

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street ended higher as investors awaited a widely expected interest rate cut from the U.S. Federal Reserve on Wednesday. **Treasuries** and **gold** prices rose ahead of the decision. The **dollar** fell in choppy trading. **Oil** prices plunged after Saudi Arabia's energy minister said the kingdom has fully restored its oil production after the weekend attacks.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	27108.29	31.47	0.12	27398.68	21712.53
Nasdaq	8186.02	32.47	0.40	8339.64	6457.13
S&P 500	3005.44	7.48	0.25	3027.98	2443.96
Toronto	16834.75	83.44	0.50	16767.19	13776.88
FTSE	7320.40	-1.01	-0.01	7727.49	6599.48
Eurofirst	1529.21	-0.05	0.00	1554.34	1308.86
Nikkei	22001.32	13.03	0.06	22362.92	19241.37
Hang Seng	26790.24	-334.31	-1.23	30280.12	24896.87

TREASURIES	Yield	Price
10-year	1.8083	10 /32
2-year	1.7351	2 /32
5-year	1.6626	6 /32
30-year	2.2731	26 /32

FOREX	Last	% Chng
Euro/Dollar	1.1069	0.63
Dollar/Yen	108.13	0.01
Sterling/Dollar	1.2498	0.56
Dollar/CAD	1.3239	0.03
TR/HKEX RMB	91.61	-0.08

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	59.04	-3.86	-6.14
Spot gold (NY/oz)	1501.50	3.60	0.24
Copper U.S. (front month/lb)	0.0261	-0.0001	-0.57
CRB Index Total Return	188.33	-4.59	-2.38

S&P 500	Price	\$ Chng	% Chng
GAINERS			
MSCI Inc	240.17	10.17	4.42
Sealed Air Corp	42.00	1.67	4.14
Ball Corp	75.02	2.82	3.91
LOSERS			
Nordstrom Inc	32.07	-3.50	-9.84
Apache Corp	26.01	-2.44	-8.58
Marathon Oil Corp	13.06	-1.11	-7.83

Coming Up



Federal Reserve Board building on Constitution Avenue is pictured in Washington, U.S., March 19. REUTERS/Leah Millis

The **U.S. Federal Reserve** is expected to cut **interest rates** after its two-day monetary policy meeting, which would be its second such reduction after lowering rates in July for the first time since 2008. Federal Reserve chairperson **Jerome Powell** is likely to hold a news conference following the rate decision.

Alphabet Inc's Google, Facebook Inc and **Twitter Inc** are scheduled to testify before a U.S. Senate panel on efforts by social media firms to remove violent content from online platforms. The hearing of the Senate Commerce Committee follows growing concern in Congress about the use of social media by people committing mass

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Building permits number for Aug	0830	1.300 mln	1.317 mln
Build permits: change mm for Aug	0830	--	6.9%
Housing starts number for Aug	0830	1.250 mln	1.191 mln
House starts mm: change for Aug	0830	--	-4%
Fed funds target rate	1400	1.75%-2%	2%-2.25%
Fed int on excess reserves	1400	--	2.1%

shootings and other violent acts.

Europe's second-highest court continues to hear from **Apple Inc** to overturn an **EU order** to pay 13 billion euros in back taxes to Ireland, in a case key to EU efforts to get multinationals pay their fair share of taxes and a landmark decision for Europe's tough talking antitrust chief.

On the U.S. economic schedule, the Commerce Department is likely to report **housing starts** for August increased to a seasonally adjusted annual rate of 1.250 million units from 1.191 million units in the month before. **Building permits** dropped to a rate of

1.300 million units in August from 1.317 million units in July.

Top U.S. CEOs, including JPMorgan Chase & Co's **Jamie Dimon** and Cisco Systems Inc's **Chuck Robbins**, are scheduled to discuss legislative concerns affecting the economy during the release of the **Business Roundtable's third-quarter CEO Economic Outlook Survey**.

General Mills Inc is expected to show growth in first-quarter earnings, powered by the company's cost-saving efforts. Investors will keep a close eye on the company's cereal, snack and yogurt business in North America,

where it has struggled to draw the attention of health-conscious customers. Its pet food segment, however, is expected to show a rise in sales, helped by high demand for premium pet foods.

Brazil's central bank is scheduled to announce its decision on **benchmark interest rate**. The central bank cut interest rate to a new low of 6% in July.

LIVECHAT – EQUITIES WATCH
Reuters equities correspondents in London and New York run us through the happenings on bourses in Europe and the United States. (0900 ET/1300 GMT) To join the conversation, [click here](#)

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
General Mills	Q1	07:00	\$0.77	\$0.77	\$0.71	\$4,083.59

**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 ended higher as the impact of weekend attacks on Saudi Arabia's biggest oil refinery faded and investors awaited a widely expected interest rate cut from the Federal Reserve on Wednesday. "People were thinking it would be months until we got that production back on line, and now it seems more like weeks. Putting that production back on line alleviates the risk of a higher disruption," said Keith Buchanan, a portfolio manager at GLOBALT Investments in Atlanta. The **S&P energy index** dipped 1.52% to 455.54 after recording its strongest one-day surge since January on Monday. Investors will also wait for clues on how far the U.S. monetary policy easing would go, given that Fed policymakers are deeply divided on whether more rate cuts are warranted. The **S&P 500 bank index** fell 0.58% to 333.29.

Chipotle Mexican Grill jumped 3.27% as it added a new steak dish to its menu in the United States for the first time in three years. **Corning** tumbled 6.02% after the Gorilla glass maker cut its current-quarter display volume forecast. The **Dow** was up 0.12% at 27,109.29 points, while the **S&P 500** gained 0.26% to 3,000.68. The **Nasdaq** added 0.40% to 8,186.02.

Treasury yields fell, ahead of an expected interest rate cut by the Federal Reserve at the conclusion of its two-day policy meeting on Wednesday. While a rate cut is seen as near-certain this month, there are deep disagreements among Fed policymakers. Investors will focus on the so-called "dot plot," which shows where policymakers expect rates to be in the future. **Benchmark notes** gained 10/32 to yield 1.8083%. **30-year bonds** were up 25/32 to yield 2.2753%. **2-year notes** rose 2/32, yielding 1.7351%.



A trader works on the floor at the New York Stock Exchange (NYSE) in New York, U.S., September 17. REUTERS/Brendan McDermid

The **U.S. dollar** fell in range-bound trading on the eve of an expected interest rate cut by the Federal Reserve, weakened by a fall in oil prices and a stronger euro. The **euro** was up 0.64% against the **greenback** at \$1.1070, after an influential survey showed a brightening in German investor confidence. The ZEW index improved to -22.5 in September versus forecasts of -37 and the August reading of -44.1. Though investors expect a 25 basis points rate cut, some believe this may be the last rate cut for a while absent more evidence of a U.S. economic slowdown. Money markets are pricing in about an 80% probability of another rate cut by year end. Against a basket of its rivals, the **greenback** edged 0.37% lower to 98.24.

Oil prices dropped after Saudi Arabia's energy minister said the kingdom has fully restored its oil production hit by an attack this weekend that shut 5% of global oil output. Saturday's attacks raised the spectre of a major supply shock in a market that in recent months

has been preoccupied with demand concerns and faltering global growth. Oil surged as much as 20% at one point on Monday. During a news conference, Saudi Energy Minister Prince Abdulaziz bin Salman also said it will keep its full oil supply to its customers this month. He added that oil production in October would be 9.89 million barrels per day. **Brent crude futures** sank 7.30% to \$63.98 a barrel. **U.S. West Texas Intermediate** crude futures fell 6.12% to \$59.05 a barrel.

Gold rose, propped up by expectations for an interest rate cut by the U.S. Federal Reserve, but traded within a relatively narrow range as investors awaited further clarity on the central bank's stance on future monetary policy. "What you have is traders positioning in gold right now trying to prep themselves for the Fed meeting," said Michael Matousek, head trader at U.S. Global Investors. **Spot gold** was last trading 0.25% up at \$1501.67 an ounce. **Gold futures** were down 0.15% at \$1509.20 per ounce.

Top News

WeWork delays IPO after frosty investor response

WeWork owner The We Company has postponed its initial public offering, walking away from preparations to launch it this month after a lacklustre response from investors to its plans. The U.S. office-sharing startup was getting ready to launch an investor road show for its IPO this week before making the last-minute decision on Monday to stand down, people familiar with the matter said. "The We Company is looking forward to our upcoming IPO, which we expect to be completed by the end of the year. We want to thank all of our employees, members and partners for their ongoing commitment," the company said in a short statement.



People stand outside a WeWork co-working space in New York City, New York U.S., January 8. REUTERS/Brendan McDermid

Apple says \$14 billion EU tax order 'defies reality and common sense'

The European Union's order to Apple to pay 13 billion euros (\$14 billion) in back taxes "defies reality and common sense", the U.S. firm said as the two sides sparred in a case key to the EU's crackdown on sweetheart deals to multinationals. Apple's Chief Financial Officer Luca Maestri led a six-strong delegation to the court where a panel of five judges will hear arguments over two days. "The Commission contends that essentially all of Apple's profits from all of its sales outside the Americas must be attributed to two branches in Ireland," Apple's lawyer Daniel Beard told the court. He said the fact the iPhone, the iPad, the App Store, other Apple products and services and key intellectual property rights were developed in the United States, and not in Ireland, showed the flaws in the Commission's case. "The branches' activities did not involve creating, developing or managing those rights. Based on the facts of this case, the primary line defies reality and common sense," Beard said. (\$1 = 0.9075 euros)

GM switches health insurance costs to union for striking workers; talks continue

General Motors shifted health insurance costs for its striking workers to the United Auto Workers union as its members walked the picket line for the second day. Negotiations between GM and the union resumed on Tuesday morning. Workers on picket lines outside GM factories waved signs declaring "UAW On Strike." In Bowling Green, Kentucky, they blocked the three entrances to the assembly plant, which normally builds the Chevrolet Corvette. GM said coverage for the striking workers' health insurance reverted to the union, which unsuccessfully sought to have the company cover those costs through the end of the month. That places another drain on the union's strike fund. "We understand strikes are difficult and disruptive to families," GM spokesman Jim Cain said in an email. "While on strike, some benefits shift to being

funded by the union's strike fund, and in this case hourly employees are eligible for union-paid COBRA so their health care benefits can continue." In other news, a White House spokesman and GM said the White House is not involved in contract talks with General Motors and the United Auto Workers union, aimed at ending a nationwide strike that began late on Sunday. To read more, [click here](#).

Trump administration officials tell Senate about Big Tech antitrust probes

The Justice Department's antitrust division chief, Makan Delrahim, said that its probes of big technology companies like Alphabet's Google were a "priority" that could result in either "law enforcement or policy options as solutions." Delrahim and Joe Simons, chair of the Federal Trade Commission, began testimony to the Senate Judiciary Committee's antitrust panel. The Trump administration is in

the early stages of investigating Google, Facebook, Amazon and Apple for allegedly using their clout illegally to hobble competitors. Senator Mike Lee, a Republican and subcommittee chair, pressed the agencies in opening remarks about how they were collaborating. "Based on news reports, it sounds like your agencies may be pursuing monopolization investigations of the same companies," Lee said in written remarks. "I don't think your agencies should be divvying up parts of a monopolization investigation of the same tech company."



REUTERS/George Frey

Oxycontin maker Purdue begins bankruptcy in push to settle opioid lawsuits

Oxycontin maker Purdue Pharma LP told a bankruptcy judge it hopes to broaden support for a proposed settlement of 2,600 lawsuits alleging it fueled the U.S. opioid crisis, but opponents of the deal highlighted looming legal battles. A lawyer representing the company told U.S. Bankruptcy Judge Robert Drain in White Plains, New York that the case was an opportunity to end a "chaotic maelstrom" of litigation. "Purdue is not shielding itself from these claimants. It is giving itself to these claimants without them even having to prevail in the litigation," Marshall Huebner, a Davis, Polk & Wardwell lawyer representing Purdue, told the court.

Trump to bar California from setting vehicle emissions rules -sources

The Trump administration will announce as early as Wednesday it is revoking California's authority to set its

own vehicle greenhouse gas standards and blocking states from setting tailpipe emission rules -- a move that will spark a furious legal challenge, two auto industry officials said. The White House declined to comment. The administration plans to issue separate rules rolling back Obama-era fuel economy requirements in the coming weeks. A formal announcement is tentatively set for Wednesday at the Environmental Protection Agency's headquarters and automakers and dealers have been invited to attend, industry officials said.

Kraft Heinz slips as 3G Capital cuts stake

Shares of Kraft Heinz fell after the packaged food maker's second largest investor, 3G Capital, sold over 25 million shares in the open market at a discount. In a filing with the U.S. Securities and Exchange Commission on Monday, 3G Global Food Holdings disclosed that it sold 25.1 million shares at \$28.44 per share, lower than Kraft Heinz's Monday's close of \$29.62. The \$712.95 million stock sale brings 3G Capital's stake down to 20.1% from 22.14%, and it continues to be the second largest shareholder behind Warren Buffett's Berkshire Hathaway. The company's shares ended 4.15% down at \$28.39.

Buyout firm CD&R pursues bid with PPG for Buffett-backed Axalta - sources

Buyout firm Clayton, Dubilier & Rice LLC is in talks to partner with U.S. paint maker PPG Industries to make an acquisition offer for Axalta Coating Systems, the U.S. coatings company whose largest shareholder is Warren Buffett's Berkshire Hathaway, people familiar with the matter said on Monday. The bid would come three months after Axalta said it would explore a sale. It would allow PPG to overcome potential antitrust hurdles it would face were it to buy the entirety of Axalta, and only take on businesses it

deems complementary. CD&R and PPG are discussing forming a consortium to bid for Axalta with other investors that include Singaporean sovereign wealth fund GIC and U.S. asset manager BlackRock, one of the sources said.

Walmart likely discriminated against female workers, U.S. agency says

Walmart likely discriminated against 178 female workers by paying them less, denying them promotions or both, because of their gender, the U.S. Equal Employment Opportunity Commission said in memos seen by Reuters. The agency urged Walmart and the women who filed complaints to come to a "just resolution," which could include a settlement and changes to Walmart's employment practices, after finding "reasonable cause" to believe there was gender discrimination. The memos were issued in July and viewed by Reuters after they were first reported by the Wall Street Journal. Walmart told the EEOC it was willing to engage in a "conciliatory process," though in most cases the agency's reasonable cause findings were "vague and non-specific," said Randy Hargrove, a Walmart spokesman.

Amazon starts hiring own drivers in German last-mile delivery push

Amazon has begun hiring its own drivers in Germany and plans to open 11 more distribution centres to expand its delivery business in its second biggest market, the firm's German logistics chief said in an interview. It is part of a global effort by the online retailer to build an air, sea and land transport network to help it offer faster deliveries and try to contain shipping costs, which have steadily increased as a percentage of sales. "If we have last-mile in our own hands we can offer more services like same-day delivery," Bernd Gschaider, Germany director for Amazon Logistics, told Reuters at a distribution centre outside the southern city of Mannheim.



A Mass Transit Railway (MTR) train is seen derailed on the East Rail line in Hong Kong, China September 17. REUTERS/Tyrone Siu

Insight and Analysis

Size matters. Big U.S. farms get even bigger amid China trade war

As the 2018 harvest approached, North Dakota farmer Mike Appert had a problem - too many soybeans and nowhere to put them. Appert, who farms 48,000 acres (19,425 hectares), cut a check for \$800,000 to build eight new permanent steel bins. But most farmers do not have \$800,000 to spend on steel bins, and many are going under. The number of U.S. farms fell by 12,800 to 2.029 million in 2018, the smallest ever, as the trade war pushes more farmers into retirement or bankruptcy. In farming, size does matter. The farms left standing after the trade were will likely be some of the biggest in the business.

From underpants to oat drink makers, Citigroup courts startups for growth

At an event hosted by Citigroup this month, its dealmakers sat executives from major consumer-product companies alongside rivals trying to disrupt their businesses. The idea was to hatch partnerships between old companies that are replete with cash and searching for growth, and fledgling companies that are gobbling up market share and need working capital. One of the blue-chip titans that benefited from Citi's matchmaking was Kimberly Clark. The company made an investment in a direct-to-consumer brand, inking a \$25 million deal with period-proof-panty startup Thinx, the startup said.

U.S. value fund managers betting shift to value stocks won't last

The massive U.S. market rotation into value stocks over the last two weeks is finally giving value fund managers a reason to be hopeful after years of underperformance. Yet portfolio managers from firms such as Hillman Funds, Artisan Partners and Eaton Vance say that they are taking the rally in value stocks - so called because they trade at cheaper valuations than the rapidly expanding companies in the growth stock category - to sell some of their best performers and move into companies that are further out of favor. The move is based on views that the market's shift to value stocks will not last.



CANADA

Market Monitor

Canada's main stock index gave up early losses to trade higher after a rise in the materials sector more than offset a slide in energy shares. The **energy sector** tumbled 2.23% to 144.51, a day after surging 9%. The **materials sector** added 2.27% to 262.01. The **Toronto Stock Exchange's S&P/TSX** composite index rose 0.50% to 16,834.75.

The **U.S. dollar** rose 0.02% against its **Canadian counterpart** to C\$1.3238.



COMING UP

Statistics Canada is likely to report that **annual inflation rate** held steady in August after it gained 2% in July. Consumer price index for August is expected to have dipped 0.1%, following a rise of 0.5% in the month before.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
GAINERS			
Detour Gold Corp	20.94	1.25	6.35
Western Forest Products Inc	1.35	0.08	6.30
Barrick Gold Corp	23.90	1.30	5.75
LOSERS			
CannTrust Holdings Inc	1.70	-0.29	-14.57
Encana Corp	6.87	-0.48	-6.53
MEG Energy Corp	6.21	-0.38	-5.77

Top News

Canada ends 2018-19 fiscal year with narrower budget deficit than forecast

Canada ended the fiscal year with a C\$14.0 billion deficit on March 31, some C\$900 million lower than the government projected, the federal finance department said in its annual financial report. The Canadian government had estimated a deficit of C\$14.9 billion in its March budget. In 2017-2018, Canada had a deficit of C\$19.0 billion. Total federal debt at the end of the 2018-2019 fiscal year sat at C\$685.5 billion compared with C\$671.3 billion the previous year. But Canada's federal debt-to-GDP ratio fell to 30.9% from 31.3% in the previous year.

CEO of Canada's Imperial Oil to retire, successor named

Imperial Oil's chief executive officer, Rich Kruger, will retire in December after being at the helm since 2013, the Canadian oil sands producer said. The Calgary-based company, majority-



owned by Exxon Mobil, named Brad Corson as his successor. Corson, an Exxon veteran who joined the U.S. oil major in 1983, will assume the role of president immediately and become chairman and CEO after Kruger's departure.

CannTrust's licence to produce, sell cannabis suspended by Health Canada

Troubled Canadian pot grower CannTrust Holdings said its licence to produce and sell cannabis has been suspended by Health Canada. The company had delayed its second-quarter results last month awaiting a decision from Canada's health

regulator on a large amount of inventory put on hold after discovery of illegal cultivation by the company. CannTrust said its management and board were reviewing the notice with the company's counsel and other advisers.

Barrick CEO Bristow says Nevada gold find shows big potential

A fresh gold discovery by Barrick Gold in Nevada is "fantastically significant" and shows there still is rich potential in the region for exploration, Chief Executive Officer Mark Bristow said in an interview. Barrick announced the discovery hole and said its proximity about 1.25-mile (2 kilometers) from the company's Fourmile project points to at least one more Tier 1 gold mine through the combination of Fourmile with the nearby Goldrush development project. "We're super excited about that," Bristow said on the sidelines of the Denver Gold Forum. "That's the potential that's there in Nevada, still for me."



WEALTH NEWS

SAUDI OIL ATTACKS

Saudi Arabia to restore oil output fully by end of September -energy minister

Saudi Arabia will restore its lost oil output of 5.7 million barrels per day (bpd) by the end of September and has managed to recover oil supplies to the levels they were at prior to weekend attacks on its facilities by drawing from oil inventories. Energy Minister Prince Abdulaziz bin Salman said oil production in October would be 9.89 million bpd.

FOMC DECISION

Divided Fed set to cut interest rates this week, but then what?

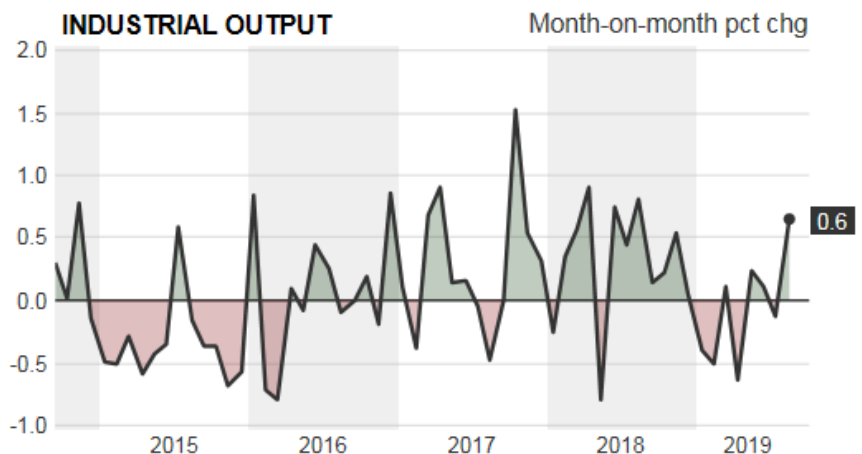
Deep disagreements within the Federal Reserve over the economic outlook and how the U.S. central bank should respond will not stop policymakers from cutting interest rates at a two-day meeting that begins.

ECONOMIC NEWS

U.S. manufacturing production rebounds; outlook remains weak

U.S. manufacturing output increased solidly in August, boosted by a surge in the production of machinery and other goods, but the outlook for factories remains weak amid rising headwinds from trade tensions and slowing global economies. Manufacturing production rose 0.5% in August, the Fed said. Production at factories fell 0.4% in August on a year-on-year basis. The jump in manufacturing output in August together with a 1.4% rebound in mining, lead to a 0.6% increase in industrial production last month. Overall capacity use for the industrial sector rose to 77.9% from 77.5% in July. A separate report from the National Association of Homebuilders showed homebuilders' confidence edged up in September.

U.S. industrial output



Source: Refinitiv Datastream / Stephen Culp 9/17/2019

Click on the picture for a detailed graphic

TRADE NEGOTIATIONS

U.S., Chinese trade deputy talks to start on Thursday

Deputy-level U.S.-China trade talks are scheduled to start in Washington, the U.S. Trade Representative's office said, paving the way for high-level talks in October aimed at resolving a bitter, 14-month trade war.

ARAMCO IPO

Saudi Aramco pursues IPO planning despite attack damage doubts

Saudi Aramco is pressing on this week with banker meetings about its planned listing, three sources said, although some investors and analysts doubt it can now meet its timeline after the weekend attacks on its oil facilities.

LIBRA REGULATION

ECB's Villeroy tells Facebook that Libra faces tough scrutiny

European Central Bank board member Francois Villeroy de Galhau said that "stablecoins" like Facebook's Libra highlight gaps in rules and the media giant's payments project faced a tough regulatory approach.

BANKING REGULATIONS

U.S. banking regulator proposes easing post-crisis derivatives rules for big banks

A U.S. banking regulator proposed easing a post-credit crisis rule on how much cash big banks should set aside to safeguard derivatives trades between affiliates, marking one of the biggest wins for Wall Street lenders under the Trump administration.



A man holds his dog as he casts his vote in a ballot box during Israel's parliamentary election at a polling station in Rosh Ha'ayin, Israel September 17. REUTERS/Ronen Zvulun

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

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