

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks were little changed as investors awaited U.S.-China trade talks at the G20 summit later this week, while **Treasury yields** slipped. **Gold** prices rose more than 1% as the **dollar index** fell. **Brent crude** was down on concerns about the possibility of weakening demand.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26742.20	23.07	0.09	26951.81	21712.53
Nasdaq	8005.70	-26.01	-0.32	8176.08	6457.13
S&P 500	2945.35	-5.11	-0.17	2964.15	2443.96
Toronto	16523.47	-1.96	-0.01	16672.71	13776.88
FTSE	7416.69	9.19	0.12	7528.93	6599.48
Eurofirst	1511.74	-3.81	-0.25	1541.32	1308.86
Nikkei	21285.99	27.35	0.13	22362.92	19241.37
Hang Seng	28513.00	39.29	0.14	30280.12	24896.87

TREASURIES	Yield	Price
10-year	2.0177	14/32
2-year	1.7344	3/32
5-year	1.7475	9/32
30-year	2.5479	30/32

FOREX	Last	% Chng
Euro/Dollar	1.1396	0.26
Dollar/Yen	107.29	-0.01
Sterling/Dollar	1.2739	-0.01
Dollar/CAD	1.3180	-0.31
TR/HKEX RMB	93.10	0.01

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	57.86	0.43	0.75
Spot gold (NY/oz)	1419.37	20.72	1.48
Copper U.S. (front month/lb)	0.0271	0.0000	-0.15
CRB Index Total Return	188.69	1.58	0.84

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Electronic Arts Inc	99.00	3.67	3.85
Corteva Inc	27.99	0.78	2.87
Activision Blizzard Inc	47.15	1.24	2.70
LOSERS			
Bristol-Myers Squibb Co	45.69	-3.65	-7.40
Westinghouse Air Brake Technologies Corp	68.14	-4.62	-6.35
Celgene Corp	93.47	-5.44	-5.50

Coming Up

The Commerce Department is expected to announce **new home sales** rose 1.9% to a seasonally adjusted annual rate of 680,000 units in May. Separately, the Conference Board is expected to report **consumer confidence** fell to a reading of 131.2 in June from 134.1 in May.

Fed Chair **Jerome Powell** speaks at a conference titled "C. Peter McColough Series on International Economics: A Conversation with Jerome H. Powell."

FedEx Corp is expected to post a fall in fourth-quarter profit, hurt by higher costs and trade uncertainty between the U.S. and China. Investors will look for updates on the investigation into FedEx's parcel delivery errors and the company's financial forecast.

Lennar Corp is expected to report higher second-quarter profit, helped by easing mortgage rates, which is fueling demand for homes. Investors will look for comments on full-year financial forecast.

Micron Technology Inc is expected to report a fall in third-quarter revenue, as the semiconductor industry comes under continued pressure due to slowing demand. Analysts will look for commentary on the impact of U.S. blacklisting of Huawei Technologies and the renewed trade war between the U.S. and China, which in May led to fall in shares of memory chipmakers, including Micron, Western Digital and other companies in the industry.

U.S. Secretary of State **Mike Pompeo** visits India and meets Indian Minister of External Affairs S Jaishankar.

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 conversation, [click here](#)

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Build permits number for May	0800	--	1.294 mln
Build permits R change mm for May	0800	--	0.3%
Monthly home price mm for Apr	0900	--	0.1%
Monthly home price yy for Apr	0900	--	4.9%
Monthly Home Price Index for Apr	0900	--	273.4
Caseshiller 20 mm SA for Apr	0900	0.2%	0.1%
Consumer Confidence for Jun	1000	131.2	134.1
New home sales-units for May	1000	0.680 mln	0.673 mln
New home sales change mm for May	1000	1.9%	-6.9%

Market Monitor

The **S&P 500** edged lower as losses by healthcare companies overshadowed gains in the technology sector, while investors looked to U.S. President Donald Trump's meeting with his Chinese counterpart Xi Jinping at the G20 summit later this week. "Last week we had a big move to the upside in anticipation of what the Fed would do," said Bucky Hellwig, senior vice president at BB&T Wealth Management in Birmingham, Alabama. "Since then the market's biding its time until the G20 meeting." The **healthcare sector** was down 0.50%. The **Dow** rose 0.03%, to 26,727.81, the **S&P 500** lost 0.17%, to 2,945.35 and the **Nasdaq** dropped 0.32%, to 8,005.70.

Treasury yields fell ahead of trade talks between the U.S. and China later this week. Tariffs between the two countries have been blamed for slowing international growth, prompting global central banks to signal a readiness to adopt looser policies. "That's one of the biggest uncertainties in the market right now, and has an effect on data and growth," said Justin Lederer, an interest rate strategist at Cantor Fitzgerald in New York. **Benchmark 10-year notes** were last up 15/32 in price to yield 2.02 percent. The **2-year notes** rose 3/32 to yield 1.73% and the **30-year bonds** were up 30/32, yielding 2.55%.

The **dollar** softened against a basket of currencies on bets the U.S. Federal Reserve may lower interest rates more than once this year. "Today's session is wedged between the Fed's dovish turn



Reuters/Brendan McDermid
Traders work on the floor at the New York Stock Exchange in New York, June 19.

last week and the G20 later this week," said Brian Daingerfield, head of G10 FX strategy, Americas in Stamford, Connecticut. "With the G20, it's hard to have confidence in the direction for the market." The **dollar index** was down 0.21% at 96.02.

Oil prices were mixed as market concerns about the possibility of a conflict between the United States and Iran eased, while worries about declining crude demand resurfaced. "I think some of the risk premium that got built in because of U.S. tensions with Iran is easing a bit," said John Kilduff, a partner at Again Capital Management in New York. "I think we're also starting to see the economic concerns and demand concerns re-emerge for the

market." **Benchmark Brent crude** futures were down at \$64.90 a barrel, losing 0.46%. **U.S. crude futures** were at \$57.86 a barrel, rising 0.75%.

Gold prices rose as the dollar fell, with safe-haven bullion also boosted by U.S. President Donald Trump's announcement to impose fresh sanctions on Iran. "Gold is holding some sprawling gains from the earlier sessions prompted by slumping dollar and increasing safe haven demand on the back of President Trump threatening to impose new sanctions on Iran," said Alex Turro, market strategist at RJO Futures. **Spot gold** was 1.48% higher at \$1419.34 an ounce. **U.S. gold** futures were up 1.61% at \$1422.60 an ounce.

Top News

Eldorado Resorts takes on bigger rivals with \$8.5 billion Caesars buy

U.S. casino operator Eldorado Resorts has agreed to buy rival Caesars Entertainment for about \$8.5 billion in cash and stock, as it looks to build scale to take on larger companies such as Las Vegas Sands and Wynn Resorts. Eldorado's offer of \$13.01 per share represents a premium of about 30% to Caesar's closing price on Friday. Eldorado and Caesars shareholders will hold about 51% and 49% of the combined company's shares following the close of the deal in the first half of 2020. The company is targeting \$500 million in savings in the first year of its operation. In a parallel deal, the combined company will sell some of its real estate to VICI Properties, while generating \$3.2 billion of proceeds. Shares of Caesar ended 15.02% higher at \$11.49 and shares of Eldorado ended 6.92% lower at \$44.30.

FedEx confirms Huawei mail ban as new "mistake" reignites Chinese ire

FedEx has apologised for another Huawei delivery "mistake," reigniting Chinese ire and drawing the fire of state media which suggested the firm could end up on China's upcoming list of companies that harm national interests. The firm on Sunday said it returned a package - identified as containing a Huawei phone - due to an "operational error," and that it would deliver all products made by Huawei to addresses other than those of Huawei and affiliates placed on a U.S. national security blacklist. Technology news outlet PCMag reported that its writer in Britain had attempted to send a Huawei P30 handset to a colleague in the United States. Fedex returned the phone and told the sender that it could not deliver the package because of a "U.S. government issue" with Huawei and the Chinese government, PCMag reported.



A file photo of Caesars Palace Las Vegas Hotel and Casino seen on the Las Vegas Strip in Las Vegas, February 26, 2018. REUTERS/Darrin Zammit Lupi

Facebook's Clegg rejects break-up calls, prefers more regulation

Facebook dismissed calls for a break-up of the world's biggest social network and other big internet companies, saying this would not tackle issues such as privacy, attempts to influence elections or harmful content. "Just because it is difficult to regulate the internet doesn't mean policy makers should jump to the alternative of wishing these companies away," Nick Clegg, Facebook's head of global affairs, said in a speech on Monday in Berlin. Facebook, which owns Instagram and WhatsApp and has almost 2.4 billion monthly users, is firmly in the cross hairs of regulators and faces calls from some government officials for penalties or to be forcibly broken up. "The internet does need competition and it does need regulation ... we want to work with governments and policymakers to design the sort of smart regulation that fosters competition, encourages innovation and protects consumers," Clegg said.

Bristol-Myers plans to divest Celgene's psoriasis drug

Bristol-Myers Squibb offered to divest Celgene's psoriasis treatment Otezla to allay concerns raised by U.S. antitrust regulators, and pushed back the closing of their \$74 billion deal. The psoriasis drug, which brought in revenue of around \$1.61 billion last year, is currently worth around \$9.3 billion, according to a net present value calculation by Credit Suisse analyst Vamil Divan, but he said Bristol-Myers could have some difficulty getting the full value. The divestiture is subject to further review by the U.S. Federal Trade Commission and requires Bristol to enter into a consent decree with the agency, Bristol said. The move sent Bristol's shares 7.40% lower at \$45.69, while Celgene's shares ended 5.43% lower at \$93.54.

Centene, WellCare win shareholder support for \$15.27 billion deal

Shareholders of Centene and WellCare Health Plans voted in favor of a merger of the health insurers, setting the stage for the creation of a major new player



in government-sponsored healthcare plans. The \$15.27 billion buyout of smaller rival WellCare would help Centene bulk up its government-backed Medicare and Medicaid businesses. As the Trump administration steps up its efforts to strike down the healthcare law introduced by former President Barack Obama, the merger would also help Centene reduce its exposure to Obamacare healthcare exchanges. Analysts have noted that the health insurer would be among the most vulnerable companies if the law were to be overturned as Centene's Obamacare business accounts for about 40% of its earnings.

U.S. Supreme Court takes up insurers' \$12 billion Obamacare dispute

The U.S. Supreme Court agreed to decide whether the federal government must pay insurers \$12 billion under an Obamacare program aimed at encouraging them to cover previously uninsured people after the healthcare law was enacted in 2010. The justices will hear an appeal by a group of insurers of a lower court ruling that Congress had suspended the government's obligation to make the payments. The insurers have argued that the ruling would allow the government to pull a "bait-and-switch" and withhold money they were promised. Insurers including Moda Health Plan have said the government was supposed to help them recover from early losses they suffered after the passage of the 2010 Affordable Care Act, often called Obamacare, under Democratic former President Barack Obama.

JetBlue sues Walmart for trademark infringement over Jetblack service

JetBlue Airways has sued Walmart for trademark infringement, in an effort to stop the world's largest retailer from using the name Jetblack for its text-based personal shopping service. In a complaint filed on Friday night, JetBlue

said Jetblack was a "transparent attempt" by Walmart to capitalize on the carrier's goodwill, and would likely cause "significant consumer confusion" as the service expands across the United States. JetBlue also said Walmart intended further infringements by using other "Jet+color" names such as Jetgold and Jetsilver, and moving closer to JetBlue's core business by offering travel services, including dining and entertainment recommendations.

WarnerMedia names Ann Sarnoff as CEO of Warner Bros

WarnerMedia, part of AT&T, said the company has appointed Ann Sarnoff as the chief executive officer of Warner Bros. Sarnoff is currently the President of BBC Studios Americas. AT&T, the second largest U.S. wireless carrier, bought WarnerBros as part of its \$85 billion purchase of Time Warner last year. Warner Bros former Chairman and CEO Kevin Tsujihara resigned from one of Hollywood's most powerful studios in March following a report that he improperly helped an actress obtain roles at the studio.

Google to spend further 1 billion euros to build Dutch data centers

Alphabet's Google said it will invest an additional 1 billion euros to build data

centers in the Netherlands, including a new facility in Middenmeer. The company had previously said it is spending 1.5 billion euros to build and then expand a data center currently under construction in Eemshaven, Netherlands. On a call with reporters, Joe Kava, Google's chief of data centers, said the two sites will employ around 500 people once they are built.

Amazon's new beauty store for professionals poses threat to beauty retailers

Amazon.com unveiled its online professional beauty store to sell supplies to licensed professional stylists, barbers and estheticians, weighing on shares of other beauty retailers. It would sell a wide range of brands from Wella Color Charm and RUSK to OPI Professional, and other supplies typically found in salons and spas, Amazon said. Stylists can now find almost everything they need to run their business in a single store at low prices, with fast, free shipping in one to two days on eligible orders with Business Prime, Amazon said. Following Amazon's announcement, shares of beauty retailers Ulta Beauty ended about 2.80% down at \$345.85 and those of Sally Beauty Holdings ended 16.85% down at \$12.29.



A file photo of a JetBlue Airways aircraft at departure gates at John F. Kennedy International Airport in New York, June 15, 2013. REUTERS/Fred Prouse





Fireworks explode over the Brig "Rossiya" (Russia) as it floats on the Neva River during the Scarlet Sails festivities marking school graduation in Saint Petersburg, Russia, June 24. REUTERS/Anton Vaganov

Insight and Analysis

Hedge funds pause oil sales as Mideast tensions rise: Kemp

Hedge fund liquidation of petroleum futures and options positions stalled last week as bearishness about the global economy was tempered by fears about a possible disruption of oil exports from the Gulf. Hedge funds and other money managers were net sellers of just 3 million barrels in the six most important futures and options contracts linked to petroleum prices in the week to June 18. Portfolio managers have sold a total of 389 million barrels in the last eight weeks, but last week's sales were the smallest so far, as tensions between the United States and Iran raised concerns about

supply interruptions. Concerns about a global economic slowdown have been hitting oil prices as well as the price of a broad range of other commodities and equities since late April.

Boom-and-bust lithium market needs a pricing rethink: Andy Home

Albemarle the world's largest lithium producer, is not impressed by the London Metal Exchange's (LME) plans to launch a lithium contract. "An exchange contract tends to support a commodity market, and that's not what we believe this (lithium market) is," David Ryan, the company's head of corporate strategy and investor relations, told an industry conference in

Chile earlier this month. The conference was hosted by Fastmarkets, which has been chosen by the LME to provide the reference price for the new contract, but Albemarle won't be contributing, for now at least. It and other established producers believe that lithium is a specialty chemicals market and should be priced on a contract-by-contract basis. At a chemical composition level that may well be right, but in terms of pricing, lithium is conforming perfectly to the boom-and-bust pattern of a classic commodity market. The challenge for the lithium industry is how to live with such volatility.

CANADA

Market Monitor

Canada's main stock index was unchanged, with losses in stocks of cannabis producers offsetting a rise in shares of precious metal miners as fears of an escalation in U.S.-Iran tensions spurred demand of gold.

The **Toronto Stock Exchange's S&P/TSX composite index** was down 0.01%, at 16,523.47.



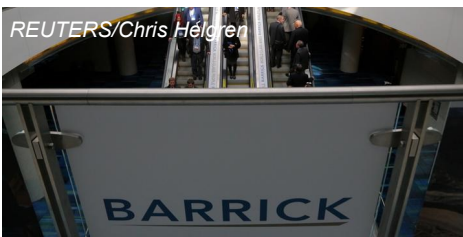
The **U.S. dollar** was down 0.30% against its **Canadian counterpart** at C\$1.3182.

COMING UP

Canada's wholesale trade data is expected to show a rise of 0.2% for April.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
New Gold Inc	1.10	0.09	8.91
First Majestic Silver Corp	10.54	0.69	7.01
NovaGold Resources Inc	7.32	0.40	5.78
LOSERS			
Gran Tierra Energy Inc	2.15	-0.14	-6.11
Shopify Inc	410.70	-20.80	-4.82
Seven Generations Energy Ltd	6.41	-0.31	-4.61

Top News



Acacia Mining says Barrick offer undervalues the company

Acacia Mining strongly disagreed with majority shareholder Barrick Gold's valuation of the company, saying Barrick's proposal undervalued its life of mine plans and appears to have ignored the value of its exploration and development assets. However a fair value buyout offer from the world's No. 2 gold miner would be attractive, it added. Barrick's May 21 share-for-share proposal valued Acacia at \$979 million as of Friday's close, versus \$787 million when it first proposed the deal, thanks to a 27% jump in Barrick shares. Acacia said its life of mine plans have been formulated in line with "industry standard methodology", adding that it hosted Barrick representatives for site visits during the first quarter of 2019 and gave Barrick its draft life of mine plans. Barrick did not immediately respond to a request for comment.

Lawyers for Huawei CFO urge Canada's Justice Minister to withdraw extradition proceedings

Lawyers for Huawei's chief financial officer, who is being detained in Vancouver on U.S. fraud charges against her, urged Canada's Minister of Justice to reconsider whether to withdraw the extradition proceedings. The U.S. has accused her and the company of deceiving banks about the companies' ties to move money via the international banking system, despite U.S. embargoes on Iran. Meng has said she is innocent, and Huawei pleaded not guilty in a New York court in March. Meng's Canadian lawyers said they sent the Canadian Minister of Justice information clarifying the legal basis to withdraw the proceedings. In their statement, Meng's Canadian lawyers said "the extradition proceedings are without merit" and that ending them would be in Canada's "best interests."

Weed leader Canopy Growth done with buying smaller producers - CEO

The biggest of Canada's booming pot growers, Canopy Growth, has further to go on a string of acquisitions that has seen it suck up at least 12 smaller firms

in a year, but it is done buying other producers, Chief Executive Officer Bruce Linton said. Constellation is betting in part on the promise that federal legislation might eventually follow moves by state governments in the United States to legalize, opening the door to legal production countrywide, and there have been tentative signs that others may follow. He said his own firm had bought as many producers as it needed and would focus instead on companies that may provide synergies with his central business of growing the plant.

Alphabet commits to data privacy in Toronto smart city master plan

A high-tech smart city project proposed along Toronto's waterfront by Alphabet unit Sidewalk Labs has pledged not to sell advertisers the personal data collected to serve residents and visitors, as part of a 1,500-page master plan released. Privacy activists have insisted that Sidewalk Labs must guarantee that personal data used to run the project remains anonymous. CEO Dan Doctoroff said at a press conference that Sidewalk Labs will not disclose personal information to third parties without explicit consent and will not sell personal information.



WEALTH NEWS

U.S. - IRAN SANCTION

Trump imposes new U.S. sanctions on Iran's supreme leader, other top officials

U.S. President Donald Trump targeted Iranian Supreme Leader Ayatollah Ali Khamenei and other senior Iranian officials with new U.S. sanctions, looking for a fresh blow to Iran's economy after Tehran's downing of an unmanned American drone. With tensions running high between the two countries, Trump signed an executive order imposing the sanctions, which U.S. Treasury Secretary Steven Mnuchin said would lock billions of dollars more in Iranian assets. Trump told reporters that the sanctions were in part a response to last week's downing of a U.S. drone by Iran, but would have happened anyway. He said Khamenei was ultimately responsible for what Trump called "the hostile conduct of the regime" in the Middle East.



U.S. President Donald Trump displays an executive order imposing fresh sanctions on Iran in the Oval Office of the White House in Washington, June 24. REUTERS/Carlos Barria

TRUMP'S TAKE ON FED

Trump says Fed "blew it" -Twitter

U.S. President Donald Trump again criticized the Federal Reserve for not cutting interest rates, keeping up his pressure on the central bank to change its policies.

BANK TROUBLES

U.S. regulators ask Deutsche Bank to explain "bad bank" proposal -FT

U.S. regulators have sought explanation from Deutsche Bank about its "bad bank" proposal and its impact on U.S. operations at the loss-making German lender, the Financial Times reported.

GOLDMAN INVESTIGATION

Malaysia's 1MDB criminal case against Goldman Sachs delayed to September

Malaysia's criminal case against Goldman Sachs involving \$6.5 billion 1MDB bonds will be postponed to September, a court ruled, after defence lawyers asked for more time to receive instructions from their clients abroad.

FINANCIAL DEAL

Blackstone to sell Lendmark Financial to Lightyear Capital -sources

Blackstone Group has agreed to sell Lendmark Financial Services to fellow private equity firm Lightyear Capital for about \$600 million excluding debt, people familiar with the matter said.

BUYOUT

Del Frisco's to be taken private by L Catterton for \$267.3 million

Del Frisco's Restaurant Group said it agreed to be bought by private equity firm L Catterton for \$267.3 million, ending a six-month-long battle with its third largest investor which has been pushing for a sale.

RAISING FUND

Logistics unit of JD raises 1.5 billion yuan investment fund

Chinese e-commerce giant JD.com's logistics division has raised a 1.5 billion yuan fund to invest in companies and technologies specialising in logistics, the company said.

ON THE RADAR

Events	ET	Poll	Prior
Wed: Durable goods for May	0830	-0.1%	-2.1%
Durables ex-transport for May	0830	0.1%	0.0%
Durables ex-defense mm for May	0830	--	-2.5%
Nondefense cap ex-air for May	0830	0.1%	-1%
Advance goods trade balance for May	0830	--	- \$70.92 bln
Wholesale inventories advance for May	0830	--	0.8%
Retail inventories ex-auto advance for May	0830	--	0.4%
Thu: Corporate profits revised for Q1	0830	--	-3.5%
GDP final for Q1	0830	3.1%	3.1%
GDP sales final for Q1	0830	2.5%	2.5%
GDP cons spending final for Q1	0830	--	1.3%
GDP deflator final for Q1	0830	0.8%	0.5%
Core PCE prices final for Q1	0830	1.0%	1%
PCE prices final for Q1	0830	0.4%	0.4%
Initial jobless claims	0830	220,000	216,000
Jobless claims 4-week average	0830	--	218,750
Continued jobless claims	0830	1.665 mln	1.662 mln
Pending Homes Index for May	1000	--	104.3
Pending sales change mm for May	1000	1.0%	-1.5%
KC Fed Manufacturing for Jun	1100	--	2
KC Fed Composite Index for Jun	1100	--	4
Fri: Personal income mm for May	0830	0.3%	0.5%
Personal consumption real mm for May	0830	--	0%
Consumption, adjusted mm for May	0830	0.4%	0.3%
Core PCE price index mm for May	0830	0.2%	0.2%
Core PCE price index yy for May	0830	1.6%	1.6%
PCE price index mm for May	0830	--	0.3%
PCE price index yy for May	0830	--	1.5%
Chicago PMI for Jun	0945	53.1	54.2
U Mich Sentiment Final for Jun	1000	98.0	97.9

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
FedEx	Q4	AMC	\$4.81	\$4.85	\$5.91	\$17,790.74
Lennar	Q2	BMO	\$1.14	\$1.14	\$1.58	\$5,100.81
Micron Technology	Q3	AMC	\$0.76	\$0.79	\$3.15	\$4,694.51

*Includes companies on S&P 500 index. **Estimates may be updated or revised; release times based on company guidance or past practice.

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



France's BMX team put on a show at Place de la Concorde, which has been turned into a giant Olympic park ahead of the Paris 2024 Olympics, in Paris, June 23. REUTERS/Philippe Wojazer

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

The Day Ahead - North America is compiled by Nachiket Tekawade and Priyanka Das in Bengaluru.

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