

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street ended flat as losses in tech stocks offset optimism about stimulus from global central banks. A Reuters report that Germany may boost fiscal stimulus sent the **euro** and the **European bond yields** climbing. **U.S. Treasury yields** ended higher and **gold** dipped as risk sentiment improved. **Oil** rose after Saudi Arabia's new energy minister confirmed expectations of future output cuts.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26835.51	38.05	0.14	27398.68	21712.53
Nasdaq	8087.44	-15.64	-0.19	8339.64	6457.13
S&P 500	2978.43	-0.28	-0.01	3027.98	2443.96
Toronto	16495.09	-40.24	-0.24	16672.71	13776.88
FTSE	7235.81	-46.53	-0.64	7727.49	6599.48
Eurofirst	1518.71	-3.83	-0.25	1554.34	1308.86
Nikkei	21318.42	118.85	0.56	22362.92	19241.37
Hang Seng	26681.40	-9.36	-0.04	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.6335	-25 /32
2-year	1.5868	-4 /32
5-year	1.4888	-11 /32
30-year	2.1107	-65 /32

FOREX	Last	% Chng
Euro/Dollar	1.1047	0.18
Dollar/Yen	107.15	0.23
Sterling/Dollar	1.2344	0.51
Dollar/CAD	1.3161	-0.07
TR/HKEX RMB	91.23	0.11

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	58.05	1.53	2.71
Spot gold (NY/oz)	1499.93	-6.77	-0.45
Copper U.S. (front month/lb)	0.0261	-0.0001	-0.27
CRB Index Total Return	183.53	1.81	0.99

Coming Up



REUTERS/Aly Song

Apple Inc is expected to unveil its subscription TV service and new iPhone models at the Steve Jobs Theater at its Cupertino, California headquarters. In an invite to the event, Apple teased a five-colored version of its logo, implying launch of more colors for its new iPhone models.

GameStop Corp is expected to report a fall in second-quarter revenue due to slowing video game sales at its stores as consumers increasingly shift to downloading games. The retailer is

also struggling with weak gaming console sales as buyers wait for the new models of Sony's PS4 and Microsoft's Xbox, expected to be launched next year. Investors will be looking out for updates on its capital allocation plans and any progress on a turnaround of its business.

On the U.S. economic calendar, the **Job Openings and Labor Turnover Survey**, or JOLTS, data is likely to show job openings fell to 7.311 million in July from 7.348 million in the month before.

LIVECHAT – ECB FOCUS

Nordea Markets Chief Analyst **Jan von Gerich** examines the position the ECB finds itself in and what forms possible easing from the central bank at its meeting later in the week could take. (0600 ET/1000 GMT) To join the conversation, [click here](#)

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
NFIB Business Optimism Index for August	0600	--	104.70
JOLTS job openings for July	1000	7.311 mln	7.348 mln

KEY RESULTS

No major S&P 500 companies are scheduled to report

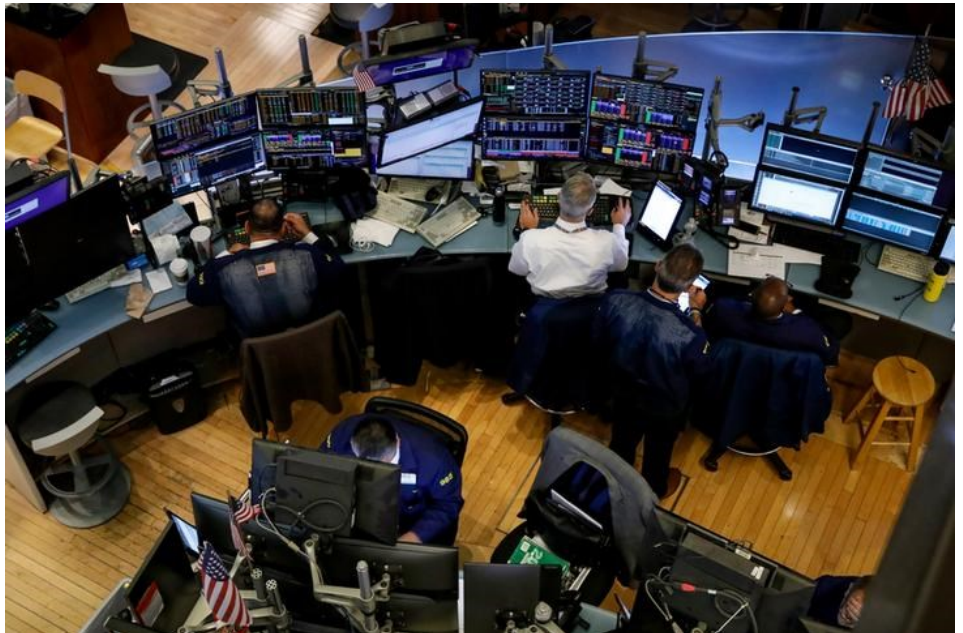
S&P 500	Price	\$ Chng	% Chng
GAINERS			
Helmerich and Payne Inc	41.73	3.30	8.59
National Oilwell Varco Inc	23.95	1.78	8.03
L Brands Inc	17.86	1.15	6.88
LOSERS			
Marketaxess Holdings Inc	369.69	-49.71	-11.85
IDEXX Laboratories Inc	267.20	-21.27	-7.37
Roper Technologies Inc	357.12	-17.84	-4.76

Market Monitor

Stocks ended flat as increased expectations of stimulus from central banks around the world were offset by losses in technology shares.

Technology stocks fell 0.72% to 1416.49. **Amgen** fell 2.56% after analysts raised questions about data on the company's lung cancer drug, dragging the healthcare sector down 0.92% to 1044.07. **Financial stocks** rose 1.54% to 460.99 on rising bets of an interest rate cut in the U.S. Federal Reserve's September meeting. **Boeing** fell 1.09% after it suspended load testing of its new widebody 777X aircraft over the weekend as media reports said a cargo door failed in a ground stress test. **AT&T** gained 1.41%. The **Dow Jones Industrial Average** rose 0.14% to 26,835.51, the **S&P 500** lost 0.01% to 2,978.43 and the **Nasdaq Composite** dropped 0.019% to 8,087.44.

U.S. Treasury yields rose, in line with gains in the European bond market, as risk appetite improved amid easing U.S.-China trade tensions and expectations of less-aggressive action from the European Central Bank this week. Washington and Beijing have agreed to go back to the negotiating table. Treasuries are also moving in sympathy with the European bond market, which was undermined by a Reuters report that Germany is considering setting up independent public agencies that could take on new debt to invest in the country's flagging economy without falling foul of strict national spending rules. **Benchmark Treasuries** fell 24/32 to yield 1.63%. **30-year bonds** were down 1-1/32, yielding 2.11%. **Two-year notes** fell 4/32 to yield 1.59%.



Traders work on the floor at the New York Stock Exchange (NYSE) in New York, September 9. REUTERS/Brendan McDermid

The **euro** rose after a report that Germany may boost fiscal stimulus increased hopes that governments will act to boost growth in the region, though expectations of further central bank easing kept a lid on gains. "A key part of that coalition is the commitment to keep balanced budgets. If they are waiving from that it could be very supportive for the euro and very bearish for the dollar," said Bipan Rai, North American head, FX strategy at CIBC Capital Markets in Toronto. The **euro** gained 0.18% against the greenback to \$1.1047. The **dollar index** fell 0.11% to 98.29.

Oil prices rose after the new Saudi energy minister, Prince Abdulaziz bin Salman, confirmed expectations that he would stick with his country's policy of limiting crude output to support prices. "The weekend announcement

of a change in leadership within the Saudi oil ministry was accompanied by strong suggestions that production restraint would continue until the market achieves a better balance," Jim Ritterbusch, president of Ritterbusch and Associates, said in a note. **Brent crude futures** gained 1.87% to \$62.69 a barrel, while **U.S. crude futures** rose 2.71% to \$58.05 a barrel.

Gold fell as renewed risk appetite and gaining U.S. yields outweighed support for bullion from expectations for interest rate reductions by top central banks. **Spot gold** fell 0.47% to \$1,499.60 per ounce. **U.S. gold futures** were down 0.46% to \$1508.50 an ounce. Higher U.S. Treasury yields and a "bit of a renewed risk appetite" are weighing on gold, said Bart Melek, head of commodity strategies at TD Securities in Toronto.

Top News

Elliott Management calls for AT&T shake-up as Trump piles on

Activist investor Elliott Management unveiled a \$3.2 billion stake in AT&T and urged the sprawling U.S. telecommunications and media conglomerate to end its acquisition spree and focus on improving its business. The move makes AT&T, which has a market capitalization of \$270 billion, one of the three largest companies after Apple and Microsoft to be targeted by activist shareholders, who prod management to make changes by selling off units, buying back shares or adding board members. U.S. President Donald Trump, a frequent critic of U.S. cable news channel CNN, which is owned by AT&T, called Elliott's announcement "great news." The New York-based hedge fund, one of the world's most successful activists, wrote to Dallas-headquartered AT&T, sending a four-part proposal that it said could help lift its stock price by at least 60% by the end of 2021. The plan ranges from divesting certain businesses, eliminating \$5 billion in costs, reviewing how it allocates capital and urging CEO Randall Stephenson, who has led the company since the financial crisis, to stop making acquisitions.

U.S. states launch antitrust probe of big tech, Google ads in focus

Attorneys general from 48 U.S. states, the District of Columbia and Puerto Rico have opened an antitrust probe into big tech companies that focuses on Alphabet's Google, Texas Attorney General Ken Paxton formally announced. Paxton leads the probe, he said, which will focus on Google's advertising business. California and Alabama are not part of the investigation. States formally requested documents from Google on its advertising business, Paxton said. Several of the attorneys general at the

announcement in Washington described the investigation as "preliminary" but said they expected it would expand to cover other issues including data privacy. Utah Attorney General Sean Reyes said the probe was "for the benefit of the tech ecosystem to help level the playing field." Arkansas Attorney General Leslie Rutledge called Google's online search engine a "juggernaut," and argued that a free search sometimes came at the cost of the freedom to choose the best products from the best companies.

Apple may spark upgrade rush with new iPhones, tight pricing

Apple could sell as many as 200 million of its latest iPhones from existing users upgrading their older devices and much of that demand will come from China despite an ongoing trade war, several Wall Street analysts said. The Cupertino, California-based company is widely expected to launch three new iPhones on Tuesday, featuring upgraded processors and new camera functionality, along with a video streaming service that will take on the likes of Netflix and Walt Disney. The upgrade cycle could translate into

roughly 180 million iPhone units sold in the next 12 months with roughly 60 million to 70 million consumers due for an upgrade in China, where Apple struggled with its last launch, Wedbush analysts said. Apple currently has about 900 million active iPhones globally and the combination of slack sales for its iPhone X launches since 2017 and relatively tight control of pricing may spur demand from users who have been holding out previously, several analysts said. Separately, the New York Times reported that Apple has altered the search algorithm for its App Store so that the company's own apps do not dominate the top positions. To read more, [click here](#)

Alibaba set for 'big challenge' as flamboyant chairman Ma departs

Alibaba Group chairman Jack Ma will step down from the Chinese firm on Tuesday, leaving his handpicked successor a daunting task of steering the \$460 billion juggernaut at a time when the market for its core e-commerce business has slowed sharply. As Ma, who turns 55 on Tuesday, holds centerstage at his farewell party in the 80,000-capacity Hangzhou Olympic Sports Center



Small toy figures are seen in front of Google logo in this illustration picture, April 8. REUTERS/Dado Ruvic

stadium to the accompaniment of music and celebrity performances, attendees will be hoping to get clues on how Alibaba will be run under his heir Daniel Zhang. When Ma makes his farewell speech, investors would like to hear how he will be involved in management and whether he will continue to steer the company's broad strategy. Ma has said that he will continue to mentor management.

Wells Fargo sees bigger-than-expected drop in 2019 net interest income

Wells Fargo, the fourth-largest U.S. bank by assets, lowered its 2019 lending revenue forecast for the second time on Monday, largely due to lower interest rates. Wells Fargo is the first major lender to provide updated net interest income guidance following the U.S. Federal Reserve's interest rate cut in late July. Speaking at an investor conference, Wells Fargo Chief Financial Officer John Shrewsbury said the San Francisco-based lender expects net interest income to fall 6% in 2019, compared with its earlier expectations of about a 5% drop. "The pace of change in interest rates has accelerated," he said. Analysts on average were expecting the bank to post a drop of 3.8% in 2019. The bank said it expects net interest income in the second half to be down by about \$1.8 billion from the first half.

Juul warned by FDA over marketing practices

The U.S. Food and Drug Administration warned Juul Labs for marketing its e-cigarettes as safer than traditional cigarettes, the latest move by the agency to curb the use of vaping devices that have become extremely popular among teens. "The law is clear that, before marketing tobacco products for reduced risk, companies must demonstrate with scientific evidence that their specific product does in fact pose less risk or is less harmful," acting FDA Commissioner Ned Sharpless said in a statement. The

FDA's warning letter also raises issues with certain statements made by those attending a July U.S. congressional hearing where a panel grilled Juul over a "holistic health education" camp it funded, as part of efforts to market its products directly to school-aged children.

Microsoft's LinkedIn loses appeal over access to user profiles

A federal appeals court rejected LinkedIn's effort to stop a San Francisco company from using information that users of the professional networking website have deemed public. The 9th U.S. Circuit Court of Appeals let stand an August 2017 preliminary injunction that required LinkedIn, a Microsoft unit with more than 645 million members, to give hiQ Labs Inc access to publicly available member profiles. The 3-0 decision by the San Francisco appeals court sets back Silicon Valley's battle against "data scraping," or extracting information from social media accounts or websites, which critics say can equate to theft or violate users' privacy. Circuit Judge Marsha Berzon said hiQ, which makes software to help employers determine whether employees will stay or quit, showed it faced irreparable harm absent an injunction because it might go out of business without access.

Discount retailer Fred's files for Chapter 11 protection

Fred's Inc said it has filed for Chapter 11 bankruptcy protection, months after the pharmacy and discount retailer began shuttering hundreds of unprofitable stores in the United States. "Despite our team's best efforts, we were not able to avoid this outcome," Chief Executive Officer Joe Anto said. The company has begun promotion and discounts at its retail locations which are expected to close over the next 60 days as it liquidates its business. Fred's said it would continue to fulfill prescriptions at most of its pharmacy locations and would continue

to pursue the sale of the business as part of court supervised proceedings. It has also filed a motion seeking approval of the U.S. Bankruptcy Court to enter into a proposed debtor-in-possession financing agreement with some of its existing lenders, which would provide for up to \$35 million in new funding, the company said.

Paulson's hedge fund calls on Callon to drop merger, sell itself

Billionaire investor John Paulson's hedge fund urged Callon Petroleum to drop its proposed \$3.2 billion acquisition of Carrizo Oil & Gas, and instead consider selling itself. Paulson & Co funds, which hold about a 9.5% stake in Callon, said in a letter to the company's board that adding Carrizo's "inferior Eagle Ford assets will permanently reduce the attractiveness of Callon to potential acquirers." Paulson noted that paying a 25% premium for the acquisition is "unjustifiable" and said Callon will lose its standing as a Permian pure play by acquiring a company with holdings in the Eagle Ford shale region of South Texas. "If the board is truly interested in its shareholders, given the magnitude of the difference between the current stock price of Callon and its takeover value, it should pursue a sale of Callon," the hedge fund said.

UPS holiday hiring unchanged from last year amid retail job slump

United Parcel Service plans to hire 100,000 holiday workers, the same number as last year, as a continued shedding of retail jobs hints at a softening in the U.S. consumer economy heading into the all-important Christmas shopping season. UPS said it can use the same number of workers as last year because it has invested in technology to automate package sorting and shave miles (km) off delivery routes - but it is paying more to lure those seasonal package sorters, drivers and delivery assistants in a competitive job market.



Secondary school students hold hands as they form a human chain demonstrating against what they say is police brutality against protesters, after clashes at Wan Chai district, in Hong Kong, China September 9. REUTERS/Amr Abdallah Dalsh

Insight and Analysis

EXPLAINER-Big tech probes could break up firms, result in huge fines, or neither

The potential penalties for several wide-ranging investigations into whether Facebook, Google and other big U.S. tech companies used their market power unfairly include everything from breaking up the companies, to large fines and forcing them to create more competition. Here are three possible outcomes to investigations of the companies by U.S. regulators and state attorneys general.

Big Ag wants a cut of booming fake-meat market

Bunge Ltd, one the world's biggest grain traders, recently disclosed the 1.6% stake it had purchased in the fast-growing fake-meat startup Beyond Meat. The play looked smart after the stock surged more than 250% since the faux burger and sausage maker's initial public offering in May. Indeed, Beyond Meat's market capitalization of \$9.9 billion is now larger than Bunge's, a 201-year-old firm with 31,000 employees.

As China trade war escalates, 2020 U.S. Democrats scramble over their message

The growing economic fallout from President Donald Trump's drawn-out trade war with China would appear to be a ready-made opportunity for Democratic presidential contenders seeking to blunt his central 2020 re-election pitch: That he has made the economy great again. So far, it has not quite worked out that way. "It's a little tricky," said Jared Bernstein, who served as the top economic adviser to Joe Biden.



CANADA

Market Monitor

Canada's **main stock index** fell. The **Toronto Stock Exchange's S&P/TSX composite index** ended down 0.24% at 16,495.09.

Shopify slid 5.91%, and shares **BlackBerry** declined 3.38%. The **energy sector** jumped 2.32% to 131.09 as oil prices rose.

The **U.S. dollar** slipped 0.07% against its **Canadian counterpart** to C\$1.3161.

COMING UP

Canada's **annualized housing starts** data for August is likely to show a fall to 215,000 units, from 222,000 units in July. **Building permits** for July is expected to rise 2.3% after an unexpected 3.7% decline in June.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Nuvista Energy Ltd	2.16	0.22	11.34
Gran Tierra Energy Inc	1.97	0.20	11.30
Ensign Energy Services Inc	3.53	0.32	9.97
LOSERS			
Pretium Resources Inc	15.65	-1.53	-8.91
Eldorado Gold Corp	11.34	-0.80	-6.59
CannTrust Holdings Inc	2.19	-0.14	-6.01

Top News

First Cobalt favors quick restart of Canadian refinery

First Cobalt favors a quick restart of its idled cobalt refinery in Canada and will begin assessing the plant's condition next week, Chief Executive Trent Mell said on Monday. The Toronto-based

company has secured agreements under which commodity trader Glencore would supply cobalt feedstock to the plant, with initial production targeted of about 2,000 to 2,500 tonnes per year. Glencore agreed last month to fund a feasibility

study to restart and potentially expand the refinery, which has been shut since 2015. "The whole point of that is to get to this feasibility study level so that we can make a go, no-go decision," Mell said on a call with analysts and investors.

WEALTH NEWS

ARAMCO IPO

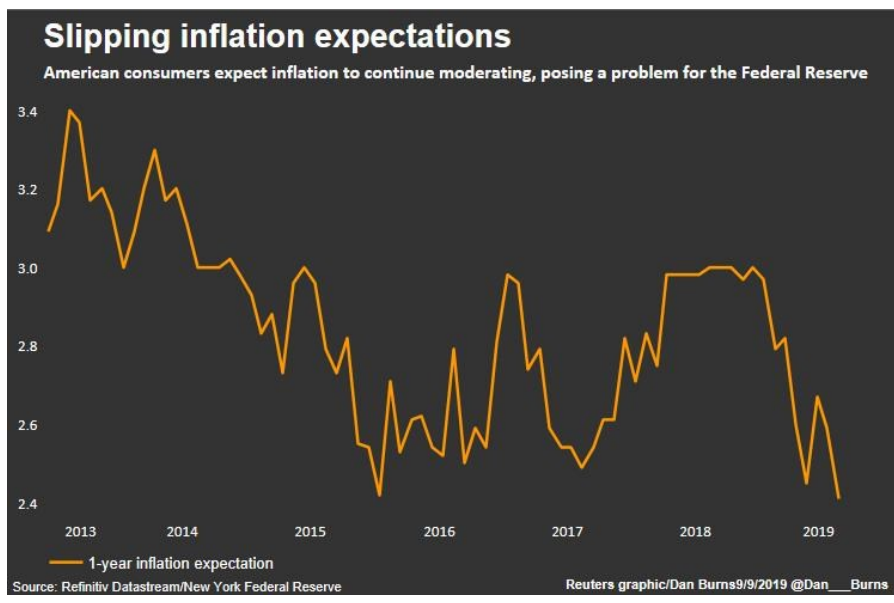
Saudi Aramco pursues IPO with local listing plan as lines up banks -sources

Saudi Arabia plans a gradual listing of Aramco on its domestic market, sources familiar with the matter said, as it finalises the roles banks will play in the initial public offering (IPO) of the world's biggest oil company.

DECLINE IN INFLATION EXPECTATIONS

U.S. consumer inflation expectations decline to a new low -NY Fed survey

U.S. consumers' inflation expectations slid in August and workers grew more pessimistic about their job situation, data from the New York Federal Reserve showed, supporting the case for further interest rate cuts from the Fed. The New York Fed's monthly survey of consumer expectations, which Fed officials look at along with other data on pricing, showed consumers' one-year inflation outlook declined 0.2 percentage point to 2.4% last month, the lowest since the survey was launched in 2013. The three-year outlook for inflation expectations fell by 0.1 percentage point to 2.5%.



NEW TRUMP VOLATILITY INDEX

'Volfefe': a volatility index for the Trump era

Traders know that when President Donald Trump tweets he can rock financial markets, often in unpredictable ways, but analysts at JP Morgan have now quantified the impact of his tweets, at least on the U.S. interest rates market.

HOUSING FINANCE REFORMS

Mnuchin hopes for congressional support for U.S. housing reforms within 6 months

U.S. Treasury Secretary Steven Mnuchin said the Trump administration would take administrative measures to overhaul mortgage giants Fannie Mae and Freddie Mac if it failed to secure congressional support for its plan within six months.

MNUCHIN ON ECONOMY

U.S. Treasury chief sees positive year for economy as China talks loom

U.S. Treasury Secretary Steven Mnuchin said he did not see the threat of a recession as the Trump administration seeks to revive trade negotiations with China, adding that he expected a positive year ahead for the U.S. economy.

OPEC POLICY

New Saudi energy minister says OPEC+ alliance staying for long term

Saudi Arabia's new energy minister said the world's top oil exporter would keep working with other producers to achieve market balance and that an OPEC-led supply-curbing deal would survive "with the will of everybody".

SEC WARNS ON MARKET RISKS

Top U.S. regulator warns over corporate debt, market risks

Jay Clayton, chairman of the Securities and Exchange Commission, issued a warning over market risks including rising corporate debt, a U.K. withdrawal from the European Union, and the transition away from a key lending rate.

ON THE RADAR

Events	ET	Poll	Prior
Wed: PPI final demand yy for August	0830	1.7%	1.7%
PPI final demand mm for August	0830	0.0%	0.2%
PPI exfood/energy yy for August	0830	2.2%	2.1%
PPI exfood/energy mm for August	0830	0.2%	-0.1%
PPI ex food/energy/transport yy for August	0830	--	1.7%
PPI ex food/energy/transport mm for August	0830	--	-0.1%
Wholesale inventory, R mm for July	1000	0.2%	0.2%
Wholesale sales mm for July	1000	0.2%	-0.3%
 Thu: Core CPI mm, SA for August	0830	0.2%	0.3%
Core CPI yy, NSA for August	0830	2.3%	2.2%
CPI Index, NSA for August	0830	256.582	256.571
Core CPI Index, SA for August	0830	--	263.57
CPI mm, SA for August	0830	0.1%	0.3%
CPI yy, NSA for August	0830	1.8%	1.8%
Real weekly earnings mm for August	0830	--	-0.3%
CPI mm NSA for August	0830	--	0.170%
CPI Index SA for August	0830	--	256.160
Initial jobless claims	0830	215,000	217,000
Jobless claims 4-week average	0830	--	216,250
Continued jobless claims	0830	1.690 mln	1.662 mln
Cleveland fed CPI for August	1100	--	0.3%
Federal budget for August	1400	-\$195.00 bln	-\$120.00 bln
 Fri: Import prices mm for August	0830	-0.4%	0.2%
Export prices mm for August	0830	-0.2%	0.2%
Retail sales ex-autos mm for August	0830	0.1%	1.0%
Retail sales mm for August	0830	0.2%	0.7%
Retail ex gas/autos for August	0830	--	0.9%
Retail control for August	0830	0.3%	1.0%
Retail sales YoY for August	0830	--	3.45%
Business inventories mm for July	1000	0.3%	0.0%
Retail inventories ex-auto rev for July	1000	--	0.3%
U Mich Sentiment Preliminary for September	1000	90.9	89.8
U Mich Conditions Preliminary for September	1000	107.0	105.3
U Mich Expectations Preliminary for September	1000	82.0	79.9
U Mich 1 year inflation preliminary for September	1000	--	2.7%
U Mich 5-year inflation preliminary for September	1000	--	2.6%



A child's bicycle is seen in a destroyed neighborhood in the wake of Hurricane Dorian in Marsh Harbour, Great Abaco, Bahamas, September 7. REUTERS/Loren Elliott

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

The Day Ahead - North America is compiled by Nayyar Rasheed and Nachiket Tekawade in Bengaluru.

*For questions or comments about this report, email us at: **TheDay.Ahead@thomsonreuters.com**.*

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