

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks rose and **oil** prices climbed as U.S. and China rekindled trade talks, boosting investor sentiment. The **dollar** edged up ahead of the Federal Reserve's policy announcement on Wednesday. **Treasury yields** fell after ECB President Mario Draghi hinted at more economic stimulus. **Gold** prices pared gains.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26467.27	354.74	1.36	26951.81	21712.53
Nasdaq	7953.88	108.86	1.39	8176.08	6457.13
S&P 500	2917.76	28.08	0.97	2954.13	2443.96
Toronto	16503.35	149.90	0.92	16672.71	13776.88
FTSE	7443.04	85.73	1.17	7528.93	6599.48
Eurofirst	1515.00	25.18	1.69	1541.32	1308.86
Nikkei	20972.71	-151.29	-0.72	22362.92	19241.37
Hang Seng	27498.77	271.61	1.00	30280.12	24896.87

TREASURIES	Yield	Price
10-year	2.0595	8/32
2-year	1.8704	0/32
5-year	1.8357	2/32
30-year	2.5473	21/32

FOREX	Last	% Chng
Euro/Dollar	1.1195	-0.20
Dollar/Yen	108.41	-0.13
Sterling/Dollar	1.2558	0.21
Dollar/CAD	1.3378	-0.25
TR/HKEX RMB	93.87	0.52

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	54.08	2.15	4.14
Spot gold (NY/oz)	1346.19	6.90	0.52
Copper U.S. (front month/lb)	0.0271	0.0006	2.07
CRB Index Total Return	184.54	1.77	0.97

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Xilinx Inc	111.78	7.25	6.94
Micron Technology Inc	34.29	1.86	5.74
Qorvo Inc	65.09	3.43	5.56
LOSERS			
SL Green Realty Corp	85.46	-3.06	-3.46
Constellation Brands Inc	181.97	-5.26	-2.81
Western Union Co	19.56	-0.50	-2.49

Coming Up

The **U.S. Federal Open Market Committee (FOMC)** will announce its **interest rate** decision at the end of its two-day meeting. The Fed is expected to leave borrowing costs unchanged, but would possibly lay the groundwork for a rate cut later this year. The central bank's chair **Jerome Powell** will hold an afternoon press conference, following the closed-door FOMC meeting.

Oracle Corp is expected to post a fall in fourth-quarter revenue as growth in its cloud unit failed to offset a decline in its traditional software licensing business.



Barnes & Noble Inc is expected to report a drop in fourth-quarter revenue, but investors will likely pay

more attention to any update on the company's \$475.8 million deal with hedge fund Elliott Management Corp. Investor Richard Schottenfeld said the bookstore chain is worth more than Elliott's offer and he may engage in discussions with the company's board regarding its sale.

Argentina's economic data and **unemployment rate** for first quarter are scheduled for release. The economy contracted 6.2% and unemployment rate stood at 9.1% in the previous quarter.

Debt officials from the United States, Italy, Portugal and the U.K. are expected to participate in a panel at the **Euromoney conference** in London. Topics include how government and central banks can cope with the next crisis, what would happen if China dumps U.S. Treasuries and how Brexit would affect sovereign sales in Europe.

LIVECHAT-EQUITIES WATCH

Join our Reuters correspondents in London and New York for a discussion on the stock markets and company earnings. (0900 ET/1300 GMT) To join the conversation, [click here](#)

KEY ECONOMIC EVENTS

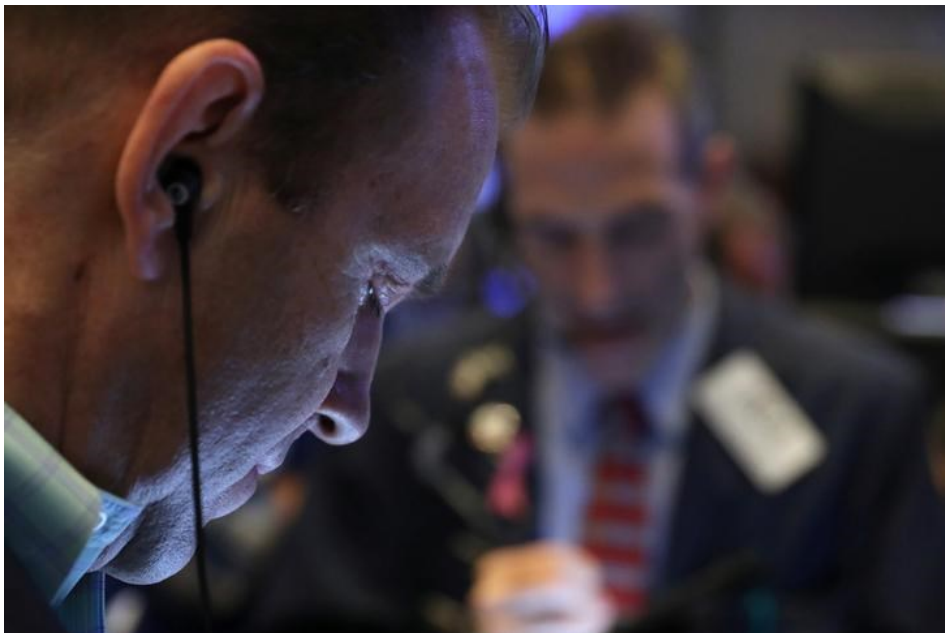
Events	ET	Poll	Prior
Fed funds target rate for Jun	1400	2.25-2.5%	2.25-2.5%
Fed interest on excess reserves for Jun	1400	--	2.35%

Market Monitor

Stocks surged and the S&P 500 approached a record high after Washington rekindled trade talks with Beijing, boosting sentiment along with growing investor confidence that the U.S. Federal Reserve will cut interest rates this year. **Trade-sensitive industrials** jumped 1.9%, while **technology stocks** gained 1.72%, the biggest boost to the benchmark index. Chip companies, which have a sizable revenue exposure to China, led the rally among tech stocks, with the **Philadelphia Semiconductor index** surging 4.33%. **Boeing** jumped 5.42%, buoying the Dow, after the planemaker received an order for its grounded 737 MAX jets valued at more than \$24 billion at list prices. The **Dow** rose 1.36%, to 26,467.27, the **S&P 500** gained 0.97%, to 2,917.76 and the **Nasdaq** added 1.39%, to 7,953.88.

Treasury yields plunged, in line with the European market, after European Central Bank President Mario Draghi hinted at more stimulus if regional inflation fails to pick up toward its target. "Draghi was extremely dovish and this had a big impact on Treasuries as we anticipate the Federal Reserve," said Ellis Phifer, market strategist at Raymond James in Memphis, Tennessee. The Fed will not cut rates this month, or be as dovish as Draghi, he added. "I think there are still signs that the United States is stronger than Europe, but obviously Europe becomes an issue for global growth if it continues to decline." The **10-year notes** rose 7/32 to a yield of 2.06%. The **2-year notes** were down 1/32 to yield 1.87% and the **30-year bonds** were up 19/32, yielding 2.55%.

The **U.S. dollar** was little changed as traders held off making large bets before the Federal Reserve's policy announcement on Wednesday. "Markets are largely keeping the



A file photo of a trader working on the floor, at the New York Stock Exchange, in New York City, June 14. REUTERS/Andrew Kelly

powder dry ahead of tomorrow's Fed announcement," said Karl Schamotta, chief market strategist at Cambridge Global Payments. "We're thinking that we are going to see a relatively dovish announcement, certainly acknowledging that risks have grown since the April meeting," he said, citing the expectation in April that a U.S.-China trade deal was near. The **dollar index** was up 0.06% at 97.62. Meanwhile, the **euro** was down 0.21% at \$1.1194.

Oil prices rose after news that China and the United States were rekindling trade talks ahead of a meeting at the G20 summit later this month, spurring hopes that the two countries would resolve an ongoing trade war. "A common element that supported both (the oil and stock markets) from our perspective was the apparent increased possibility that some type of trade agreement could be worked out that could curtail the perceived

downward economic growth path that has weighed heavily on the oil complex in recent weeks," Jim Ritterbusch of Ritterbusch and Associates said. **U.S. crude futures** rose 4.18%, to \$54.10 a barrel. **Brent crude futures** gained 2.23%, to \$62.30 a barrel.

Gold prices pared gains after U.S. President Donald Trump confirmed he would meet with Chinese President Xi Jinping at an international summit, fanning hopes for a quick end to the U.S.-China trade dispute. "We are seeing a bit of a resurgent in risk appetites," said Bart Melek, head of commodity strategies at TD Securities in Toronto, adding that equities have moved higher, which has helped the dollar. **Spot gold** gained 0.51% to \$1346.14 per ounce. **U.S. gold futures** were 0.51% higher at \$1349.80 per ounce.



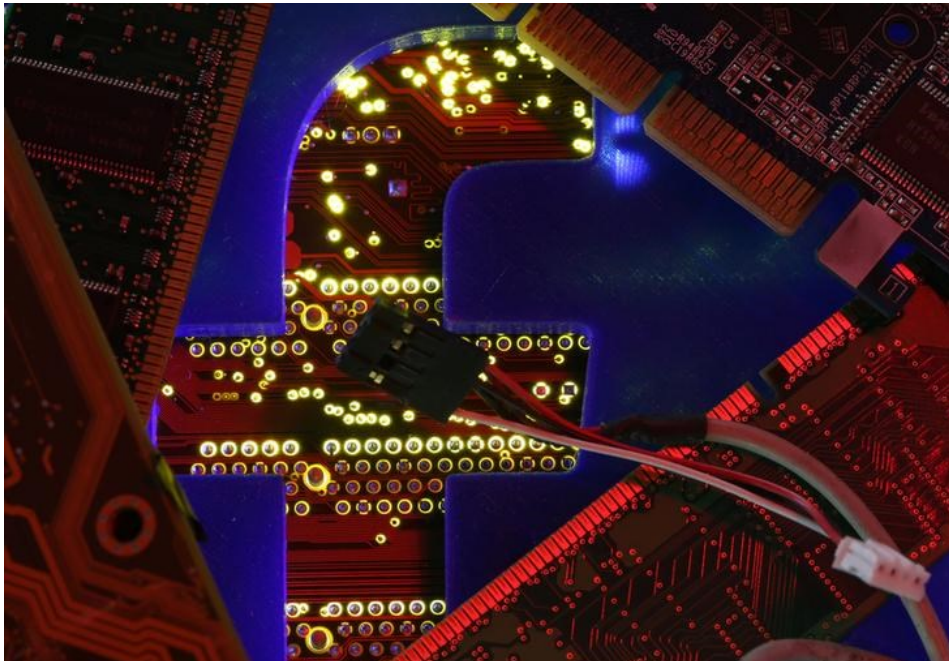
Top News

Facebook reveals Libra cryptocurrency, sparking new privacy concerns

Facebook announced ambitious plans to launch a new global cryptocurrency called Libra, part of an effort to expand into digital payments that immediately raised privacy concerns. The social networking giant has linked with 28 partners to form Libra Association, a Geneva-based entity governing the new digital coin, according to marketing materials and interviews with executives. No banks are yet part of the group. The whole system is scheduled to launch in the first half of 2020. However, consumer privacy concerns and regulatory barriers could stand in the way of Facebook's crypto endeavor. "This instrument for transactions will allow Facebook to collect millions and millions of data, which strengthens my conviction that there is a need to regulate the digital giants," said French Finance Minister Bruno Le Maire in an interview on Europe 1 radio.

Boost for Boeing as BA owner backs grounded jet with 200-plane order

Boeing won a major vote of confidence at the Paris Airshow as British Airways owner IAG signed a letter of intent to buy 200 of its 737 MAX jets that have been grounded since March after two deadly crashes. News of the deal, worth more than \$24 billion at list prices, sent shockwaves round the world's largest air show which had struggled to find its rhythm amid the 737 MAX crisis and concerns about an economic slowdown. "We have every confidence in Boeing and expect that the aircraft will make a successful return to service in the coming months," IAG Chief Executive Willie Walsh said of the 737 MAX, announcing the first deal for the plane since its grounding.



A 3D-printed Facebook logo standing on PC motherboard is seen in this illustration picture, October 26, 2017. REUTERS/Dado Ruvic

Nvidia boosts self-driving AI business with Volvo trucks deal

Sweden's AB Volvo is joining forces with Nvidia to develop artificial intelligence used in self-driving trucks, in a boost for the U.S. chipmaker that was ditched by Tesla last year. The agreement announced by Nvidia and Volvo is a long-term partnership spanning several years. Work will begin immediately in Santa Clara, California and Gothenburg, Sweden. Nvidia said it was thrilled to team up with Volvo. "The latest breakthroughs in AI and robotics bring a new level of intelligence and automation to address the transportation challenges we face," said Nvidia Chief Executive Jensen Huang.

Dish Network nearing \$6 billion deal for T-Mobile-Sprint assets - Bloomberg

Satellite TV provider Dish Network is in talks to buy the wireless assets of T-Mobile US Inc and Sprint for at least \$6

billion, Bloomberg reported, citing people familiar with the matter. Dish could announce a deal as soon as this week for assets including wireless spectrum and Sprint's Boost Mobile brand, the Bloomberg report said, adding that it hasn't been finalized and talks could still fall through. The company, controlled by founder Charlie Ergen, met with the Federal Communications Commission on June 11 to discuss the impact of the merger on its plans to enter the wireless market, according to a regulatory filing. The DOJ declined to comment, while Sprint had no immediate comment. Dish and T-Mobile did not immediately respond to a request for comment.

Alibaba puts CFO in charge of investment in major management reshuffle

China's Alibaba Group Holding unveiled its most significant business reshuffle since co-founder Jack Ma announced his pending retirement, as

the e-commerce firm looks to bolster its investment focus in the face of slowing growth. Chief Financial Officer Maggie Wu will oversee Alibaba's strategic investments unit, taking over that responsibility from Executive Vice-Chairman Joe Tsai who will support Wu in her expanded role, the firm said on its official WeChat account. "To guarantee innovation, invest in our future, Alibaba is undertaking an organisational upgrade," the company said in a statement signed by Chief Executive Officer Daniel Zhang, who will become chairman when Ma retires on Sept. 10.

Kellogg to cut jobs, take \$35 million pretax hit on North America unit revamp

Kellogg said it would cut about 150 jobs and take a \$35 million hit to trim its North American operations following the sale of Keebler biscuits and a handful of other brands for \$1.3 billion in April. The announcement, small in scale for a company that employs around 34,000 globally, is a month after similar steps in Europe aimed at streamlining Kellogg's operations and focusing on core businesses. "This transaction will result in a smaller, more focused (North American) portfolio with fewer brands... requiring a simpler, more agile and rightsized organization," said Kris Bahner, senior vice president for Global Corporate Affairs.

UK's CMA says Illumina-Pacific Biosciences deal could hurt competition

Britain's competition watchdog said the planned \$1.2 billion merger between gene sequencing company Illumina and smaller rival Pacific Biosciences of California may be a threat to competition in the country. The Competition and Markets Authority (CMA), expressing concerns about the deal's impact on the supply of specialist DNA sequencing systems in the UK, said the companies have until next week to respond to questions that

it has raised. The CMA's initial or first phase investigation showed that the merger could remove potentially the most significant competitive threat to Illumina, as Pacific Biosciences' new instrument is well positioned to offer a stiff competition to Illumina in the future.

Anadarko approves \$20 billion LNG export project in Mozambique

U.S. energy firm Anadarko Petroleum gave the go-ahead for the construction of a \$20 billion gas liquefaction and export terminal in Mozambique, the largest single LNG project approved in Africa, according to the government of Mozambique and energy consultancy Wood Mackenzie. The announcement, which occurred at an event in Mozambique, was widely expected after Anadarko last month flagged the decision date. Officials at Anadarko were not immediately available for comment. The government of Mozambique said the project is expected to create more than 5,000 direct jobs and 45,000 indirect jobs.

Lyft, Agero partner to offer rides for consumers requiring tow assistance

Roadside assistance provider Agero said it would partner with ride hailing company Lyft to provide rides for consumers whose cars are disabled and require a tow assistance. The

service will provide consumers, whose vehicles require a tow, a complimentary Lyft ride from their breakdown site to their destination, the company said. Based in Medford, Massachusetts, Agero serves about 115 million car owners every year in partnerships with auto manufacturers, insurance carriers and others. Lyft had 30.7 million riders and 1.9 million drivers in more than 300 cities in the U.S. and Canada last year.

India to review data storage rules that irked U.S. tech firms

India will examine concerns raised by foreign technology companies around stringent rules to store data locally, the government said, an issue that has upset firms such as Mastercard and also irked the U.S. government. On Monday Commerce Minister Piyush Goyal and leaders of technology companies discussed several federal plans in the works to push for more stringent data rules. The Reserve Bank of India last year mandated foreign payment firms must store their payments data only in India to allow supervision. The central bank representative who attended the meeting "assured the industry representatives that the Reserve Bank of India will look into this", a statement by the commerce ministry said.



A file photo of the Lyft Driver Hub, in Los Angeles, California, March 20, 2019. REUTERS/Lucy Nicholson



Local residents remove debris outside the house, which locals said was damaged during a recent shelling, in the rebel-controlled city of Donetsk, Ukraine June 17. REUTERS/Alexander Ermochenko

Insight and Analysis

For Fed's Powell, a gap with markets and Trump may need explaining

Bond investors expect an aggressive set of U.S. interest rate cuts this year, and a voluble president pines for the "old days" when his predecessors bullied central bankers to get their way. If Federal Reserve Chairman Jerome Powell had a complicated task last year, his mission in a Wednesday press conference may be even trickier: Thread the needle between growing expectations that lower rates are coming soon and economic data that looks reasonably healthy with rates just where they are.

ALTCOINS-"Stablecoins" in the spotlight as Facebook unveils Libra cryptocurrency

Is bitcoin's crown slipping? The original cryptocurrency accounts for over half of the \$285 billion global coin trading market. But that dominance is under threat, with a host of alternative digital coins emerging as developers race to build cryptocurrencies able to enter mainstream commerce and finance. Like a variety of altcoins known as "stablecoins," Facebook's Libra will be backed by a reserve of real-world assets, including bank deposits and short-term government securities.

Tanker attacks seen as calibrated but risky Iranian response to U.S. sanctions

If, despite its firm denials, Iran was behind attacks on two oil tankers in the Gulf last week and a further four last month, they represent a calibrated yet risky pushback against a U.S. sanctions squeeze, regional experts say. The targeting of six vessels on a major artery for world oil supplies was a vivid reminder of the stakes involved in the standoff pitting Iran against the United States and its regional allies. The latest two attacks, were much more complex than last month's.

CANADA

Market Monitor



REUTERS/Mike Blinch

Canada's main stock index gained, driven by precious metal miners and energy companies, ahead of the Federal Reserve's two-day monetary policy meeting.

Sentiment was buoyed by ECB President Mario Draghi's comments indicating a possibility of new rate cuts or asset purchases and investors hoped for a similar accommodative stance from the Federal Reserve.

The **Toronto Stock Exchange's S&P/TSX composite index** was up 0.92%, at 16,503.35.

The **U.S. dollar** was down 0.23% against its **Canadian counterpart** at C\$1.3380.

COMING UP

Statistics Canada is expected to report **annual inflation rate** edged up to 2.1% in May from 2% in April.

Canada's Finance Minister **Bill Morneau** is likely to deliver a speech in Alberta's energy capital Calgary, the day after the government decides whether to approve the **Trans Mountain pipeline expansion**.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Canfor Corp	11.43	0.80	7.53
Ivanhoe Mines Ltd	3.76	0.26	7.43
TORC Oil & Gas Ltd	4.17	0.22	5.57
LOSERS			
New Gold Inc	0.92	-0.06	-6.12
Bombardier Inc	2.26	-0.14	-5.83
CES Energy Solutions Corp	2.26	-0.06	-2.59

Top News

Investor Litt says Hudson's Bay worth double chairman's C\$1.74 billion bid

Activist shareholder Jonathan Litt lambasted a C\$1.74 billion bid to take Canadian retailer Hudson's Bay private as "woefully inadequate", saying the chairman-led shareholder group looking to push through a deal could double the offer. The shareholder group, which collectively owns 57% stake in the struggling retailer, made an offer last week to buy the company for C\$9.45 per share, with plans to fund the deal using some of the proceeds from asset sales. Litt, however, said if the buyout group used all the proceeds from asset sales, rather than a part of it, it could raise the offer to C\$18 per share. He also asked the special committee of independent directors, tasked with evaluating the latest offer, to hire an independent investment bank to evaluate the value of Hudson's Bay's real estate and retail banners.

China to suspend pork imports from third Canadian firm as dispute with Ottawa deepens

China will block pork imports from a third Canadian firm after a shipment was found to contain the banned feed additive ractopamine, the customs agency said, deepening a trade and diplomatic dispute with Canada. The firm in question is Frigo Royal Inc, the agency said on its Wechat account. Ractopamine is used in some countries to make leaner pigs but China does not allow its use or tolerate residues in imported meat. China will also strengthen inspections for the residue in all pork imports from Canada, the notice from the General Administration of Customs said.

Canadian oil sector anticipates nod for Trans Mountain pipeline expansion

Canada's energy sector and politicians across the spectrum were anticipating the government would approve a hotly

contested oil pipeline expansion after years of debate and court challenges. Prime Minister Justin Trudeau's Liberal cabinet met at 9:30 am ET to decide on the fate of plans to boost the capacity of the Trans Mountain project. An approval is widely anticipated after the government bought the pipeline in an effort to ensure that the expansion proceeds amid protests from environmental and aboriginal groups.

Barrick Gold gets more time to make firm offer for Acacia

Acacia Mining agreed to extend the deadline for Barrick Gold to make a firm offer for taking full control of the company. Barrick spun off Acacia into a separate company in 2010, but owns 63.9% of the miner. It proposed to takeover Acacia last month in a deal that valued it at \$787 million, nearly an 11% discount to its closing price before the offer. The deadline has now been extended to July 9.



WEALTH NEWS

TRADE TALKS

U.S., China rekindle trade talks ahead of Trump-Xi G20 meeting

China and the United States are rekindling trade talks ahead of a meeting next week between Presidents Donald Trump and Xi Jinping, cheering financial markets with hope that an escalating trade war between the two countries would abate.

ECONOMIC DATA

U.S. housing starts drop in May masks some signs of improvement

U.S. homebuilding fell in May, but groundbreaking activity in the prior two months was stronger than previously thought, pointing to some tentative signs of improvement in the struggling housing market. Housing starts dropped 0.9% to a seasonally adjusted annual rate of 1.269 million units last month. Single-family homebuilding, dropped 6.4% to a rate of 820,000 units in May. Building permits rose 0.3% to a rate of 1.294 million units in May. It was the second straight monthly increase in permits. Permits to build single-family homes increased 3.7% to a rate of 815,000 units in May.



[Click on the chart for the full-size image](#)

POWELL UNDER PRESSURE

White House considered demoting Fed's Powell -report

White House lawyers earlier this year explored the legality of stripping Jerome Powell of his Federal Reserve chairmanship and demoting him to be just one of as many as seven governors of the central bank, according to Bloomberg News.

SUBSIDY TIFF

U.S. seen open to mechanism to end aircraft subsidy spat

The United States is expected to be open to negotiations on an "enforceable mechanism" that could allow Airbus to receive government funding on commercial terms and ease the risk of tit-for-tat sanctions, two U.S. sources said.

ECB POLICY

Draghi's stimulus hints put ECB in Trump's crosshairs

The European Central Bank will ease policy again if inflation fails to accelerate, ECB President Mario Draghi said, signalling one of the biggest policy reversals of his eight-year tenure and provoking the ire of U.S. President Donald Trump.

BOND RIGGING

Wells Fargo parent is dismissed from lawsuit by Philadelphia, Baltimore

Wells Fargo was dismissed as a defendant in a lawsuit brought by the cities of Philadelphia and Baltimore, which accused large banks of conspiring to inflate interest rates for variable-rate demand obligations, a type of tax-exempt bond.

BUSINESS STRATEGY

JPMorgan to convert Highbridge multi-strategy fund into credit fund

JPMorgan plans to convert its \$2 billion Highbridge multi-strategy fund into a credit-focused fund as the bull market shows signs of slowing and clients want to invest elsewhere, a company spokesman said.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Oracle	Q4	AMC	\$1.07	\$1.07	\$0.99	\$10,929.17

**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.

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