading volume this week indicated that some investors were still waiting on the sidelines. "Trade negotiations are still uncertain, despite these olive branches," he said. **Industrial stocks** rose 1.90 percent to 590.40, while the **Philadelphia SE semiconductor index** climbed 2.30 percent to 1,228.33. Both groups of shares have been sensitive to trade developments. Shares of **Schlumberger** jumped 8.56 percent and shares of **Netflix** fell 3.99 percent. The **Dow Jones Industrial Average** rose 1.23 percent, to 24,669.06, the **S&P 500** gained 1.34 percent, to 2,671.29 and the **Nasdaq Composite** added 1.03 percent, to 7,157.23. For the week the S&P 500 rose 2.87 percent, the Dow rose 2.96 percent, the Nasdaq rose 2.66 percent

Treasury yields climbed as investors piled back into Wall Street on hopes Washington and Beijing were moving to end their trade dispute as well as on stronger-than-expected data on manufacturing output. **Benchmark 10-year notes** fell 11/32, yielding 2.78 percent. **Two-year notes** dipped 3/32 to yield 2.61 percent. "The risk-on mood has caused yields to move higher," said John Canavan, market strategist at Stone & McCarthy Research Associates in New York.

U.S. Treasury Yields



[Click on the chart for a full-size image](#)

The **dollar** held firm against its rivals on optimism about talks to end the trade war between China and the United States. Stronger-than-expected U.S. industrial production numbers also helped lift the greenback. Against a basket of rivals, the **dollar** was 0.33 percent up to 96.38. Against the dollar, the **euro** fell 0.27 percent to \$1.3263. The **pound** slipped 0.90 percent against the dollar to \$1.2867.

Oil prices jumped, rising after OPEC detailed specifics on its production-cut activity to ease global oversupply, and on signs of progress in ending the U.S.-China trade war. **Brent crude** was up at \$62.61 a barrel, with a 2.34 percent gain. **U.S. West Texas Intermediate (WTI) crude futures** added 3.13 percent to \$53.70 a barrel. The Organization of the Petroleum Exporting Countries released a list of oil production cuts by its members and other major producers starting on Jan. 1 2019 to boost

confidence in its oil supply reduction pact. U.S. drillers cut 21 oil rigs this week, the biggest decline since February 2016. The rig count, an indicator of future production, fell to 852, the lowest since May 2018, General Electric's Baker Hughes energy services firm said in its closely followed report.

Gold slipped as equities and the U.S. dollar got a lift from investors taking on more risk due to growing hopes for a resolution in the China-U.S. trade war. **Spot gold** was down 0.82 percent to \$1,280.81 per ounce. **Gold futures** were down 0.93 percent at \$1,280.30 an ounce. "With the news out yesterday that they expect the U.S. may drop the tariffs on China, we saw a continuation of the move up in equities, and as a result, safe havens such as gold are weaker," said David Meger, director of metals trading at High Ridge Futures.



Top News

Tesla cuts jobs as it looks to make Model 3 more affordable

Tesla said it would cut thousands of jobs to rein in costs as it plans to increase production of lower-priced versions of its crucial Model 3 sedan. The company, which has struggled to achieve long-term profitability and keep a tight lid on expenses, also said it expects fourth-quarter profit to be lower than the preceding quarter. In a memo to employees, Musk said 2018 was the "most challenging in Tesla's history," adding the company hired 30 percent more employees last year which was more than it could support. "I want to make sure that you know all the facts and figures and understand that the road ahead is very difficult," Musk said. Tesla sales benefited from a \$7,500 federal tax credit on electric vehicles throughout 2018, but that full credit expired at the end of 2018, and new buyers will now receive only half that amount. "This quarter, as with Q3, shipment of higher priced Model 3 variants (this time to Europe and Asia) will hopefully allow us, with great difficulty, effort and some luck, to target a tiny profit," Musk said.

Schlumberger shares rise on lower 2019 capex, international outlook

Schlumberger said it would spend less in 2019 and forecast single-digit growth in international markets this year. The company expects full-year 2019 capital expenditure of between \$1.5 billion and \$1.7 billion, versus \$2.2 billion in 2018, driven by lower spending in North America, Chief Executive Officer Paal Kibsgaard said on an earnings call. Fourth-quarter net income was \$538 million, or 39 cents per share, compared with a loss of \$2.26 billion, or \$1.63 per share, a year earlier when it took \$2.7 billion in charges, including a \$938 million write-down on its Venezuelan holdings and unpaid bills there. Excluding one-time items, it earned 36 cents per share, in line with analysts' estimates, according to IBES data from Refinitiv. Revenue was flat at \$8.18 billion, compared with a year earlier, but beat the average analyst estimate of \$8.04 billion.



A parking lot of predominantly new Tesla Model 3 electric vehicles is seen in Richmond, California, U.S. June 22, 2018. REUTERS/Stephen Lam

Netflix shares fall as weak forecast dampens investor optimism

Shares of Netflix fell as investors looked past its record subscriber numbers and instead focused on its lower-than-expected revenue forecast for the first quarter. The video streaming pioneer's shortfall in revenue expectations disappointed investors looking for a bigger payoff from the company's recent decision to raise prices as much as 18 percent for its U.S. customers. "Many investors we spoke with in recent days expected the price increase to flow through to improved free cash flow guide. That didn't happen," Bernstein analysts wrote in a note to clients. While investors seemed a bit disappointed, Wall Street analysts remained unfazed by the shortfall in the company's forecast. At least 14 analysts raised their price targets, with RBC Capital Markets pushing its estimate by \$30 to \$480, well past the stock's median target of \$410. "Netflix offers a truly compelling value proposition with global appeal," analyst Mark Mahaney wrote in a note to clients. "(The company) still only accounts for perhaps 10 percent of all TV viewing hours in the U.S. This is growth defined, in our view."

Lilly cancer drug fails key trial, will no longer be prescribed

Eli Lilly said that its cancer treatment Lartruvo, which had won conditional approval, failed to improve patient survival in a long-term confirmatory study and will no longer be prescribed. Lilly said the study did not confirm the clinical benefit of Lartruvo, used in combination with the standard-of-care chemotherapy doxorubicin, when compared to doxorubicin alone, calling the trial results surprising and disappointing. Lartruvo was expected to bring in \$374.50 million in 2019, according to IBES data from Refinitiv. Lilly oncology chief Anne White said in a phone interview the results were "completely unexpected." The disappointing outcome reflects the risk involved when drugs are approved based on smaller trials with promising data.

U.S. regulators discuss fining Facebook for privacy violations -report

U.S. regulators have met to discuss imposing a fine against Facebook for violating a legally binding agreement with the government to protect the privacy of personal data, the Washington Post reported, citing three people familiar with the discussions. The Federal Trade



Commission has been investigating Facebook since last year. It has not finalized its findings in the probe or the total amount of the penalty, according to the newspaper. Facebook has talked with FTC staff about the investigation, one of the people familiar with the matter told the Post. However, it is unclear if the company would settle with the FTC by accepting a significant financial penalty, which is expected to be much larger than the \$22.5 million fine the agency imposed on Alphabet's Google in 2012, the report said. The FTC, which is generally secretive, took the unusual step last March of announcing it had opened an investigation into Facebook's privacy practices.

Tiffany holiday sales fall as dollar crimps Chinese tourists' spending

Tiffany tempered its yearly profit forecast after the luxury jeweler's holiday sales fell unexpectedly as Chinese tourists spent less globally due to a stronger dollar and demand softened in Europe and at home. During the crucial November-December period, Tiffany's worldwide same-store sales fell 2 percent while net sales dipped 1 percent, against its expectations of modest increases. Tiffany Chief Executive Alessandro Bogliolo blamed softer spending globally by foreign tourists, primarily Chinese, and "a lot of uncertainties and volatility" which may have hit customer demand in Europe and the Americas. A slowdown in spending by Chinese tourists prompted Tiffany to shy away from raising its yearly profit targets in November. It said it expects full-year earnings for fiscal 2018 around the lower end of its estimated range of between \$4.65 and \$4.80 per share. Annual sales should rise 6 to 7 percent, the company said. It had earlier estimated growth in the high single percentage digits.

Apple ordered to pull part of press release in Qualcomm case

Apple has been ordered by a German court to stop using part of a press release claiming all iPhones would be available in

the country through carriers and resellers, a copy of the ruling seen by Reuters showed. The iPhone maker was banned from selling the iPhone 7 and 8 models in Germany in December following a patent dispute with Qualcomm. Qualcomm on Thursday obtained the preliminary injunction stopping Apple from using a statement that it released to the press in response to the December ruling. "The press release ... is misleading as it contains statements that are at least potentially deceptive about the availability of the goods, namely the iPhones affected by the ruling," a three-judge panel wrote in the latest ruling. Separately, Apple and Amazon are among eight tech firms named in a complaint filed in Austria by non-profit organisation noyb, which cited their failure to comply with the European Union's General Data Protection Regulation (GDPR). To read more, [click here](#)

CVS, Walmart resolve pharmacy contract impasse

Walmart will remain part of CVS Health's network for commercial and Medicaid pharmacy customers, the companies said, breaking a contract impasse disclosed earlier this week. The companies did not provide financial terms of the new contract. On Tuesday, CVS said the companies had failed to agree on pricing and that Walmart was leaving the pharmacy network for prescription drug plans that CVS manages for companies and health insurers and for the government-run Medicaid program for low-income people. Walmart and CVS also said on Tuesday they were still in discussions.

Kansas City Southern takes aim at rail efficiency

Regional railroad operator Kansas City Southern said it is revamping operations after 2018 financial and operational results fell short of company targets. "We did not meet the expectation of our customers (and) our shareowners, particularly in the areas of customer service and growth,"

Chief Executive Patrick Ottensmeyer said on a conference call. Kansas City Southern, which derives one-third of its revenue from Mexico, reported an adjusted fourth-quarter operating ratio of 64.3 percent, 30 basis points higher than prior year. The company said it aims to reduce its operating ratio to 60 percent to 61 percent by 2021. Fourth-quarter net income was \$161.8 million, or \$1.59 per share. Excluding items, it earned \$1.56 per share. Analysts, on average, expected a profit of \$1.53 per share, according to Refinitiv IBES data. Revenue rose to \$694 million from \$660.4 million, boosted by petroleum and crude oil shipments.



Salesforce to double presence in Ireland with 1,500 new jobs

Salesforce.Com will more than double its workforce in Ireland by adding 1,500 jobs, marking one of the largest single job announcements in the 70-year history of the state's foreign investment agency. The San Francisco-based cloud software maker currently employs 1,400 people in Dublin, the European hub for a number of major technology firms, and will add the new jobs over the next five years as it moves into a new 430,000 feet campus on the city's north docks. The risk of Brexit and escalating global trade wars to Ireland's open economy has done little to dampen foreign multinationals' appetite to set up or grow operations there and avail of its 12.5 percent corporate tax rate.





A shark said to be 'Deep Blue', one of the largest recorded individuals, swims offshore Hawaii, U.S., January 15, 2019 in this picture obtained from social media on January 17, 2019. @JuanSharks/@OceanRamsey/Juan Oliphant/oneoceandiving.com via REUTERS

Insight and Analysis

Shutdown clouds outlook for consumer-driven U.S. economic growth

After tax cuts, rising incomes and buoyant stock markets set off a consumer boom in 2018, signs are emerging that the main engine of U.S. economic growth could sputter, and a record-long government shutdown further muddies the waters. Federal Reserve officials and many economists have long counted on continued robust consumer spending to keep the economy chugging along, despite headwinds from recent financial markets turbulence, trade conflicts and weakening global growth. Now they fear the consumer boom could be on the cusp of a reversal.

FOCUS-Consumer giants spurn risks to chase online subscribers

Major consumer companies including Unilever, Procter & Gamble and Nestle are chasing consumers who want food and household goods delivered automatically, even though this kind of business has not always worked. The companies are pitching new online subscription services, which promise stable revenues, lower delivery costs and valuable data about customers. The world's biggest packaged food company, Nestle, whose Nespresso coffee is already a sizeable subscription business, recently launched a subscription programme for nutritional drinks in Japan and expanded ReadyRefresh, an online bottled water service, in the United States.

GLOBAL ECONOMY-Testing times from Beijing to Wall Street

If you were surprised by this month's bounce in global stock markets, next week may tell you if you should join in or stay out. Chinese output data on Monday will set the tone for a week that also sees the first policy updates of the year by the European Central Bank and the Bank of Japan against the backdrop of a continued global economic slowdown. In the United States, results from blue-chip companies including IBM will give Wall Street traders something to chew on while officials in Washington are engulfed in the longest ever U.S. government shutdown and unpredictable trade negotiations with Beijing.

CANADA

Market Monitor

Canada's **main stock index** rose as an increase in oil prices lifted shares of energy companies. The **Toronto Stock Exchange's S&P/TSX composite index** was up 0.61 percent, at 15,303.83. The **energy sector** rose 0.75 percent to 153.27. **Iamgold** fell 5.28 percent after BMO cut its rating on the gold producer to "market perform" from "outperform". Shares of **Cronos Group**, which rose 8.71 percent, followed by a 1.46 percent gain in **Canopy Growth**, after brokerage CIBC initiated its coverage on both cannabis producers with "outperform" ratings. The **U.S. dollar** edged lower 0.01 percent against the **Canadian dollar** to C\$1.3272.

COMING UP-ON MONDAY

No major events are scheduled.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Cronos Group Inc	19.73	1.58	8.71
NFI Group Inc	31.19	2.25	7.77
Descartes Systems Group Inc	40.07	1.35	3.49
LOSERS			
New Gold Inc	1.28	-0.09	-6.57
OceanaGold Corp	4.44	-0.31	-6.53
Eldorado Gold Corp	3.54	-0.21	-5.60

Top News

Canada inflation rate jumps in Dec but central bank seen on rate hold

Canada's annual inflation rate climbed in December, matching the Bank of Canada's 2 percent target, but stable underlying price pressures were set to forestall additional interest rate hikes over the coming months as lower oil prices hurt the economy. Economists said the impact on the index of a 22 percent jump in airfares will be temporary and that the Bank of Canada, which has hiked interest rates five times since July 2017, will pay more attention to its three measures of core inflation. They were stable and held below the central bank's target. Canada's annual inflation rate rose to 2.0 percent from 1.7 percent in November as rising air transportation and telephone service costs offset lower energy prices, Statistics Canada said. Separately, Statistics Canada said foreign investors bought C\$9.5 billion in Canadian securities in November, mainly in bonds. Meanwhile, Canadian investors sold C\$4.1 billion worth in foreign securities, led by U.S. shares.

Canadian oil firm MEG says Husky balked at friendly takeover talks

MEG Energy's CEO invited his Husky Energy counterpart this month to negotiate a friendly takeover of MEG, but Husky did not follow up, MEG's vice president of investor relations John Rogers said. Husky abandoned its hostile bid for



A sign is pictured outside the Bank of Canada building in Ottawa, Ontario, Canada, May 23, 2017. REUTERS/Chris Wattie

MEG on Thursday, saying it could not win sufficient MEG shareholder support after Alberta's government ordered production cuts to reduce a crude glut. MEG's chief executive officer, Derek Evans, phoned Husky CEO Rob Peabody in early January and invited him to visit and discuss a possible friendly deal to sell MEG, Rogers said. Husky spokesman Mel Duvall said its offer expired without the minimum tender condition being met. Publicly, Husky, whose majority investor is Hong Kong

tycoon Li Ka-shing, continued to urge MEG shareholders to tender to its offer leading up to its expiry this past Wednesday. Husky was expected to secure over 50 percent support from MEG shareholders, sources told Reuters and other media outlets on Wednesday. It was expected to consider extending its offer to win the required two-thirds. But Husky allowed the offer to expire, citing Alberta's curtailment orders and a lack of progress expanding pipelines as recent negative developments.



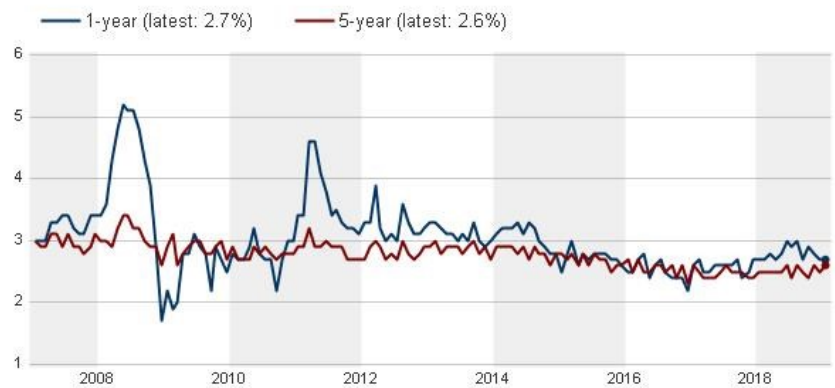
WEALTH NEWS

THE BIG DATA

U.S. consumer sentiment at two-year low, manufacturing rebounds

U.S. consumer sentiment tumbled in early January to its lowest level since President Donald Trump was elected more than two years ago as an ongoing partial shutdown of the federal government and financial market volatility stoked fears of a sharp deceleration in economic growth. The University of Michigan said its consumer sentiment index fell 7.7 percent to a reading of 90.7 this month, the lowest reading since October 2016 and the steepest drop since September 2015. U.S. financial markets shrugged off the fall in sentiment, with investors focusing on another report showing manufacturing output surged by the most in 10 months in December and on hopes for progress in the U.S.-China trade row. December's 1.1 percent surge in manufacturing output, together with a rise in mining production, offset a weather-related drop in utilities, leading to a 0.3 percent increase in industrial production.

Consumer sentiment: inflation expectations



Source: Thomson Reuters Datastream, University of Michigan — Stephen Culp 18/01/2019

[Click on the chart for a full-size image](#)

PLAN FOR NO-DEAL BREXIT

BlackRock, Goldman to move some fund managers to U.S. if no-deal Brexit -sources

BlackRock and Goldman Sachs Asset Management both plan to temporarily move some British-based fund managers to New York in the event of a no-deal Brexit, two sources told Reuters.

U.S.-CHINA TRADE

China offers to ramp up U.S. imports -Bloomberg

China has offered to go on a six-year buying spree to ramp up imports from the United States in order to reconfigure the relation between the two countries, Bloomberg reported, citing people familiar with the matter.

WRONG BETS

Bad bets on oil, gas spark wave of energy-fund closures

Energy fund managers took heavy losses last year with wrong-way bets on the prices of oil and natural gas, leading to a wave of closures in the volatile fund sector.

WALL STREET WEEK AHEAD

U.S. chipmakers may give clues on China hazard

Intel operates mostly outside the Apple-sphere, and that is exactly why whatever it says next week about business in its vital Chinese market matters so much for investors.

WILLIAMS ON KEY RATE POLICY

Fed's Williams says rate policy must be patient, data dependent

The U.S. Federal Reserve must be patient and guided by data when considering whether to raise interest rates, New York Fed President John Williams said, in remarks reinforcing the central bank's commitment to a wait-and-see approach.

JOINT BID

Carlyle, Nomura plan joint bid for beer maker Orion – Nikkei

Carlyle and Japan's biggest investment bank Nomura Holdings are planning a joint takeover bid for beer maker Orion Breweries, the Nikkei reported.

ON THE RADAR

Events	ET	Poll	Prior
Wed: Monthly home price mm for Nov	0900	--	0.3 pct
Monthly home price yy for Nov	0900	--	5.7 pct
Monthly Home Price Index for Nov	0900	--	267.9
Rich Fed Composite Index for Jan	1000	--	-8
Rich Fed, Services Index for Jan	1000	--	10
Rich Fed Manufacturing Shipments for Jan	1000	--	-25
Thu: Initial jobless claims	0830	218,000	213,000
Jobless claims 4-week average	0830		220,750
Continued jobless claims	0830		1.737 mln
Markit Composite Flash PMI for Jan	0945	--	54.4
Markit Manufacturing PMI Flash for Jan	0945	53.5	53.8
Markit Services PMI Flash for Jan	0945	54.2	54.4
Leading index change mm for Dec	1000	-0.1 pct	0.2 pct
KC Fed Manufacturing for Jan	1100	--	-18
KC Fed Composite Index for Jan	1100	--	3

(The Day Ahead – U.S. version will not be published on Monday, January 21 as markets are closed for Martin Luther King, Jr. Day)

The Day Ahead - North America is compiled by Nachiket Tekawade and Sourav Bose in Bengaluru.

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