

THE DAY AHEAD

MARKET RECAP at 4 pm ET

The **Dow** fell and **S&P 500** ended flat weighed by a decline in shares of Walgreens Boots Alliance, while **Nasdaq** was higher. **Gold** firmed but a strong **dollar** capped its advance. Safe-haven appeal pushed **Treasury yields** lower. **Oil** prices rose on the prospect that more sanctions against Iran and further Venezuelan disruptions could deepen an OPEC-led supply cut.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26179.13	-79.29	-0.3	26951.81	21712.53
Nasdaq	7848.69	19.78	0.25	7850.11	6457.13
S&P 500	2867.24	0.05	0.00	2869.40	2443.96
Toronto	16263.87	35.81	0.22	16586.46	13776.88
FTSE	7391.12	73.74	1.01	7370.61	6599.48
Eurofirst	1514.61	6.05	0.40	1515.87	1308.86
Nikkei	21505.31	-3.72	-0.02	21860.39	19241.37
Hang Seng	29624.67	62.65	0.21	29612.37	24896.87

TREASURIES	Yield	Price
10-year	2.4724	7/32
2-year	2.3024	2/32
5-year	2.2848	4/32
30-year	2.8777	8/32

FOREX	Last	% Chng
Euro/Dollar	1.1199	-0.12
Dollar/Yen	111.36	0.02
Sterling/Dollar	1.3128	0.22
Dollar/CAD	1.3332	0.20
TR/HKEX RMB	95.82	-0.03

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	62.68	1.09	1.77
Spot gold (NY/oz)	1291.30	3.89	0.30
Copper U.S. (front month/lb)	0.0290	-0.0002	-0.38
CRB Index Total Return	194.32	0.97	0.50

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Delta Air Lines Inc	55.36	3.18	6.09
Wynn Resorts Ltd	135.03	5.69	4.40
Facebook Inc	174.20	5.50	3.26
LOSERS			
Walgreens Boots Alliance Inc	55.36	-8.13	-12.81
AmerisourceBergen Corp	74.47	-4.62	-5.84
Cardinal Health Inc	47.16	-1.96	-3.99

Coming Up



A file picture shows China's Vice Premier Liu He gesturing next to U.S. Treasury Secretary Steven Mnuchin as they pose for a group photo at Diaoyutai State Guesthouse in Beijing, China, March 29. Nicolas Asfour/Pool via REUTERS

China's **Vice Premier Liu He** will lead a delegation in trade talks with top U.S. officials in Washington, as the world's two largest economies try to resolve a bitter, nearly nine-month trade war.

National Employment Report by ADP is expected to show that U.S.

companies hired 170,000 workers in March, after hiring 183,000 workers in February. The Institute of Supply Management's report is likely to show its non-manufacturing Purchasing Managers Index (PMI) came in at 58 for the month of March, down from 59.7 in February.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
ADP national employment for March	0815	170,000	183,000
Markit composite final PMI for March	0945	--	54.3
Markit Services PMI Final for March	0945	--	54.8
ISM N-Manufacturing PMI for March	1000	58.0	59.7
ISM N-Manufacturing Business Activity for March	1000	61.5	64.7
ISM N-Manufacturing Employment Index for March	1000	--	55.2
ISM N-Manufacturing New Orders Index for March	1000	--	65.2
ISM N-Manufacturing Price Paid Index for March	1000	--	54.4



A file photo of employees installing car components at an assembly line at a Ford manufacturing plant in Chongqing municipality, April 20, 2012. REUTERS/Stringer

Democratic-led U.S. House Judiciary Committee votes on whether to authorize subpoenas to obtain **Special Counsel Robert Mueller's** full report investigating Russian meddling in 2016 presidential election.

Federal Reserve Bank of Atlanta President **Raphael Bostic**, Federal Reserve Bank of Richmond President **Thomas Barkin** and Federal Reserve Bank of Kansas City President **Esther George** will participate in a panel

before the American Bankers Association Washington Summit, in Washington. Also, Federal Reserve Bank of Minneapolis President **Neel Kashkari** will participate in a Town Hall hosted by the North Dakota State University College of Business, in Fargo, North Dakota.

The **Ford Motor Co's** China management team will share their vision and plans for the China market, and how the U.S. automaker is starting

a new chapter for the company with its commitment to bringing the 'Best of Ford' and the 'Best of China' together.

LIVECHAT – U.S. SECTOR SPOTLIGHT

Analyst **Tim Edwards** of S&P Dow Jones Indices points out the potential outperformers among U.S. stock sectors in coming months. (1030 ET/1430 GMT) To join the conversation, [click here](#)

KEY RESULTS

No major S&P 500 companies are scheduled to report.

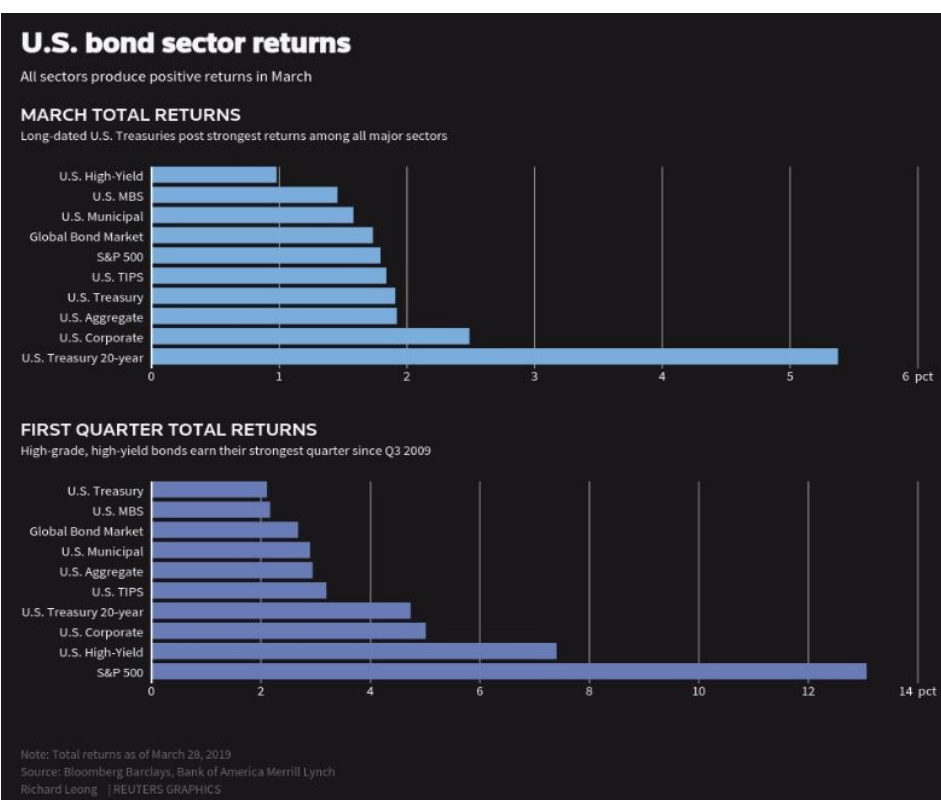


Market Monitor

The benchmark **S&P 500** ended about flat, taking a breather from Monday's strong quarterly kickoff as a decline in shares of Walgreens Boots Alliance weighed and economic data did little to ease growth concerns. "We've gotten to a place and time where we are going to need new evidence to move this market higher," said Art Hogan, chief market strategist at National Securities in New York. **Facebook** shares jumped 3.26 percent. The **Dow** was down 0.3 pct to 26,179.13 and the **S&P 500** was flat at 2,867.24. The **Nasdaq Composite** was up 0.25 pct at 7,848.69.

Treasury yields slipped, with benchmark yields receding from one-week highs as a result of buying from bargain-minded investors and safe-haven demand on renewed worries about Brexit. "The strength behind the Treasury market right now is evident when we reach certain support levels, like 2.50 pct on the 10-year note," said Kevin Giddis, head of fixed income capital markets at Raymond James in Memphis, Tennessee. **Benchmark notes** were up 7/32 to yield 2.4741 percent and the **30-year bonds** were up 7/32 to yield 2.8792 percent.

Oil prices hit their highest level so far in 2019, with Brent crude approaching \$70 a barrel, on the prospect that more sanctions against Iran and further Venezuelan disruptions could deepen an OPEC-led supply cut. **Brent futures** were up 0.71 percent at \$69.50 per barrel, after it reached a session peak of \$69.51 a barrel, the highest since November 13. **U.S. crude** rose 1.79 percent to \$62.59 a barrel. "The latest driver appears to be the idea that



tightened supplies are going to create a stronger fundamental picture," said Gene McGilligan, director of market research at Tradition Energy. "The market keeps pushing higher."

Sterling gained and the **euro** pared losses, but remained lower on the day, after British Prime Minister Theresa May said that she would ask the European Union for a further delay to Brexit. May is seeking a delay beyond April 12 to give her time to sit down with the opposition Labour Party in a bid to break the impasse over Britain's departure. The **pound** was up 0.24 percent at \$1.3130 against the **dollar** and. The **euro** dipped 0.12 percent to \$1.1198. The **dollar index** was up 0.11

percent at 97.34.

Gold firmed, as U.S. stock markets retreated, but a strong dollar and robust economic data from the U.S. and China eased fears of a global slowdown, capping bullion's advance. **Spot gold** rose 0.31 percent to \$1,291.42 per ounce, having touched its lowest level since March 7 at \$1,284.76 an ounce earlier. **U.S. gold futures** were 0.09 percent higher at \$1,295.40 an ounce. "Equities have turned negative here ... It's a tug of war between the equities and precious metals markets," said Bob Haberkorn, senior market strategist at RJO Futures. **Spot palladium** was up 0.88 percent at \$1,432.50 an ounce.

Top News

Exxon weighs sale of Nigerian oil and gas fields for up to \$3 billion

Exxon Mobil recently held talks on the sale of a suite of oil and gas fields in Nigeria as the company focuses on new developments in U.S. shale and Guyana, industry and banking sources told Reuters. The potential disposals are expected to include stakes in onshore and offshore fields and could raise up to \$3 billion, two sources said. "Exxon is actively divesting in Nigeria," one source who was briefed on the divestment plans said. Exxon declined to comment. The Irving, Texas-based company is one of the largest oil and gas producers in Nigeria, with 106 operated platforms. Its oil output in the West African country reached 225,000 barrels per day (bpd) in 2017, its website says. Exxon officials have held talks in recent weeks with several Nigerian companies to gauge their interest in the fields. One source said Exxon was soon due to open a "data room" - which would provide technical information on the fields, such as seismic and production details - in Nigeria.

Walgreens cuts 2019 profit forecast, hit by lower drug prices

Walgreens Boots Alliance shares fell after the company cut its 2019 earnings forecast and reported a disappointing quarterly profit in the face of stubbornly low generic drug prices in a crowded market. The drop in shares to a more than five-year low wiped off nearly \$8 billion from the market capitalization of the worst performing stock in the Dow Jones Industrial Average this year, and weighed on shares of rival CVS Health and drug wholesalers. Drug retailers like Walgreens and CVS Health have been squeezed by reimbursement pressure as their pharmacies receive less for filing prescriptions coupled with a steep decline in generic drug prices for several years. And there is no relief

in sight, with generic drug prices failing to recover as competition heats up and heightened public and regulatory scrutiny limits the pace of branded drug price increases. Shares of the company were 12.81 percent down at \$55.36.

Lyft falls further from IPO after receiving first 'sell' rating

Lyft's stock sank further below its IPO price after receiving its first negative review from an analyst who is skeptical that consumers will give up car ownership in favor of relying on ride-hailing services. The stock's weak performance could make investors more cautious about a string of expected public listings from Silicon Valley unicorns, including Uber Technologies and Pinterest, which are also unprofitable. Seaport Global initiated coverage of Lyft with a "sell" rating and a \$42 price target, with analyst Michael Ward calling the stock's current valuation a "leap of faith" that consumers will forego owning cars in favor of using ride-hailing services. "Despite the optics of vehicles being an underutilized asset,

we believe people will continue to own their own vehicles as primary transportation and instead rely on the ridesharing services as a convenient supplement," Ward wrote in a client note. Lyft shares ended 0.06 percent lower at \$68.97. Separately, some environmentally focused investors are not ready to buy into Lyft or Uber Technologies, worried about the climate impact of this year's two most closely watched initial public offerings. To read more [click here](#)

Brexit leaves Ford at crossroads on long-term British plans

Ford is spending tens of millions of euros preparing for a possible British exit from the European Union without a trade deal and has yet to decide on its longer-term plans for Britain, Ford Europe chairman Steven Armstrong said. "We love being in Britain, but it has to be competitive and if it's not competitive then we'll have to take whatever actions we'll need to take to protect the business," Armstrong told Reuters at an event in the Netherlands. Ford, which makes 1.3 million engines at two British locations, Bridgend and



A file photo of signage for Lyft seen displayed at the NASDAQ MarketSite in Times Square in celebration of its initial public offering on the NASDAQ Stock Market in New York, U.S., March 29. REUTERS/Shannon Stapleton

Dagenham, and cars in Germany, has warned it could face \$1 billion in tariff costs in case of a so-called hard Brexit.

Delta's upbeat first-quarter profit estimate lifts shares

Delta Air Lines shares rose after the No.2 U.S. airline raised its first-quarter profit estimate on the back of strong business travel demand. The news boosted shares of rivals, with United Airlines, American Airlines and Southwest Airlines. Delta's announcement could soothe some nerves as investors were expecting the groundings of Boeing 737 MAX jets, a U.S. government shutdown and more-than-expected outages to pressure profits in the industry. Atlanta-based Delta said it expects first-quarter profit of 85 cents to 95 cents per share, compared with its earlier forecast of 70 cents to 90 cents per share. Analysts currently expect earnings of 80 cents per share. Shares of the company ended 6.09 percent up at \$55.36.

U.S. March, first-quarter auto sales drop in weak start to 2019

Major automakers reported weak sales for March and the first quarter citing a rough start to the year, but said a robust economy and strong labor market should encourage consumers to buy more vehicles as 2019 rolls on. The battle for market share in the particularly lucrative large pickup truck market intensified in the quarter, as Fiat Chrysler's Ram brand outsold No. 1 U.S. automaker General Motors Co's Chevrolet brand trucks. GM posted a 7 percent drop in first-quarter sales, with declines across all brands. FCA reported a 7 percent fall in U.S. sales in March and a 3 percent drop for the first quarter. "The industry had a tough first quarter but with spring finally starting to show its face and continued strong economic indicators... we are confident that new vehicle sales demand will

strengthen going forward," FCA's U.S. head of sales Reid Bigland said.

Massachusetts says Wynn Resorts execs concealed sex accusations involving Steve Wynn

Massachusetts gaming regulators released an investigative report concluding that former executives of Wynn Resorts concealed sexual misconduct allegations against the casino operator's billionaire founder, Steve Wynn. The Massachusetts Gaming Commission released the report at the start of a three-day hearing focused on whether Wynn Resorts should retain a license needed to run a \$2.6 billion casino built outside of Boston expected to open in June. Brian Kelly, Steve Wynn's lawyer, said his client "denies all allegations of non-consensual sex and nothing in this report changes that." The report recommended commissioners consider recent reforms Wynn Resorts has adopted. The company said it has improved its human resources functions, arranged for Wynn to leave without severance and parted ways with anyone who did not investigate or report allegations against him.

UGI to buy rest of AmeriGas Partners in \$2.44 billion deal

Energy distributor UGI Corp said it would buy the remaining nearly 75 percent it does not own in retail propane marketer AmeriGas Partners in a cash-and-stock deal valued at \$2.44 billion. UGI also cut its fiscal 2019 profit forecast because of a warmer-than-normal winter in Europe. The company now expects a full-year profit of \$2.40-\$2.60 per share, compared with its previous forecast of \$2.75-\$2.95. In the AmeriGas deal, shareholders will receive 0.50 shares of UGI in addition to \$7.63 in cash for each share owned, the companies said. "This transaction significantly

enhances UGI's free cash flow, one of the key elements of our long-term success," UGI Chief Executive Officer John L. Walsh said.

Apple, luxury brands drop prices in China on VAT cut

Apple and luxury labels such as Gucci have lowered their prices in China after a cut in its value-added tax (VAT) rate came into effect from April 1. Kering said that its Italian Gucci brand had cut prices by 3 percent, while a spokeswoman for LVMH's Louis Vuitton confirmed its China business had adjusted prices. Louis Vuitton was "fully supportive of the Chinese government's ongoing efforts to narrow the price gap between China and overseas," she said. Birkin-bag maker Hermes also said it had passed on the VAT cuts to customers in China, with price drops of 3 percent from the beginning of April. "Long term, luxury consumption will happen incrementally at home," analysts at HSBC said.

Microsoft, BMW launch industrial cloud technology partnership

Microsoft and BMW launched an initiative to create an Open Manufacturing Platform that seeks to stimulate innovation and accelerate the development of 'smart' factories. It's the second alliance of its kind in a week after Volkswagen and Amazon Web Services teamed up to connect the German car maker's 122 group plants to improve production systems and processes. Both deals reflect a push by 'hyperscale' cloud computing providers to capture and manage the terabytes of data thrown off by the network of connected devices such as robots and sensors that make up the so-called Internet of Things (IoT). "Microsoft is joining forces with the BMW Group to transform digital production efficiency across the industry," Scott Guthrie, executive vice president, Microsoft Cloud + AI Group, said.



Migrants from Central America are seen escorted by U.S. Customs and Border Protection officials after crossing into the United States illegally and turning themselves in to request asylum in El Paso, Texas, United States, in this picture taken from Ciudad Juarez, Mexico, April 1. REUTERS/Jose Luis Gonzalez

Insight and Analysis

Facebook, Twitter sucked into India-Pakistan information war

Pakistani social media campaigner Hanzala Tayyab leads about 300 ultra-nationalist cyber warriors fighting an internet war with arch-foe India, in a battle that is increasingly sucking in global tech giants such as Twitter and Facebook. Tayyab, 24, spends his days on Facebook and encrypted WhatsApp chatrooms organising members of his Pakistan Cyber Force group to promote anti-India content and make it go viral, including on Twitter where he has more than 50,000 followers. Four Facebook and more than 20 Twitter accounts belonging to members of the Pakistan Cyber Force have been shuttered in the past two

months, according to Tayyab, who is still angry at Twitter for shutting down his previous personal account in 2016. A Twitter spokeswoman said: "We believe in impartiality and do not take any actions based on political viewpoints."

Despite being exposed, fake news thrives on social media ahead of India polls

Two weeks after a suicide bombing in Kashmir in February killed 40 Indian policemen, a Facebook user called Avi Dandiya posted a live video in which he played a recording of a call purportedly involving India's home minister, the president of the ruling Bharatiya Janata Party (BJP) and an unidentified

woman. The trio could be heard talking about arousing nationalist sentiment ahead of India's general election, with the BJP president allegedly saying in Hindi: "We agree that for election, we need a war". Within 24 hours, one of Facebook's fact-checking partners in India, BOOM, exposed Dandiya's video as fake. By the time Facebook took down the post, it had received more than 2.5 million views and 150,000 shares. Still, Reuters last week found at least four edited copies of Dandiya's videos on Facebook with about 36,000 views. One on Google's YouTube has been seen 2,800 times while another on Twitter has 22,000 views.



CANADA

Market Monitor

Canada's main stock index closed higher, with the **Toronto Stock Exchange's S&P/TSX composite index** rising 0.22 percent to 16,263.87.

The **materials sector** rose 0.46 percent.

The **U.S. dollar** rose 0.20 percent against its **Canadian counterpart** to C\$1.3333.



REUTERS/Thomas White

COMING UP

Department store chain **Hudson Bay Co** is expected to report higher fourth-quarter profit as it works on reforming its business and tries to monetize the value of its real estate holdings. Investors will look out for comments on growth plans to boost efficiency as consumers shift away from department stores to e-commerce.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Kirkland Lake Gold Ltd	41.40	1.97	5.00
Uni-Select Inc	15.24	0.65	4.46
Torex Gold Resources Inc	16.84	0.70	4.34
LOSERS			
BRP Inc	37.27	-1.50	-3.87
Brookfield Business Partners LP	50.87	-1.95	-3.69
CannTrust Holdings Inc	10.28	-0.38	-3.56

Top News

Canada canola exporter: if China ban continues, will be hard to find markets

Canada's largest exporter of canola seed to China said it would "not be a painless exercise" to find new international markets if Beijing's ban on imports continued in the long term. Richardson International President and Chief Executive Curt Vossen also predicted Canadian farmers could cut the amount of canola they plant this year by 10 percent or more. China, locked in a trade and diplomatic dispute with Canada, cites the discovery of pests as the reason for blocking shipments of canola seed from Richardson early last month. Shortly afterwards it expanded the ban to a second major exporter, Viterra. Vossen told the House of Commons agriculture committee that the ban was "creating significant distress among all industry stakeholders" and needed to be resolved quickly. "If the current disruption continues over the longer

term, we will have no choice but to find other markets for Canadian canola seed. However, doing so will be no easy task, and can only occur over a longer period of time," said Vossen. Canadian Trade Minister Jim Carr said on Monday he was talking to other importers of canola, such as Pakistan, Mexico and Vietnam to discuss whether they might buy more.

Air Canada delays launch of seasonal routes due to Boeing MAX grounding

Air Canada said it would delay the launch of certain seasonal flights this spring, as the carrier wrestles with the challenge of servicing routes previously flown by its grounded Boeing 737 MAX aircraft. Canada's largest carrier said it would put off the launch of at least five seasonal routes, including delaying its Vancouver to Boston service to June 16 from June 1. Montreal-based Air Canada said a previously-announced halting of flights from two Eastern

Canadian cities to London's Heathrow airport would now remain suspended until May 31. The Canadian carrier has been flying alternative planes or consolidating flights into larger jets that were previously flown more frequently on smaller aircraft.

Ontario Teachers' fund 2018 net returns drop on market volatility

Ontario Teachers' Pension Plan, Canada's third-biggest public pension fund, posted a sharp drop in net returns from investments compared with the previous year, due to a difficult trading environment caused by volatile global markets. The fund, which administers pensions for 327,000 working and retired teachers in Canada's most populous province, reported net returns of 2.5 percent last year, compared with 9.7 percent in 2017. "In 2018, we were able to generate positive returns even as we navigated some of the most volatile markets in years," said Ron Mock, chief executive officer of the fund.

WEALTH NEWS

ECONOMIC REPORT

U.S. manufacturing sector stabilizing, challenges remain

New orders for key U.S.-made capital goods slipped in February and shipments were unchanged, but data for January was revised slightly higher, which could support views that the manufacturing sector was stabilizing. The core capital goods orders fell 0.1 percent in February and core capital goods orders increased 0.9 percent in January, instead of rising 0.8 percent as previously reported. In February, orders for machinery dropped 0.3 percent after rising 2.0 percent in January. Overall orders for durable goods, items ranging from toasters to aircraft that are meant to last three years or more, tumbled 1.6 percent in February.

U.S. durable goods



WTO ON TRADE

Trade slowed in Q4, WTO says; auto tariffs, Brexit are 2019 risks

World trade shrank by 0.3 percent in the fourth quarter of 2018 and is likely to grow by 2.6 percent this year, slower than 3.0 percent growth in 2018 and below a previous forecast of 3.7 percent, the World Trade Organization said.

U.S.-CHINA NEGOTIATIONS

Tariff, enforcement issues still hurdles to US-China trade deal -U.S. Chamber

Chances are increasing for a deal to end the U.S.-China trade war, but negotiations this week are "critical" to resolving stubborn differences over an enforcement mechanism and a plan to lift U.S. tariffs on Chinese goods, a top U.S. Chamber of Commerce official said.

FED'S POWELL TO SPEAK

Fed Chairman Powell to address House Democratic retreat next week

U.S. Federal Reserve Chairman Jerome Powell will brief House of Representatives Democrats on the economy next week at their annual policy retreat, appearing at a key time when the economy may be slowing and the Fed itself is facing harsh criticism from Republican President Donald Trump.

VODAFONE-LIBERTY DEAL

EU has no major concerns in Germany over Vodafone-Liberty deal - sources

The European Union has not raised any major concerns about the impact on Germany's cable market of Vodafone buying Liberty Global's assets, sources with direct knowledge of the matter said, improving the chances of the deal going ahead.

BITCOIN JUMPS

Bitcoin jumps 20 percent, mystery order seen as catalyst

Bitcoin soared to its highest in almost five months, pulling smaller cryptocurrencies up with it, after a major order by an anonymous buyer set off a frenzy of computer-driven trading, analysts said.

REGULATION

U.S. regulators propose rule discouraging large banks from investing in competitors' debt

U.S. bank regulators proposed a rule that would discourage large banks from heavily investing in debt issued by other large banks by requiring them to hold additional capital against such investments.



A Buckingham Palace staff member poses with Queen Victoria's Stuart Ball costume at the press preview of Queen Victoria's Palace which goes on public display from July 20 at the Summer Opening of the State Rooms at Buckingham Palace in London, Britain, April 2. REUTERS/Hannah McKay

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