

# MORNING NEWS CALL

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Canada Edition

Thursday, August 18, 2022



## Earnings Roundup

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### TOP NEWS

- **Oil companies work around Jones Act to supply U.S. fuel markets**

U.S. oil companies are working around a century-old shipping law to supply fuel to the U.S. East Coast, according to data from Refinitiv and oil trading sources, as high demand for gasoline and global disruptions in fuel markets sent prices higher.

- **Phillips 66 offers to buy pipeline operator DCP Midstream**

U.S. refiner Phillips 66 on Wednesday offered to acquire the public units of DCP Midstream in a deal that would value the pipeline operator at \$7.2 billion deal and bulk up Phillip's natural gas liquids business.

- **Tesla cuts delivery waiting time for Model Y in China to a minimum of 4 weeks**

Tesla said it has slashed the delivery waiting time for its Model 3 and Model Y cars in China as it ramps up output at its Shanghai plant after upgrading production lines.

- **Estee Lauder forecasts dour 2023 due to China COVID lockdowns**

Estee Lauder forecast full-year sales and adjusted profit below estimates, due to a hit from COVID-19-related lockdowns in major market China.

- **Cisco expects revenue growth as supply chain pressures ease**

Cisco gave a positive forecast for first-quarter sales as a COVID-19 recovery in China eases supply chain shortages and helps it meet demand for networking hardware, sending the company's shares 5% higher in extended trading.

### BEFORE THE BELL

**Futures** for **Canada's main stock index** were in the green as **oil** prices rose on data showing robust fuel consumption in the U.S. and expected fall in Russian supply late in the year. **U.S. stock index futures** edged higher, even as minutes from the Fed's July meeting suggested the central bank would keep raising rates to tame inflation. **European equities** rose, boosted by oil stocks. **Japanese shares** ended lower, tracking overnight losses on the Wall Street. **Gold** inched up as **U.S. Treasury yields** slipped, with a strong **U.S. dollar** capping gains.

### STOCKS TO WATCH

- **Enbridge Inc:** Phillips 66 on Wednesday offered to acquire the public units of DCP Midstream in a deal that would value the pipeline operator at \$7.2 billion deal and bulk up Phillip's natural gas liquids business. A deal would mark the first major move by Mark Lashier, who took over as the chief executive officer of Phillips 66 last month. Enbridge, which owned 50% of DCP's general partner, said it would reduce its stake in the company to

13.2% from 28.3%. It received a \$400 million cash payment from Phillips 66 as part of the deal. Enbridge will, in turn, take over as operator and more than double its stake in Grey Oak pipeline, previously operated by Phillips 66. The Grey Oak pipeline transport crude oil from West Texas to the Gulf Coast.

## ANALYSIS

### **U.S. retail traders pile back into options as meme-stock mania flares**

Speculative options trading is on the rise again among individual investors alongside a rally in so-called meme stocks, reviving a trend that swept Wall Street last year but faded as markets turned volatile in 2022.

## ANALYSTS' RECOMMENDATION

• **Ivanhoe Electric Inc:** JPMorgan initiates coverage with neutral rating, citing the company's nascent stage and limited data available.

## ECONOMIC EVENTS (All timings in U.S. Eastern Time)

0830 **Producer prices mm** for July: Prior -1.1%

0830 **Producer prices yy** for July: Prior 14.3%

0830 **Raw materials prices mm** for July: Prior -0.1%

0830 **Raw materials prices yy** for July: Prior 32.4%

## COMPANIES REPORTING RESULTS

### **August 18 & 19:**

No major companies are scheduled to report.

## CORPORATE EVENTS

No major events are scheduled for the day.

## EXDIVIDENDS

**Fortis Inc:** Amount C\$0.53

**Quebecor Inc:** Amount C\$0.30

**Sleep Country Canada Holdings Inc:** Amount C\$0.21

*(All analysts' estimates are according to I/B/E/S Refinitiv data.)*

## PICTURE OF THE DAY



People walk during a heavy downpour on Clapham Common, following a long period of hot weather and little rainfall, in London, Britain, August 17. REUTERS/Dylan Martinez

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