

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street's major indexes fell, while Treasuries gained as financial markets reacted to mounting concerns about a new virus in China. The **yuan** tumbled while **safe-haven currencies** rallied. **Oil** was lower on expectations that a well-supplied market would offset Libya concerns. **Gold** prices were down, while **palladium** plunged.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	29196.85	-151.25	-0.52	29373.62	24244.31
Nasdaq	9370.81	-18.14	-0.19	9393.48	8943.50
S&P 500	3320.82	-8.80	-0.26	3329.88	3214.64
Toronto	17572.28	-25.11	-0.14	17620.19	15141.54
FTSE	7610.70	-40.74	-0.53	7689.67	7524.96
Eurofirst	1655.06	-2.66	-0.16	1661.93	1614.20
Nikkei	23864.56	-218.95	-0.91	24115.95	22951.18
Hang Seng	27985.33	-810.58	-2.81	29174.92	27857.73

TREASURIES	Yield	Price
10-year	1.7673	20/32
2-year	1.5263	3/32
5-year	1.5701	9/32
30-year	2.2273	49/32

FOREX	Last	% Chng
Euro/Dollar	1.1085	-0.08
Dollar/Yen	109.78	-0.36
Sterling/Dollar	1.3042	0.25
Dollar/CAD	1.3077	0.24
TR/HKEX RMB	93.34	-0.03

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	58.25	-0.29	-0.50
Spot gold (NY/oz)	1559.13	-2.15	-0.14
Copper U.S. (front month/lb)	0.0280	-0.0005	-1.51
CRB Index Total Return	192.34	-1.37	-0.71

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Centurylink Inc	14.73	0.67	4.77
Abiomed Inc	189.91	8.63	4.76
Lennar Corp	64.94	1.85	2.93
LOSERS			
Cabot Oil & Gas Corp	15.51	-1.30	-7.73
MGM Resorts International	32.37	-2.17	-6.28
Wynn Resorts Ltd	142.31	-9.31	-6.14

Coming Up

The **World Health Organization** convenes an emergency committee of experts to assess whether the coronavirus outbreak in China constitutes an international emergency and make recommendations on how to prevent further spread.



Johnson & Johnson is expected to report a higher fourth-quarter profit, boosted by sales of its cancer drugs Darzalex and Imbruvica. Investors will look for commentary on several lawsuits related to its baby powders and medical devices, as well as on its merger and acquisition plans.

Medical device maker **Abbott Laboratories** is slated to post fourth-quarter results. Investor focus will be on sales performance of its fastest growing glucose monitoring device,

Libre, cardiovascular device MitraClip and diagnostics testing device, Alinity, and commentary on the approval of Libre 2.0, along with 2020 guidance.

The National Association of Realtors is likely to show **U.S. existing home sales** rose to 5.43 million units in December from 5.35 million units in November.

Pipeline operator **Kinder Morgan Inc** is expected to post a slight rise in fourth-quarter profit. The Gulf Coast Express pipeline and the Elba Island Liquefaction plant should provide a boost to the results. Possible headwind could come from carbon dioxide segment which has been under pressure because of volatility in the oil market.

Baker Hughes Co's fourth-quarter earnings are forecast to rise as it finishes the year split from former parent General Electric with momentum from LNG plant construction.

Texas Instruments Inc is expected to report a drop in fourth-quarter revenue, hit by a global slowdown in sales of microchips.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
National Activity Index for Dec	0830	--	0.56
Monthly home price mm for Nov	0900	--	0.2%
Monthly home price yy for Nov	0900	--	5.0%
Monthly Home Price Index for Nov	0900	--	280.2
Existing home sales for Dec	1000	5.43mln	5.35mln
Existing home sales % change for Dec	1000	1.3%	-1.7%

A federal judge in Manhattan scheduled a conference to discuss celebrity lawyer **Michael Avenatti's** upcoming trial on charges he tried to extort **Nike Inc.** The trial was adjourned from Jan. 21 after Avenatti's bail was revoked, following his Jan. 14 arrest on accusations he concealed money from creditors while on bail. U.S. District Judge Paul Gardephe has

said he would like the Nike trial to begin by Jan. 27.

LIVECHAT- DAVOS

Moderated by experienced Reuters journalists, join us in the GMF as we bring you to the heart of the Davos debate and on-location coverage of one of the biggest global events of the year. A raft of guests including

Matthew Chamberlain, CEO, LME (0700 ET/1200 GMT), **Xue Lan**, Dean of Schwarzman College, Tsinghua University (0815 ET/1315 GMT), **Anthony Scaramucci**, Founder, SkyBridge Capital (1000 ET/1500 GMT) and **Scott Minerd**, Global Chief Investment Officer, Guggenheim Partners at (1200 ET/1700 GMT) will join us. To be a part of discussions, [click here](#)

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Abbott Laboratories	Q4	BMO	\$0.95	\$0.95	\$0.81	\$8,263.14
Amphenol	Q4	BMO	\$0.91	\$0.91	\$1.05	\$2,000.44
Baker Hughes Co	Q4	07:00	\$0.30	\$0.31	\$0.26	\$6,466.04
Citrix Systems	Q4	AMC	\$1.70	\$1.68	\$1.67	\$802.03
Fifth Third Bancorp	Q4	BMO	\$0.72	\$0.72	\$0.69	\$1,984.43
Johnson & Johnson	Q4	BMO	\$1.86	\$1.87	\$1.97	\$20,803.94
Kinder Morgan	Q4	AMC	\$0.28	\$0.27	\$0.25	\$3,616.76
Northern Trust	Q4	BMO	\$1.73	\$1.74	\$1.67	\$1,547.71
Prologis	Q4	BMO	\$0.39	\$0.39	\$0.94	\$727.01
Raymond James Financial	Q1	AMC	\$1.94	\$1.93	\$1.79	\$2,010.95
SL Green Realty	Q4	AMC	\$0.39	\$0.39	-\$0.73	\$248.89
Texas Instruments	Q4	AMC	\$1.02	\$1.02	\$1.27	\$3,216.04

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

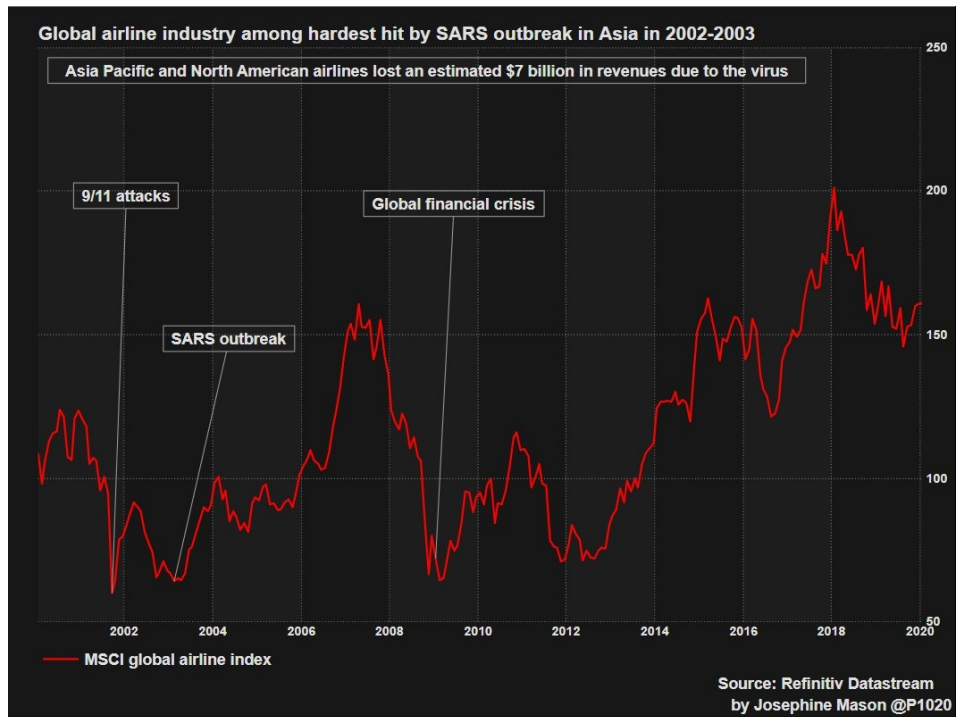
I/B/E/S EPS and revenue estimates, and StarMine Smart Estimates, provided by Refinitiv.

Market Monitor

Wall Street lost ground, backing away from record highs as a viral outbreak from China found its way to U.S. shores and the International Monetary Fund (IMF) lowered its global economic growth forecast. The indexes extended their losses after the Centers for Disease Control and Prevention confirmed the first U.S. case of the coronavirus, which has now killed six people in China. "The fear is this could mushroom into an epidemic that could cut into economic activity," said Peter Cardillo, chief market economist at Spartan Capital Securities in New York. "If it turns into an epidemic, who's going to fly?" Indeed, with the outbreak occurring just before the Chinese lunar new year, the news hit travel-related stocks the hardest. The **NYSE Arca Airline index** dropped 2.6% to 109.44. **United Airlines** was down 4.36%, while **Carnival Corp** dipped 2.35%. The **Dow Jones Industrial Average** fell 0.52% to 29,196.85, the **S&P 500** lost 0.26%, to 3,320.83 and the **Nasdaq Composite** dropped 0.19%, to 9,370.81.

Treasury prices surged, pushing **yields** lower as risk appetite dropped, amid worries about the potential fallout from a lethal virus that has broken out in China. Wall Street shares struggled, as well, as investors tried to make sense of this new virus outbreak. **10-year notes** were up 19/32 to yield 1.77%. On the short end of the curve, **two-year notes** were up 3/32 to yield 1.53%. **30-year bonds** were up 1-13/32 to yield 2.23%.

China's yuan tumbled and the safe-haven **Japanese yen** rallied as the spread of a pneumonia-like virus in China dampened risk appetite. China reported a fourth death from a new coronavirus as the number of cases continued to rise. U.S. officials also confirmed the first U.S. case of the virus. Global stocks fell as the outbreak



rekindled memories of the severe acute respiratory syndrome (SARS) in 2002-2003, another coronavirus which broke out in China and killed nearly 800 people in a global pandemic. The **dollar** weakened 0.33% against the safe-haven **Japanese yen** to 109.82. The **euro** was down 0.07% at \$1.1086, after earlier rising to \$1.1118. The **dollar** strengthened 0.62% against **China's yuan** to 6.90.

Oil prices fell on expectations that a well-supplied global market, including supplies from growing record U.S. production, would be able to absorb disruptions that have cut Libya's crude production to a trickle. Libya's barrels "although plentiful when around, have not been a reliable count," said Brayton Tom, Senior Risk Manager for INTL FCStone's energy team. Any supply disruptions could be offset by increased output from the Organization of the Petroleum Exporting Countries (OPEC), which could limit the impact

on global oil markets, the head of Japan's petroleum industry body said. **Brent futures** fell 1.04%, to \$64.52 a barrel. **U.S. crude** fell 0.50%, to \$58.25 per barrel.

Gold shed in volatile trade as investors booked profits after prices hit a two-week high early in the session, although losses were limited by a slide in equities due to worries about a virus outbreak in China. The precious metal pared losses and climbed back up above the \$1,550 level, buoyed by a low interest-rate environment and lingering geopolitical tensions. **Spot gold** was down 0.18% at \$1,558.53 per ounce, after hitting its highest level since Jan. 8 at \$1,568.35 in early trading. **U.S. gold futures** edged down 0.13% lower at \$1,558.30 per ounce. **Palladium** fell 3.90% to \$2,401.50 per ounce.

In Focus: Davos 2020

Trump touts U.S. economy, dismisses climate 'prophets of doom' as Greta looks on

U.S. President Donald Trump touted the success of the U.S. economy in Davos, dismissing "perennial prophets of doom" on climate change to an audience that included Greta Thunberg. With his impeachment trial set to begin in Washington, Trump largely shied away from environmental issues, which are top of the agenda at the gathering in a Swiss ski resort of business leaders for the annual meeting of the World Economic Forum. Trump said the U.S. would join an initiative to plant a trillion trees, but spent several minutes of his speech hailing the economic importance of the oil and gas industries. He thanked overseas companies for investing in the United States and said the U.S. was on far better economic standing than he had imagined when he took office three years ago. He told a packed auditorium that trade deals struck this month with China and Mexico represented a model and took his biggest swipe yet at the Federal Reserve, whose policies he says are holding back the U.S. economy. "The Fed raised rates too quickly and has lowered them too slowly," Trump said of the Federal Reserve, taking aim at the central bank's policy decisions.

Goldman CEO says process on canceled WeWork IPO 'worked'

Goldman Sachs Chief Executive David Solomon called WeWork's abandoned initial public offering (IPO) a great example of the listing process working, even if it was "not as pretty as everybody would like it to be". Goldman was one of investment banks that would have led the IPO last year, after convincing the office space-sharing start-up it could improve on the \$47 billion valuation in a private fundraising round it secured in January 2019. The IPO was canceled after investors raised questions about WeWork's valuation



U.S. President Donald Trump speaks during a bilateral meeting with the President of the Swiss Confederation Simonetta Sommaruga at the 50th World Economic Forum (WEF) annual meeting in Davos, Switzerland, January 21. REUTERS/Denis Balibouse

and corporate governance arrangements that gave its co-founder Adam Neumann too much control. "The banks were not valuing (WeWork). Banks give you a model. You say to the company, well, if you can prove to us that the model actually does what it does, then it's possible that the company is worth this in the public markets," Solomon said.

Trump has 'very good' trade talks with Europe, keeps tariff threat on table

U.S. President Donald Trump struck a cautiously optimistic tone on trade talks with Europe, but kept the threat of new car tariffs firmly on the table. Having long accused the European Union (EU) of gaining an unfair trade advantage, Trump has threatened to slap new tariffs on European cars and car parts, a vital export product, particularly for Germany, the euro zone's biggest economy. After a meeting with European Commission President Ursula von der Leyen in Davos, Trump said he had "very good" talks but maintained that if a deal was not

struck, Washington would strongly consider auto tariffs. "We expect to be able to make a deal with Europe. And if they don't make a deal we'll certainly give that very strong consideration," Trump said on the sidelines of the annual meeting of the World Economic Forum, referring to tariffs.

Lam launches Hong Kong charm drive as protests persist

Hong Kong leader Carrie Lam sought to convince global business and political leaders at the World Economic Forum in Davos that the Asian financial hub is open for business. Hong Kong's status has come under scrutiny as seven months of sometimes violent demonstrations paralysed parts of the city and forced businesses to close, posing the gravest popular challenge to Chinese President Xi Jinping since he took power in 2012. Lam and "Team HK", including its trade secretary, top officials from the stock exchange, airport authority, MTR Corp and the head of Swire Group, are in the Swiss mountain resort after Moody's this week downgraded Hong Kong.

Top News

Apple dropped plan for encrypting backups after FBI complained - sources

Apple dropped plans to let iPhone users fully encrypt backups of their devices in the company's iCloud service after the FBI complained that the move would harm investigations, six sources familiar with the matter told Reuters. The tech giant's reversal, about two years ago, has not previously been reported. It shows how much Apple has been willing to help U.S. law enforcement and intelligence agencies, despite taking a harder line in high-profile legal disputes with the government and casting itself as a defender of its customers' information. More than two years ago, Apple told the FBI that it planned to offer users end-to-end encryption when storing their phone data on iCloud, according to one current and three former FBI officials and one current and one former Apple employee. When Apple spoke privately to the FBI about its work on phone security the following year, the end-to-end encryption plan had been dropped, according to the six sources. Separately, attorneys for a former Apple executive will try to convince a skeptical judge of a core tenet of tech startup culture - that employees can plan a competing venture while still in a job. To read more, [click here](#)

Boeing says 737 MAX may not win approval to return until mid-year, shares drop

Boeing said it does not expect to win approval for the return of the 737 MAX to service until mid-year due to further potential developments in the certification process and regulatory scrutiny on its flight control system. Boeing said it has informed airlines and suppliers of the new estimate, which is longer than previous forecasts and also takes into account new anticipated pilot training requirements. The U.S. Federal Aviation Administration said in a statement on Tuesday: "The FAA's



A file photo of the Apple Inc. logo seen hanging at the entrance to the Apple store on 5th Avenue in Manhattan, New York, U.S., October 16, 2019. REUTERS/Mike Segar

first priority is safety. The agency is following a thorough, deliberate process to verify that all proposed modifications to the Boeing 737 MAX meet the highest certification standards. We continue to work with other safety regulators to review Boeing's work as the company conducts the required safety assessments and addresses all issues that arise during testing. We have set no timeframe for when the work will be completed." Boeing shares ended 3.35% lower at \$313.28.

Halliburton takes \$2.2 billion charge on shale slump

Halliburton disclosed a \$2.2 billion charge to earnings as weakening North American shale activity continued to hit the industry. The charge for asset impairments was centered on hydraulic fracturing and legacy drilling equipment units, and employee severance costs, the company said. Halliburton dismissed 8% of its North American staff at mid-year, and later cut staff across several western U.S. states. Halliburton will reduce capital spending

by 20% this year, to \$1.2 billion, executives said on the call, as North American customers further slash spending. It will recognize \$50 million of the charges in the current quarter. The company swung to a \$1.7 billion loss in the fourth quarter on the charge. Halliburton said revenue from North America fell over 30% to \$2.33 billion, while international markets rose over 10% to \$2.86 billion in the fourth quarter ended Dec. 31.

Uber cuts losses from Eats business in India with sale to Zomato

Uber has sold its loss-making online food-ordering business in India to local rival Zomato in exchange for a 9.99% stake in the startup backed by China's Ant Financial. Zomato, valued at around \$3 billion after raising money from Ant this month, will take over Uber Eats' operations. Uber Eats' India operations contributed just 3% of gross bookings for the business globally in the first nine months of last year, while accounting for a quarter of its adjusted operating losses, the company said. The unit in India made a loss of \$61

million for the three months to Sept. 30 on revenue of \$20 million, the company said in a filing with the U.S. Securities and Exchange Commission. In other news, Uber Technologies said it is testing a feature that allows some drivers in California to set their own fares, hoping the change will help it show that its drivers are independent contractors rather than employees under state law. To read more, [click here](#)

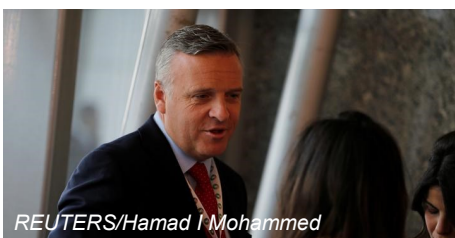
Starbucks to add more plant-based food in latest green push; Beyond Meat shares jump

Starbucks aims to add more plant-based food and drinks to its menu as part of the company's latest plan to become more environmentally friendly, Chief Executive Kevin Johnson said, prompting a surge in shares of Beyond Meat. Starbucks - which sells sausage breakfast-sandwiches, chicken wraps and smoked salmon bagels with cream cheese - did not say by when it would start offering plant-based items. A spokeswoman told Reuters the company is exploring meat alternatives for its breakfast menu, but declined comment on potential suppliers. Starbucks also said it aims to eventually shift to reusable packaging from single-use cups and plastic, and invest in better waste-management. For now, the company has laid out targets for 2030 including halving landfill waste from stores, and carbon emissions from its direct operations and supply chain. Shares in Beyond Meat ended up 18.38% at \$129.18.

Philadelphia refinery expected to be sold to real estate developer - sources

The bankrupt Philadelphia Energy Solutions is expected to sell its fire-damaged refinery site to real estate developer Hilco Redevelopment Partners, three sources familiar with the situation said. The agreement between PES and Hilco, a Chicago-based developer, is expected to be announced later in the day. The sale reduces the possibility that the more-than 1,300-acre Philadelphia site would be resurrected as an oil refinery, but it

is possible that Hilco could lease it to a refinery, biofuels or other heavy industrial operation, the sources said. There were more than a dozen initial bidders for the site, but only one bidder had publicly stated intentions to revive the site as a refinery. Any sale would have to be approved by the United States Bankruptcy Court for the District of Delaware.



McDermott to file for Chapter 11 bankruptcy protection

McDermott International said it would file for prepackaged bankruptcy protection under Chapter 11, as it looks to cut debt that ballooned following a major acquisition in 2018. The restructuring will be financed by a debtor-in-possession (DIP) financing of \$2.81 billion, the company said. As part of the deal, McDermott has also entered a stalking-horse agreement to sell its Lummus Technology unit for \$2.73 billion. Texas-based McDermott's total debt stood at \$9.86 billion as of Nov. 4, 2019. "As a result of the transaction, we are eliminating over \$4.6 billion in debt from our balance sheet and we will emerge with robust liquidity and significant financing to execute on customer projects in our backlog," Chief Executive Officer of McDermott David Dickson (*pictured*) said.

Disney+ to launch in UK, Western Europe earlier than planned

Walt Disney said it had moved up the launch of its video streaming service, Disney+, by a week to March 24 in the United Kingdom and in regions across Western Europe. Disney+ would be available in UK for 5.99 pounds (\$7.81) per month or 59.99 pounds every year, and in France, Germany, Italy, Spain, Switzerland, Ireland and Austria for 6.99 euros (\$7.76) per month or 69.99

euros annually. Disney+ features roughly 500 movies and 7,500 TV episodes from the company's family entertainment catalog as well as new programming. Disney+ is set to launch in Belgium, Portugal and the Nordic regions later in summer this year, the company said. Separately, Disney said on Friday its Chief Executive Officer Bob Iger's total compensation in 2019 was \$47.52 million, down from \$65.65 million in 2018.

Vans owner VF Corp explores options for nine brands

VF Corp said it was starting a review for nine workwear brands that target businesses, including Red Kap and Bulwark, as the apparel maker looks to focus on its retail-oriented brands such as Vans. The company said the brands under review represented about \$865 million of its total fiscal 2019 revenue of \$13.85 billion and about 50% of the workwear segment's sales. It also said divesting the brands, including VF Solutions that sells uniform to businesses and governmental organizations, would give it financial flexibility to plan future divestments. It said it would, however, retain Dickies and Timberland Pro brands from the workwear segment.

KFC apologises for 'sexist' Australian ad

KFC apologised for an advertisement in Australia that shows two boys ogling a woman's breasts, after calls from a local campaign group to boycott the fast-food giant over the ad it called "sexist". The 15-second ad, which has been running on television for the past three weeks, shows a woman dressed in a short playsuit check her bottom and adjust her breasts as she looks at her reflection in the window of a parked car. The car's window then rolls down to show two young boys staring at the woman's breasts, before she smiles and says, "Did someone say KFC?" "We apologise if anyone was offended by our latest commercial. Our intention was not to stereotype women and young boys in a negative light," a spokesperson for Yum Brands-owned KFC's South Pacific unit said.



Swedish climate change activist Greta Thunberg leaves after U.S. President Donald Trump's speech at the 50th World Economic Forum (WEF) annual meeting in Davos, Switzerland, January 21. REUTERS/Denis Balibouse

Insight and Analysis

COLUMN-Plunging U.S. gas prices intensify squeeze on coal: Kemp

U.S. coal-fired power plants are facing the perfect storm, with a mild winter and slumping natural gas prices adding to their long-term problems with competitiveness and pushing more towards retirement. Warm weather is sapping total demand for electricity, while ultra-low gas prices mean more of the demand that remains will be satisfied by gas-fired units rather than coal plants. Natural gas futures prices for deliveries to Henry Hub in Louisiana in March 2020 have fallen to just \$1.92 per million British thermal units, down from \$2.24 at the same point last month and \$2.94 a year ago. Gas prices have plunged as a result of

warmer than average temperatures so far this winter and production growth rates that have been running close to 10% year on year. For many power producers, the price of gas is now lower than coal, once differentials in transport costs and the efficiency of different types of power plants are taken into account.

COLUMN-Mission Impossible: China can't meet its commitments on U.S. crude, LNG, coal: Russell

The more you delve into the details of China's commitment to buy an additional \$52.4 billion in U.S. energy over the next two years, the more it becomes apparent the goal is

unachievable, even with the best will in the world. As part of the "Phase 1" trade deal, China undertook to buy energy over and above a \$9.1 billion baseline of U.S. imports in 2017, with a split of an extra \$18.5 billion in 2020 and \$33.9 billion in 2021. In practical terms this means China's imports from the United States this year would have to be more than double past record monthly imports of U.S.-sourced crude oil, liquefied natural gas (LNG) and coal. If that already seems difficult, it would take a tripling of the best-ever months to meet the 2021 target. There is one major factor that would need to change before China even starts to ramp up purchases of U.S. energy.



CANADA

Coming Up

Bank of Canada will announce its **monetary policy decision** and it is likely to keep the interest rate steady at 1.75%. Meanwhile, Statistics Canada is scheduled to report the **country's annual inflation rate** and it is expected to remain unchanged at 2.2% in December. **CPI for December** is expected to have edged up 0.1% from a fall of 0.1% in November. A separate report will likely show **Canadian wholesale trade** was flat in November after decreasing 1.1% in October.

Rogers Communications Inc is expected to report a rise in fourth-quarter revenue. However, the

company, during its third quarter earnings release had said it expected revenue to decline over the next four to five quarters as more of its customers sign on for its unlimited plans. Investors will be looking at the wireless subscriber numbers and any commentary on the company's 5G developments.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Bombardier Inc	1.29	0.07	5.74
Constellation Software Inc	1396.84	44.82	3.32
Pan American Silver Corp	28.92	0.90	3.21
LOSERS			
Ballard Power Systems Inc	14.35	-1.94	-11.91
First Quantum Minerals Ltd	12.14	-0.95	-7.26
Hudbay Minerals Inc	4.62	-0.31	-6.29

MARKET MONITOR

Canada's main stock index ended down, as **energy** and **gold** stocks fell against the backdrop of a global downturn in sentiment due to concerns over a virus outbreak in China.

The **Toronto Stock Exchange's S&P/TSX** composite index closed down 0.14%, at 17,572.28. The **energy sector** dropped 2.02% to 140.97.

The **U.S. dollar** rose 0.22% against its **Canadian counterpart** to C\$1.3074.

Top News



REUTERS/Blair Gable

Canada to unveil legislation to ratify USMCA deal on Jan 29 -Trudeau

The Canadian government will unveil legislation to ratify the United States-Mexico-Canada trade deal on Jan. 29, Prime Minister Justin Trudeau (pictured) said on Tuesday. Speaking to reporters ahead of parliament's return on Monday, Trudeau said Canada would immediately move forward on ratifying the trilateral trade pact, known as USMCA, with the United States and Mexico. "Passing the new NAFTA in parliament is our priority," Trudeau said while flanked by members of his cabinet following a three-day retreat.

Huawei CFO's lawyers argue U.S. extradition case does not pass Canadian law

Huawei Chief Financial Officer Meng Wanzhou returned to a Vancouver court, where her lawyers argued for a second straight day that the U.S. extradition request against Meng is founded in sanctions violation. The United States has charged Meng with bank fraud, and accused her of misleading HSBC Holdings about Huawei's business in Iran. Meng took her seat beside her translator at a desk, behind her legal team. The hearing began with a nearly half-hour long back-and-forth between defence lawyer Eric Gottardi and the British Columbia Supreme Court Judge Heather Holmes. Gottardi attempted to answer a question that Holmes had asked Monday, about whether Meng's alleged bank fraud against HSBC could be construed as a fraud if it had happened Canada. In Gottardi's written argument submitted to the judge on

Tuesday, and which he explained verbally to the court room, he said 'no.'

Cordiant Capital aims to raise \$350 million for telecoms fund, expands team

Asset manager Cordiant Capital is looking to raise around \$350 million for a telecoms infrastructure equity fund and has hired two veteran dealmakers as it looks to benefit from strong growth in mobile data usage. Canadian-based Cordiant is speaking to potential anchor investors for the fund, Cordiant IX, co-Chief Executive Benn Mikula said. He added that he expected some investors in the fund to commit an additional \$350 million, alongside the fund but not in it, in the form of co-investments in the same telecoms infrastructure. The fund will aim to capitalise on the increasing global need for new infrastructure as 5G technology prompts a worldwide increase in mobile data consumption.



WEALTH NEWS

TRADE NEGOTIATION

U.S. Treasury's Mnuchin says Phase 2 trade deal may not remove all tariffs - WSJ

The Phase 2 trade deal with China would not necessarily be a "big bang" that removes all existing tariffs, U.S. Treasury Secretary Steven Mnuchin told the Wall Street Journal in an interview. "We may do 2A and some of the tariffs come off. We can do this sequentially along the way," he added. Mnuchin also warned that Italy and Britain will face U.S. tariffs if they proceed with a tax on digital companies like Alphabet Inc's Google and Facebook, the newspaper said. Mnuchin's warning to Italy and Britain comes after France backed out and pledged with the United States to avoid a trade war until at least the end of this year. British Prime Minister Boris Johnson in December had pledged to make major multinational companies pay their fair share of tax, including the implementation of a Digital Services Tax.



U.S. Treasury Secretary Steven Mnuchin attends a session at the 50th World Economic Forum (WEF) annual meeting in Davos, Switzerland, January 21. REUTERS/Denis Balibouse

DIGITAL TAX ROW

Macron and Trump declare truce in digital tax dispute

French President Emmanuel Macron said on Monday he had a "great discussion" with U.S. President Donald Trump over a digital tax planned by Paris and said the two countries would work together to avoid a rise in tariffs.

DIGITAL CURRENCIES

Central banks join forces to look at future digital currencies

Major central banks are looking at the case for issuing their own digital currencies, the Bank of England and European Central Bank said, amid a growing debate over the future of money and who controls it.

DEAL TALKS

Hedge fund HG Vora wants Tegna to consider a sale or merger -sources

Another large investor in Tegna Inc wants the U.S. regional TV station operator to pursue a merger or sale, arguing a tie-up could be very valuable at a time the industry is facing a wave of consolidation, two people familiar with the matter said.

HEALTHCARE LAW

U.S. Supreme Court declines to fast-track Obamacare appeal

The U.S. Supreme Court rejected a bid by the Democratic-controlled House of Representatives and 20 Democratic-led states to fast-track consideration of their appeal seeking a definitive ruling that the Obamacare does not violate the U.S. Constitution.

INITIAL PUBLIC OFFER

Reynolds Consumer tees up first \$1 billion-plus U.S. IPO of 2020

Reynolds Consumer Products said it is looking to raise up to \$1.32 billion in an initial public offering (IPO), potentially setting up the first \$1 billion-plus U.S. listing of 2020.

TAKEOVER DECISION

EU decision on LSE-Refinitiv deal expected in a few months-LSE director

European competition authorities are expected to rule on the London Stock Exchange's \$27 billion takeover of data and analytics company Refinitiv "around the summer", an LSE board member said.





A large crowd gathers on a Gun Lobby Day in front of the Virginia State Capitol building in Richmond, VA, U.S. January 20. REUTERS/Stephanie Keith

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

The Day Ahead - North America is compiled by Siddharth Athreya v and Samhrittha A in Bengaluru.

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

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Refinitiv
3 Times Square, New York, NY 10036

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