

THE DAY AHEAD

MARKET RECAP at 4 pm ET

The **S&P 500** ended flat as energy and industrial shares countered a drop in technology stocks. **Treasury yields** climbed, in line with **German bonds**, on expectations of fiscal stimulus measures from Germany. The **dollar** was steady against the **euro** ahead of the ECB meeting on Thursday, while **gold** prices fell. **Oil** prices declined after President Trump fired national security advisor John Bolton, raising speculation of Iran exports resuming.

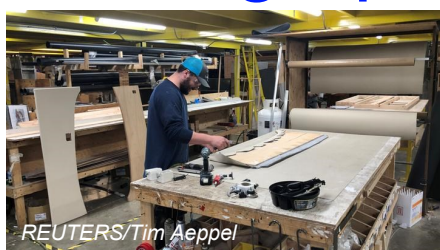
STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26909.43	73.92	0.28	27398.68	21712.53
Nasdaq	8084.16	-3.28	-0.04	8339.64	6457.13
S&P 500	2979.28	0.85	0.03	3027.98	2443.96
Toronto	16537.34	42.25	0.26	16672.71	13776.88
FTSE	7267.95	32.14	0.44	7727.49	6599.48
Eurofirst	1520.16	1.45	0.10	1554.34	1308.86
Nikkei	21392.10	73.68	0.35	22362.92	19241.37
Hang Seng	26683.68	2.28	0.01	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.7264	-31/32
2-year	1.6780	-6/32
5-year	1.5847	-16/32
30-year	2.2106	-81/32

FOREX	Last	% Chng
Euro/Dollar	1.1040	-0.05
Dollar/Yen	107.51	0.26
Sterling/Dollar	1.2350	0.04
Dollar/CAD	1.3145	-0.16
TR/HKEX RMB	91.34	-0.13

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	57.55	-0.30	-0.52
Spot gold (NY/oz)	1487.50	-11.15	-0.74
Copper U.S. (front month/lb)	0.0261	0.0000	-0.36
CRB Index Total Return	184.20	0.67	0.37

Coming Up



REUTERS/Tim Aepfel

On the U.S. economic calendar, the Labor Department is expected to report that **producer prices** for final demand in August remained unchanged at 1.7%. In a separate report, the Commerce Department is likely to show **wholesale inventories** in July remained unchanged at 0.2%.

Brazil's statistics agency IBGE is likely to report **retail sales** for July. The country's retail sales rose 0.1% in June. Separately, **Mexico's industrial output data** for July is scheduled for release. The country's industrial output increased 1.1% in June.

LIVECHAT - EQUITIES WATCH

Equities reporters at Reuters covering Europe and the Americas discuss trends in stock markets. (0900 ET/1300 GMT)

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KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
PPI final demand yy for Aug	0830	1.7%	1.7%
PPI final demand mm for Aug	0830	0.0%	0.2%
PPI exfood/energy yy for Aug	0830	2.2%	2.1%
PPI exfood/energy mm for Aug	0830	0.2%	-0.1%
PPI ex food/energy/transport yy for Aug	0830	--	1.7%
PPI ex food/energy/transport mm for Aug	0830	--	-0.1%
Wholesale inventory, R mm for Jul	1000	0.2%	0.2%
Wholesale sales mm for Jul	1000	0.2%	-0.3%
TR IPSOS PCSI for Sep	1100	--	60.59

KEY RESULTS

No major S&P 500 companies are scheduled to report

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Nektar Therapeutics	19.91	2.05	11.48
State Street Corp	58.84	4.84	8.96
Quanta Services Inc	38.26	2.79	7.87
LOSERS			
Marketaxess Holdings Inc	342.06	-27.63	-7.47
Chipotle Mexican Grill Inc	787.50	-52.15	-6.21
CME Group Inc	205.43	-10.15	-4.71

Market Monitor

The **S&P 500** ended flat as a rally in energy and industrial shares countered a drop in the technology and real estate sectors as investors favored value over growth stocks. The tariff-sensitive **technology stocks** were down 0.49% at 1409.53. **Wendy's** dropped 10.27% after the fast food chain projected a drop in full-year 2019 adjusted earnings. **Ford's** shares were down 1.36%. **Mallinckrodt's** shares surged 85.24% higher. The **Dow** rose 0.28% to 26,909.43, the **S&P 500** edged up 0.03% to 2,979.38 and the **Nasdaq** dropped 0.04% to 8,084.16.

U.S. Treasury yields climbed, tracking German bonds, on expectations of fiscal stimulus measures from Germany, Europe's largest economy. "Segments of market sentiment have turned because the 'buy anything because something may go wrong' idea is past for now," said Jim Vogel, interest rates strategist, at FTN Financial in Memphis, Tennessee. U.S. yields rose for a second straight session, with investors also awaiting a key monetary policy meeting at the European Central Bank on Thursday. Investors expect the ECB to cut interest rates, but may introduce some form of compensation for banks to offset the unwelcome side effects of negative interest rates. **Benchmark notes** were down 1 full point to yield 1.73%. **30-year bonds** fell 2-20/32, yielding 2.21%. **Two-year notes** were down 7/32 to yield 1.69%. The Treasury Department sold \$38 billion in **3-year notes** at a high yield of 1.573%. The bid-to-cover ratio was 2.42.

The **U.S. dollar** was steady against the euro, holding in its recent tight range,



A Trader works on the floor at the New York Stock Exchange (NYSE) in New York, U.S., September 9. REUTERS/Brendan McDermid

before the ECB's policy meeting. "People are waiting on the ECB, that's really the big event this week," said Erik Nelson, a currency strategist at Wells Fargo in New York. But, "given some of the push-back we've seen from the hawks on the board, we could easily see a disappointing outcome." The **single currency** was 0.06% down against the **dollar** at \$1.1039. The **dollar index** rose 0.11% to 98.39.

Oil prices edged lower after U.S. President Donald Trump fired national security adviser John Bolton, the chief architect of Trump's strident stance against Iran, raising speculation of a return of Iranian crude exports to the market. Saudi Arabia's new energy minister's assurances of continued output cuts by the Organization of the Petroleum Exporting Countries and its

allies, however, supported the market. **Brent** shed 0.22% to \$62.45 a barrel, while **U.S. West Texas Intermediate futures** were 0.52% lower at \$57.55 a barrel.

Gold prices fell, as rising bond yields and the dollar dented the allure of safe-haven assets. "We're seeing safe haven liquidation in the market, there is no reason for safe haven at the moment. Although equities are pulling back today, they are showing some residual strength," said Phillip Streible, senior commodities strategist at RJO Futures. **Spot gold** was down 0.77% at \$1,487.10 per ounce. **U.S. gold futures** fell 0.96% to \$1,496.60 per ounce.

Top News

Apple reveals triple-camera iPhone, undercuts Disney streaming TV price

Apple revealed that its streaming TV service will kick off November 1 and cost \$4.99 a month and new cameras for the latest iPhones, as the tech giant reaches a turning point where it focuses as much on services as its hardware and software. Apple TV+ will be available in over 100 countries and buyers of an iPhone, iPad or Mac will get a free year of streaming television service, the company announced. Apple revealed that its new iPhone 11 will come with two back cameras, including an ultra wide-angle lens and the next generation of microchips, the A13, but few big apparent changes. Prices start at \$699. Apple also announced its video game service, Apple Arcade, will be a tab in the App Store and available starting Sept. 19 and cost \$4.99 a month, with a one-month free trial. Apple also unveiled updates to the Apple Watch and iPad.

WeWork IPO valuation may dip below \$20 billion in fresh blow to leading investor SoftBank

WeWork owner The We Company is considering slashing the valuation of its planned stock market launch to below \$20 billion, two people familiar with the matter said, the latest blow to leading tech investor SoftBank Group after limp flotations of Uber and Slack. Having previously hoped to be in a position to begin its roadshow to pitch the initial public offering to investors as early as this week, We Company may now wait until Monday of next week, one source also said. The valuation for the money-losing U.S. office-sharing startup could be as low as \$15 billion-\$18 billion, one of the sources with direct knowledge of the matter said, roughly a third of the \$47 billion We Company was valued at when Softbank made a follow-on investment in the company.



CEO Tim Cook speaks at an Apple event at their headquarters in Cupertino, California, U.S. September 10. REUTERS/Stephen Lam

Boeing plane deliveries down 72% in August as MAX grounding weighs

Boeing handed over around a quarter as many planes in August as it did a year ago, pushing total deliveries so far this year down more than 40%, as the worldwide grounding of its best-selling 737 MAX jet enters its seventh month. Regular monthly numbers from the U.S. planemaker showed it delivered 18 aircraft in August, down from 64 in the same period, a year ago. In the eight months through August, deliveries totaled 276 aircraft, compared with 481 last year. Net orders after cancellations were a negative 85 aircraft so far this year for Boeing, compared with 95 for Airbus. In other news, Boeing said suspension of final load testing of its new widebody 777X aircraft was due to an issue that involved depressurization of the rear fuselage of the plane. To read the full story, [click here](#)

Ford makes big electric push in Europe with new launches

Ford said it would launch eight electric vehicles in Europe this year, a key step in its target of achieving a majority of its overall sales from electric cars by the end of 2022. Ford's launches include electric variants of the Kuga and Puma SUVs and the Mondeo sedan. The automaker also plans to launch nine other electric vehicles by 2024 in Europe, including a new Mustang-inspired electric sports utility vehicle next year. The automaker unveiled the models at the Frankfurt Motor Show in Germany, and said it would partner with six leading energy suppliers across Europe to provide home-charging wall box installation services.

Target boosts temporary hiring to over 130,000 for holiday rush

Target said it was planning to hire more than 130,000 store employees for the holiday season, 10,000 more than last year, as it gears up for the crucial

shopping period when in-store and online orders surge. Target, one of the first retailers to lay out its temporary hiring plans, said it would deploy about 125,000 employees at its more than 1,800 stores and 8,000 at its distribution and fulfillment centers, starting October. The retailer's roughly 8% rise in holiday hiring is much lower than the 20% increase a year earlier and a 43% jump in 2017. The company said it would pay workers \$13 for an hour.

Mallinckrodt sells unit for up to \$250 mln, sees path forward to settle opioid lawsuits

Mallinckrodt shares surged after it agreed to sell its contract manufacturing unit to reduce debt and its chief executive officer raised hopes that the company could reach a global settlement to resolve all opioid litigation. The drugmaker is among opioid manufacturers that are facing thousands of lawsuits seeking to hold them responsible for fueling an addiction crisis in the United States. "We actually think we now may have a pathway to settle this, and that's what we're going to be working on for the next several months," Chief Executive Officer Mark Trudeau said. Mallinckrodt said it intends to use proceeds from the sale of its unit BioVectra Inc to private equity firm H.I.G. Capital for up to \$250 million in a manner consistent with its "previously disclosed capital allocation priorities." The company's shares closed 85.24% up at \$3.89.

Swiss-based Libra will have to meet tough U.S. standards-U.S. Treasury

The Facebook-led Libra cryptocurrency project must meet the highest standards for combating money laundering and terrorism financing if it is to get off the ground, a senior U.S. Treasury official said. Any cryptocurrency project, including

Geneva-based Libra, operating in all or substantial parts of the United States will clearly have to satisfy U.S. regulatory standards, U.S. Under Secretary of Terrorism and Financial Intelligence Sigal Mandelker told reporters in the Swiss capital. "The Libra Association maintains that financial inclusion, regulatory compliance, and consumer protection are not competing objectives," Dante Disparte, a spokesman for Libra said.



Prosecutor investigates General Electric's France chief

Paris prosecutors are investigating allegations of what they called an improper acquisition of interest by Hugh Bailey, head of General Electric in France, who worked as an adviser to President Emmanuel Macron when he ran the economy ministry. General Electric called the allegations "completely baseless" and said it would cooperate with the investigation. Bailey denied the accusations, his lawyer said. "The opening of the investigation offers Mr Bailey the opportunity to present investigators with all the elements necessary to refute the allegations against him," his lawyer, Benjamin Van Gaver, said. The investigation was opened following a legal complaint by ecologist lawmaker Delphine Batho, a judicial source said. Batho told Reuters that as part of her work as a lawmaker in 2016, she had stumbled across 70 million euros in French state aid for GE to buy four turbines for an Iraqi power station for a contract awarded in the first quarter of

that year.

Cox Automotive to invest \$350 mln in electric truck maker Rivian

Electric truck maker Rivian Automotive said that it has received an equity investment of \$350 million from Cox Automotive Inc, owner of the Autotrader online automobile market and Kelley Blue Book car valuation service. Rivian said the two companies will also explore opportunities for partnerships in digital retailing, service operations and logistics. Cox will also add a representative to Rivian's board of directors. "Cox Automotive's global footprint, service and logistics capabilities, and retail technology platform make them a great partner for us," Rivian Chief Executive Officer RJ Scaringe said in a statement.

California wildfire victims lawyer calls PG&E plan 'totally unacceptable'

PG&E's plan to cap payments to victims of California wildfires blamed on the power producer is "totally unacceptable," a lawyer representing victims in the utility's bankruptcy case said. The plan forces fire victims and government entities to seek compensation from the same fund, which will dilute payouts for everyone, said Cecily Dumas, a BakerHostetler lawyer who represents the official committee of tort claimants in PG&E's bankruptcy. Dumas said that government agencies such as the Department of the Interior and the Federal Emergency Management Agency, or FEMA, could have billions of dollars in claims, leaving far less for victims than \$8.4 billion. At the same time, PG&E said it intends to pay other unsecured creditors such as noteholders in full in cash when its plan goes into effect next year. "That's unfair," said Dumas.



A supplied image obtained September 10, 2019 shows firefighters battling a bushfire in Peregian Springs on the Sunshine Coast, Australia, September 9. AAP Image/John Park/via REUTERS

Insight and Analysis

Technology hands start ups key to \$5.1 trillion FX market

More than five years since global foreign exchange trading was tainted by a rigging scandal, a handful of banks are more dominant than ever and show no sign of weakening their grip on the \$5.1 trillion-a-day electronic market. But below the radar a new breed of start-ups is seeking to break their hegemony by pursuing the smaller but higher-margin customer-facing FX business used by asset managers, pension funds and insurance companies.

COLUMN-Policy options for Saudi Arabia's new energy minister: Kemp

Prince Abdulaziz bin Salman is the first member of the Saudi royal family to be appointed to the all-important role of energy minister but he faces the same constraints as the commoners who held the position before him. The new minister needs higher oil prices to increase export earnings and help pay for the government's ambitious social and economic transformation programme, known as Vision 2030.

Many U.S. farmers fume at Washington, not Trump, over biofuel, trade policies

American farmers helped elect President Donald Trump in 2016 on hopes he would shake up Washington and turn around a struggling agricultural economy, but many of his policies have actually stung farmers, notably his trade war with China and biofuel waivers for oil refiners. Many farmers are angry, and some are directing their anger not at the Republican president, but at Washington's bureaucracy.



CANADA

MARKET MONITOR

Canada's main stock index finished higher. The Toronto Stock Exchange's **S&P/TSX Composite index** ended 0.26% higher at 16,537.34. **Shopify** fell 6.16%. The **energy sector** rose 2.30% to 134.11.

The **dollar** was down 0.16% against its **Canadian counterpart** at \$1.3145.

Coming Up

Statistics Canada is expected to report **industrial capacity utilization** for the second quarter to have risen to 81.8% from 80.9% in the previous quarter.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
SNC-Lavalin Group Inc	17.92	1.97	12.35
Hudbay Minerals Inc	4.94	0.32	6.93
Secure Energy Services Inc	6.26	0.37	6.28
LOSERS			
Shopify Inc	442.98	-29.07	-6.16
Kirkland Lake Gold Ltd	58.50	-3.18	-5.16
Restaurant Brands International Inc	94.47	-4.12	-4.18

Top News

Enbridge investors cheer Mainline overhaul despite Canadian producer protests

Enbridge's plan to overhaul contracts on its Mainline pipeline system has outraged many Canadian shippers but is cheered by investors who see monetizing existing infrastructure as a safer bet than trying to build new pipelines. The Mainline is North America's largest pipeline network, transporting nearly 3 million barrels per day, or 70%, of crude from western Canada to the U.S. Midwest. Many shippers opposed say Enbridge is abusing its market power and the changes will hurt Canadian producers by imposing unfair terms and tolls. Contracting out the Mainline would be a smart move to lock in revenue while the Trans Mountain (TMX) and Keystone XL (KXL) projects are still uncertain, investors said. If those projects go ahead and the Mainline remains a so-called "common carrier" system relying on monthly nominations, it could see volumes dip. "Under scenarios in which KXL is going to be



The Enbridge Tower is pictured on Jasper Avenue in Edmonton, Alberta, Canada on August 4. REUTERS/Dan Riedlhuber

built and TMX, the Mainline is going to be the pipe of last resort," said Ryan Bushell, president of Newhaven Asset Management, which holds shares in Enbridge and Canadian Natural Resources.

Canadian housing starts surprise economists, rise 1.9% in August

Canadian housing starts unexpectedly rose in August compared with the

previous month as groundbreaking increased on single detached urban homes, data from the national housing agency showed. The seasonally adjusted annualized rate of housing starts rose to 226,639 units from a revised 222,467 in July, the Canadian Mortgage and Housing Corporation (CMHC) said. Economists had expected starts to fall to 215,000 units.



WEALTH NEWS

ARAMCO IPO

Saudi Aramco prepared for foreign float alongside main domestic listing

Saudi Aramco is primed to float on international markets to complement a planned primary listing at home, the chief executive said. Aramco's initial public offering would happen "very soon", Amin Nasser cited Saudi Arabia's new energy minister Prince Abdulaziz bin Salman as saying, adding that the final decision on the venue and timing rested with the government. "We have always said that Aramco is ready whenever the shareholder makes a decision to list ... so we are prepared, that's the bottom line," Nasser told reporters, "It is going to be the primary listing, to list locally, but we are ready also for listing outside in other jurisdictions."



Amin H. Nasser, president and CEO of Saudi Arabian Oil Company, Saudi Aramco, speaks at the 24th World Energy Congress (WEC) in Abu Dhabi, United Arab Emirates September 10. REUTERS/Satish Kumar

HOUSING FINANCE REFORMS

Overhaul Fannie and Freddie or we will act, Trump administration tells Congress

The Trump administration will pursue the reform of mortgage giants Fannie Mae and Freddie Mac, the guarantors of over half the nation's mortgages, if Congress fails to act, officials told Congress.

FALLING VACANCIES

Declining U.S. vacancies point to slowing job growth

U.S. job openings fell for a second straight month in July amid decreases in wholesale trade and the federal government, bolstering economists' views that job growth has peaked.

NET INTEREST INCOME OUTLOOK

JPMorgan Chase lowers 2019 outlook for net interest income to \$57 billion

JPMorgan Chase lowered its outlook for 2019 net interest income by about \$500 million, following similar moves by rival big banks Wells Fargo and Citigroup.

HEALTH COVERAGE DATA

Ahead of election year, more Americans lack health insurance, incomes stall

The share of Americans without health insurance rose for the first time in a decade last year and U.S. household income hardly budged, according to a government report that laid bare issues that could be central to the U.S. presidential election next year.

TRADE TALKS

White House adviser plays down expectations for U.S.-China talks

A senior White House adviser tamped down expectations for the next rounds of U.S.-China trade talks, urging investors, businesses and the public to be patient about resolving the two-year trade dispute between the world's two largest economies.

INVERTED YIELD CURVE

Inverted yield curves 'not a vote of confidence' - BoE's Carney

The recent drop in long-term bond yields below shorter ones in key sovereign bond markets is not "a vote of confidence" in the economic outlook, Bank of England's Head Mark Carney said.





Britain's Prime Minister Boris Johnson attends a year six history class with pupils during a visit to Pimlico Primary school in London, Britain, September 10. REUTERS/Toby Melville

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

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

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