

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks jumped and **Treasury yields** rose after the U.S. President Trump backed off his plan to impose tariffs on Chinese goods next month, delaying duties on some goods. The **dollar** strengthened against the **yen**, while **gold** prices fell. **Oil** soared as concerns over a global trade war eased.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26215.15	307.78	1.19	27398.68	21712.53
Nasdaq	8016.36	152.95	1.95	8339.64	6457.13
S&P 500	2926.32	42.57	1.48	3027.98	2443.96
Toronto	16350.84	113.07	0.70	16672.71	13776.88
FTSE	7250.90	24.18	0.33	7727.49	6599.48
Eurofirst	1466.26	8.47	0.58	1554.34	1308.86
Nikkei	20455.44	-229.38	-1.11	22362.92	19241.37
Hang Seng	25281.30	-543.42	-2.10	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.6881	-14 /32
2-year	1.6645	-5 /32
5-year	1.5692	-13 /32
30-year	2.1521	-16 /32

FOREX	Last	% Chng
Euro/Dollar	1.1173	-0.35
Dollar/Yen	106.67	1.31
Sterling/Dollar	1.2056	-0.14
Dollar/CAD	1.3227	-0.08
TR/HKEX RMB	92.73	1.38

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	57.06	2.13	3.88
Spot gold (NY/oz)	1502.56	-8.59	-0.57
Copper U.S. (front month/lb)	0.0262	0.0004	1.69
CRB Index Total Return	181.98	2.60	1.45

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Symantec Corp	23.12	1.45	6.69
Best Buy Co Inc	71.29	4.33	6.47
Micron Technology Inc	44.17	2.04	4.84
LOSERS			
Southern Co	57.23	-1.45	-2.47
Cabot Oil & Gas Corp	16.99	-0.36	-2.07
UDR Inc	46.55	-0.93	-1.97

Coming Up

Cisco Systems Inc is expected to report a rise in fourth-quarter revenue as the network gear maker benefits from growth in its cyber security and application software. Investors will keep an eye on its forecast.

The department store operator **Macy's Inc** is expected to post a drop in second-quarter profit as it spent heavily to build up its online business and grow its off-price business. All eyes will be on the company's comments on the latest round of tariffs. Being the first of the department store chains to report, investors and analysts will keen to know the spending appetite of consumer.

The U.S. labor department is expected to show **import prices** to be flat in July, after dropping 0.9% in June.

The world's most powerful money managers and hedge-fund investors ranging from Seth Klarman's Baupost Group and Warren Buffett's Berkshire Hathaway to Bill Ackman's Pershing Square Capital Management and David Einhorn's Greenlight Capital are expected to say which U.S. stocks they held at the end of the second quarter via **13F SEC filings**, shedding light on how they positioned their portfolios.

The Federal Reserve Bank of New

York is scheduled to release the 2019 **Small Business Credit Survey Report on Nonemployer Firms**, which examines the business conditions and credit environment of more than 5,800 small businesses with no employees other than the business's owners, in New York.

China's **Luckin Coffee Inc** is expected to post a loss when it reports its first results as a public company as the Starbucks challenger opens new stores and expands aggressively. The U.S.-listed company's shares have gained about 20% since debut in May when it raised \$561 million. The company still needs to find a way to turn profit as it wages a protracted cash-burning war to offer cut-price alternatives to Chinese consumers.

Embraer SA is expected to release second-quarter results as investor scrutiny of the planemaker's loss-making units increases. The company is nearing a deal with Boeing, which will take control of Embraer's commercial plane division.

LIVECHAT-EQUITIES WATCH
Equities reporters at Reuters covering Europe and the Americas discuss trends in stock markets. (0900 ET/1300 GMT) To join the conversation, [click here](#)

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Import prices mm for July	0830	0%	-0.9%
Export prices mm for July	0830	0%	-0.7%
TR IPSOS PCSI for Aug	1100	--	62.48

Market Monitor

Stocks closed higher after an announced delay of planned tariffs on select Chinese imports brought buyers back to the equities market in a broad-based rally. **Apple**, a likely beneficiary of the tariff delay, rose 4.23%, while the **Philadelphia SE Semiconductor Index** gained 2.95% to 1489.66. The **technology, communications services sector** rose 2.47% to 1391.09. Shares of **CBS** rose 1.39% and **Viacom** ended up 2.38% after the media companies reached an agreement regarding their impending merger. The **Dow Jones Industrial Average** rose 1.19% to 26,215.15, the **S&P 500** gained 1.48% to 2,926.32 and the **Nasdaq Composite** rose 1.95% to 8,016.36 at close.

The **Treasury yield curve** hit its flattest level in more than 12 years, suggesting increased market anxiety over the state of the economy amid trade war concerns and global political tensions. The spread between U.S. 2-year and 10-year note yields declined to 0.6 basis point, the narrowest since June 2007, according to Refinitiv data. The last time this yield curve inverted was also in June 2007 in the midst of the U.S. sub-prime mortgage crisis. Analysts said the higher inflation was a positive sign for the U.S. economy, but was likely not enough to deter the Federal Reserve from cutting interest rates at the next policy meeting in September. **Benchmark notes** were down 15/32 yielding 1.69%. Short dated **2-year notes** fell 5/32 to yield 1.66%. The **30-year bonds** were down 18/32 yielding 2.15%.

The **dollar** rose, clobbering the Japanese yen, after the Trump administration said it would delay 10% tariffs on some Chinese products scheduled to begin next month, a significant concession in the trade



Traders work on the floor at the New York Stock Exchange in New York, U.S., August 13.
REUTERS/Eduardo Munoz

conflict between Washington and Beijing. The U.S. dollar was also buoyed after the United States reported that consumer prices in July increased, though the easing of trade tensions could tamp down further inflationary pressures. The **U.S. dollar** rose 1.3% to 106.66 **Japanese yen**. The **dollar index** was 0.45% higher at 97.82.

Oil prices jumped, after the United States said it would delay imposing a 10% tariff on certain Chinese products, easing concerns over a global trade war that has pummelled the market in recent months. Oil prices seesawed earlier in the day, caught between demand worries and rising global supplies and expectations for deeper production cuts from leading producers. "The possibility that the United States and China can get the trade talks on track ... is raising hopes that they might actually get some type of deal," said Phil Flynn, analyst at

Price Futures Group in Chicago. **Brent futures** were up 4.59% at \$61.26 a barrel, while **U.S. crude futures** were up 3.86% at \$57.05 per barrel.

Gold prices fell, in a reversal from six-year highs, after the United States said it would delay tariffs on some Chinese products and on news that both sides agreed to continue trade talks. "A thawing, perhaps reconsideration of the new proposed tariffs has drained the heat from the (gold) rally for now," said Tai Wong, head of base and precious metals derivatives trading at BMO. "While this does not dramatically dim the overall positive outlook for gold, it will temper its momentum in the short term." **Spot gold** was down 0.6% at \$1,502.1 per ounce, having earlier hit its highest level since April 2013 at \$1,534.31. **U.S. gold futures** were down 0.15% at \$1,515 an ounce.

Top News

Trump backs off China tariff plan with delays for cellphones, laptops

President Donald Trump backed off his plan to impose 10% tariffs on remaining Chinese imports on Sept. 1, delaying duties on cellphones, laptops and many other consumer goods in the hopes of blunting their impact on U.S. holiday sales. The new tariff will, instead, be effective from Dec. 15 for thousands of products including clothing and footwear, possibly buttressing the holiday selling season from some of the fallout from the protracted trade spat between the world's two largest economies. "We're doing this for Christmas season, just in case some of the tariffs would have an impact on U.S. customers," Trump told reporters in New Jersey. But the Trump administration still plans to impose 10% tariffs on thousands of Chinese food, clothing and other consumer electronics products beginning Sept. 1. The exemptions, combined with renewed talks with China, suggest Trump may be willing to compromise. Meanwhile, Apple's AirPods, Apple Watch and HomePod are not included in a temporary reprieve on tariffs by the Trump administration and will face a 10% levy on Sept 1. To read more, [**click here**](#)

CBS, Viacom reach deal to reunite Sumner Redstone's media empire

CBS and Viacom have reached a deal to reunite media mogul Sumner Redstone's U.S. entertainment empire after 13 years apart. The new company will be named ViacomCBS Inc despite the fact that CBS shareholders will own 61% and Viacom shareholders will own 39%. Viacom shareholders will receive 0.59625 CBS shares for each share they own, representing a slight premium to Viacom's closing price on Monday. The merger creates a company with roughly \$30-billion market value. It will combine the CBS



A file photo of Chinese and U.S. flags fluttering near The Bund in Shanghai, China, July 30. REUTERS/Aly Song

television network, CBS News, Showtime cable networks with MTV Networks, Nickelodeon, Comedy Central and the Paramount movie studios. Together, they will own more than 140,000 TV episodes and more than 3,600 film titles. Annually, it is estimated to generate about \$28 billion in revenue. "My father once said 'content is king,' and never has that been more true than today," Shari Redstone said in a prepared statement. Viacom Chief Executive Bob Bakish will be the President and CEO of the combined company.

Boeing deliveries fall 38% in the first seven months of 2019

Boeing delivered 38% fewer planes in the first seven months of 2019 than the same period a year earlier, as the grounding and doubts around the future of its best-selling 737 MAX jets hurt operations. Deliveries totaled 258 aircraft in the seven months through July, compared to 417 last year, and trailing far behind the 458 aircraft handed over in the same period by

European rival Airbus SE. The numbers put Boeing on course to lose the crown of world's biggest planemaker, which it has held uninterrupted for seven years. The U.S. planemaker is still ahead of Airbus on combined deliveries of its widebody jets, the 777 and 787 Dreamliner, which stood at 24 and 90, respectively, through the first seven months of 2019, compared with 25 and 80, a year earlier.

Google's jobs search draws antitrust complaints from rivals

Google's fast-growing tool for searching job listings has been a boon for employers and job boards starving for candidates, but several rival job-finding services contend anti-competitive behavior has fueled its rise and cost them users and profits. In a letter to be sent to European Union competition commissioner Margrethe Vestager and seen by Reuters, 23 job search websites in Europe called on her to temporarily order Google to stop playing unfairly while she investigates.

Similar to worldwide leader Indeed and other search services familiar to job seekers, Google's tool links to postings aggregated from many employers. It lets candidates filter, save and get alerts about openings, though they must go elsewhere to apply. Alphabet's Google places a large widget for the 2-year-old tool at the top of results for searches such as "call center jobs" in most of the world. Some rivals allege that positioning is illegal because Google is using its dominance to attract users to its specialized search offering without the traditional marketing investments they have to make. Vestager, who has been examining job search on Google, leaves office Oct. 31. But a person familiar with the review told Reuters that Vestager is preparing an "intensive" handover so that her successor does not drop it.

After 50 years in UK North Sea, Exxon eyes the exit – sources

Exxon Mobil is considering a sale of its assets in the British North Sea after more than 50 years in the oil and gas basin as it focuses on U.S. shale production and new projects. The energy company has held talks with a number of North Sea operators in recent weeks to gauge interest in some or all of its assets, which could fetch up to \$2 billion, according to three industry sources with knowledge of the matter. Most of Exxon's operations are managed through a 50-50 joint venture with Royal Dutch Shell, known as Esso Exploration and Production UK, and include interests in nearly 40 oil and gas fields. Neivan Boroujerdi, North Sea analyst at consultancy Wood Mackenzie, said an Exxon exit was expected, valuing it at around \$2 billion.

GM, Ford planning for possible economic downturn -execs

The top two U.S. automakers are preparing for a possible economic downturn, the companies said, as an ongoing trade war between Washington and Beijing fuels fears of a

global recession. Ford Motor has a cash buffer of \$20 billion for a potential downturn event, Ford North American Chief Financial Officer Matt Fields said at a J.P. Morgan Conference in New York. General Motors has \$18 billion in cash, with the potential to pay two years worth of dividends, the company's finance head, Dhivya Suryadevara, said at the conference. GM has modeled both moderate and severe downturn scenarios similar to 2008-2009 to get a sense of how it might affect profitability and cash flow at car manufacturer, Suryadevara said. Ford said it was "proactively" evaluating its future moves, as it works with economists to model the severity of a possible recession.

Third Point cuts United Technologies stake after opposing Raytheon deal

Hedge fund Third Point said that it recently cut its investment in United Technologies, becoming the second activist hedge fund to sell shares after the company announced a merger with Raytheon that the funds said they would not support. The firm sold 480,000 shares of United Technologies stock during the second quarter, cutting its holding by 7 percent to 6 million shares, according to a regulatory filing. Last week William Ackman, another prominent activist investor, told clients that his Pershing Square Capital Management had sold all of its 5.8 million United Technologies shares. Both hedge funds, whose moves can influence other investors, told United Technologies that they did not approve of the deal, which is expected to come to a vote next year.

Amazon in talks to buy up to 10% stake in India's Future Retail – Bloomberg

Amazon.com is in late-stage talks to buy as much as 10% of India's Future Retail, Bloomberg reported, citing people familiar with the matter. The move comes as Amazon is looking to expand its reach in the Indian brick-and

-mortar market, about a year after Walmart bought a majority stake in Indian e-commerce firm Flipkart. An Amazon spokeswoman declined to comment on the deal, saying the company does not comment about "what we may or may not do ahead." Future Group is seeking a valuation of about 20 billion rupees from Amazon for the stake, according to the report.

Deciphera shares skyrocket as cancer drug improves progression-free survival

Deciphera Pharmaceuticals' shares surged after the drugmaker said its treatment helped stomach cancer patients live longer without their disease worsening in a late-stage study. Ripretinib demonstrated a median progression-free survival rate of 6.3 months compared with a month in case of placebo, the company said, adding that the drug significantly reduced the risk of disease progression or death by 85%. The company expects to submit a marketing application for ripretinib to the U.S. Food and Drug Administration in the first quarter of 2020. At market close, shares of the company were 79.95% higher at \$35.9.

Snap, in augmented reality push, launches new Spectacles version

Snap said it will launch a new version of its Spectacles sunglasses that will have the capability of capturing photos and videos and uploading them directly to its unit Snapchat. Production will be smaller for its new Spectacles 3 version, allowing Snap to continue experimenting with augmented reality, a key focus for the technology company. Spectacles 3, which will begin shipping in the fall, will cost \$380, almost twice the \$200 cost of the previous version. It will have dual cameras to add depth and dimension to photos and videos. After uploading the content to the messaging app Snapchat, users can add new lighting, landscapes and three-dimensional effects to the images, Snap said.



Kashmiri men wait before Eid-al-Adha prayers during restrictions after the scrapping of the special constitutional status for Kashmir by the Indian government, in Srinagar, August 12. REUTERS/Danish Siddiqui

Insight and Analysis

FOCUS-CBS-Viacom is just the beginning of Shari Redstone's media deals

More than two months before CBS and Viacom succeeded at a third attempt to recombine, controlling shareholder Shari Redstone had already decided the new company needed to get bigger. "We would want to look at something after that to ... develop more scale as we move forward," Redstone said at The Information's Women in Tech, Media and Finance conference in June. To the audience, it was clear that her ambitions went well beyond the hard-won reunion of the two companies her father, Sumner Redstone, put together and then pulled

apart 13 years ago.

FOCUS-As Barneys struggles, fashion vendors try on alternative channels

When fashion label Prada started demanding greater control over shop floor arrangements in U.S. department stores, Barneys New York was one of the few with enough swagger to resist. The luxury retailer said in interviews at the time it wanted to maintain its influence over buying the merchandise rather than ceding to a leased shop-in-shop controlled by the brand. But if that stand-off ended well for Barneys, its bankruptcy last week may give fashion and luxury brands new motivation to

move beyond wholesale arrangements with department stores, to focus on their own stores and websites.

COLUMN-Global motor manufacturing slump hits oil demand: Kemp

Global vehicle production is falling at the fastest rate since the financial crisis - depressing manufacturing output, freight and the consumption of oil and other commodities. Global motor vehicle output declined last year by 1%, the first annual decrease since 2009 and only the third fall in 20 years, according to data from the International Organization of Motor Vehicle Manufacturers.

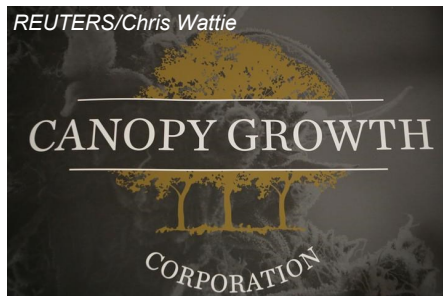


CANADA

Coming Up

Canada's largest cannabis company **Canopy Growth Corp** is expected to post a bigger first-quarter loss as it spends more to expand and establish a larger presence in both domestic and overseas markets. Investors will look for any change to the company's strategy in the wake of the ouster of co-founder and former CEO Bruce Linton.

Luxury parka maker **Canada Goose Holdings Inc** is expected to report a first-quarter loss as it spends more to attract customers to its retail outlets and due to higher labour costs. Investors will look for commentary on expansion plans.



Canadian simulator-maker and training specialist **CAE Inc** is expected to report higher first-quarter revenue, helped by stronger demand for its civil aviation segment.

MARKET MONITOR

Canada's main stock index ended higher after Washington decided to delay 10% tariffs on some Chinese products that were scheduled to kick in next month. The **Toronto Stock Exchange's S&P/TSX composite index** was up 0.7% at 16,350.84. The **U.S. dollar** was down 0.11% against its **Canadian counterpart** at C\$1.3224.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Baytex Energy Corp	1.87	0.10	5.65
Aphria Inc	9.14	0.48	5.54
Lundin Mining Corp	6.20	0.31	5.26
LOSERS			
Precision Drilling Corp	1.58	-0.09	-5.39
MAG Silver Corp	15.63	-0.83	-5.04
OceanaGold Corp	3.61	-0.18	-4.75

Top News

Canadian drug price regulator may be flexible on rare diseases

Canada's patented drug price regulator, set to gain new powers next year, may be "more forgiving" in setting price caps for drugs that treat rare diseases, the agency's executive director told Reuters, as some advocates warned the country's pricing reforms would hurt patients. Doug Clark, executive director of the Patented Medicine Prices Review Board (PMPRB), noted that improving access to rare disease drugs was part of the most recent federal budget. Clark's assurance was little comfort to Durhane Wong-Rieger, president of the Canadian Organization for Rare Disorders (CORD), who fears lower price caps would stop drugmakers from selling treatments for

REUTERS/Srdjan Zivulovic



rare conditions in Canada. Canada's patented drug prices are among the highest in the world, and the federal government has said many countries with lower prices have similar or better access to drugs. Much depends on how the PMPRB uses its new powers, which will be laid out in guidelines that are still being drafted. Clark did not go into much detail, citing that process.

Genworth to sell Canada unit stake to Brookfield in \$1.81 billion deal

Genworth Financial agreed to sell its 57% stake in its Canadian mortgage insurance unit for about \$1.81 billion, as the U.S. insurer looks to close its long-delayed sale to China Oceanwide Holdings Group. Genworth said it would sell the stake in Genworth MI Canada to investment manager Brookfield Business Partners for C\$48.86 per share, a 4.1% discount to the Canadian unit's close on Monday. Oceanwide and Genworth, which signed the deal in October 2016, also entered into the 12th waiver and agreed to extend their merger deadline to not later than Dec. 31. The Oceanwide deal will still require clearance in China for currency conversion, the company said.

WEALTH NEWS

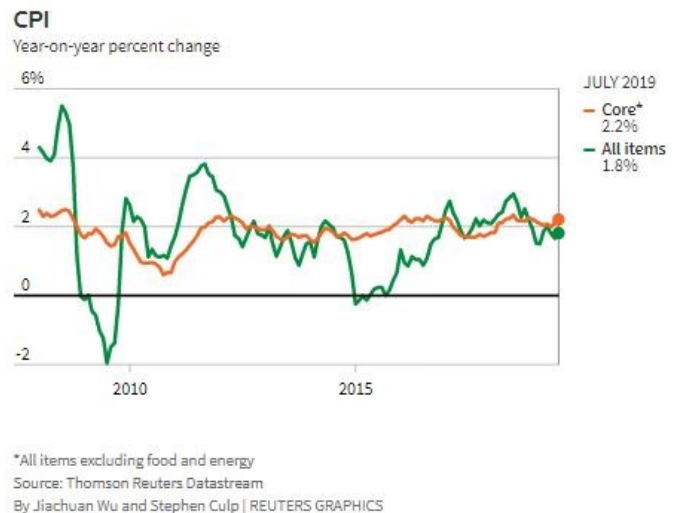
ECONOMIC REPORT

U.S. inflation picking up; Fed rate cut still expected

U.S. consumer prices increased broadly in July, but the signs of an acceleration in inflation will likely do little to change market expectations that the Federal Reserve will cut interest rates again next month amid worsening trade tensions. The report from the Labor Department, however, lowered the chances that the U.S. central bank would cut rates by half a percentage point at its Sept. 17-18 policy meeting. The consumer price index increased 0.3% last month, lifted by gains in the cost of energy products and a range of other goods, the government said. In the 12 months through July, the CPI increased 1.8% after advancing 1.6% in June. The core CPI was boosted by increases in prices for apparel, airline tickets, healthcare and household furnishings. In the 12 months through July, the core CPI climbed 2.2%, the biggest gain in six months, after rising 2.1% in June. The three-month core inflation rate jumped 2.8%, the most in eight years.

U.S. inflation

Click on the chart for a detailed and interactive graphic



VOLCKER RULE REWRITE

U.S. regulators to drop accounting test in 'Volcker' rewrite - sources

U.S. regulators have circulated a new draft of the "Volcker Rule" that would further ease its requirements and scrap a proposed new test that had been met with fierce resistance from Wall Street, according to two people with knowledge of the matter.

EXCLUSIVE

Citgo to appoint new CEO to navigate political, legal turmoil -sources

Citgo Petroleum has selected Carlos Jorda as its next chief executive, according to three people familiar with the matter, turning to a seasoned refinery expert and native Venezuelan to run a company facing legal attacks and working under U.S. sanctions against parent Petroleos de Venezuela (PDVSA).

GRAPHIC

Predicting the next U.S. recession

A protracted trade war between China and the United States, the world's largest economies, and a deteriorating global growth outlook has left investors apprehensive about the end to the longest expansion in American history.

JOINT VENTURE

Trafigura in ship fuel venture with Frontline, Golden Ocean

Commodities trader Trafigura is joining forces with shipping firms Frontline and Golden Ocean to supply marine fuel ahead of a shake up in regulation which could disrupt delivery and cause prices to spike.

PRESSURE ON GROWTH

Past-due student loans, credit card debt could weigh on U.S. growth

More people in the United States appear to be struggling to keep up with their credit card and student loan debt, which could put pressure on one of the strongest drivers of economic growth.

COURTROOM BATTLE

Fidelity battles IRS in court over coal tax credits

Fidelity Investments' courtroom battle with the IRS over disallowed tax credits drew to a close when lawyers clashed over whether the mutual fund giant was a bonafide partner in the production of chemically treated coal.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Agilent Technologies	Q3	AMC	\$0.72	\$0.72	\$0.67	\$1,239.02
Cisco Systems	Q4	AMC	\$0.82	\$0.82	\$0.70	\$13,385.70
Macy's	Q2	BMO	\$0.46	\$0.45	\$0.70	\$5,542.31
NetApp	Q1	AMC	\$0.58	\$0.58	\$1.04	\$1,228.75
Progressive Corp	July	BMO	\$1.21	\$1.25	\$1.33	\$9,693.33

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

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

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

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