

MORNING NEWS CALL

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Earnings Roundup

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TOP NEWS

- **Apple hit with EU antitrust charge over its payment technology**

EU antitrust regulators charged Apple with restricting rivals' access to its NFC chip technology in a move that could result in a hefty fine for the iPhone maker and force it to open its mobile payment system to competitors.

- **Google urges court to scrap \$1.6 billion EU antitrust fine**

Alphabet unit Google urged Europe's second-highest court to dismiss a 1.49-billion-euro fine imposed by EU antitrust regulators three years ago for hindering rivals in online search advertising.

- **Amazon to get hearing that could overturn NY union vote, labor board official says**

Amazon.com's objections to a landmark union election at a company warehouse in New York City justify a hearing that could overturn the result, a U.S. National Labor Relations Board (NLRB) official said.

- **Buffett reveals big investments, rails against Wall Street excess at Berkshire meeting**

Warren Buffett on Saturday used the annual meeting of Berkshire Hathaway to reveal major new investments including a bigger stake in Activision Blizzard, while also railing against Wall Street excess and addressing the risks to his conglomerate of inflation and nuclear war.

- **Moderna says its vaccine for ages under 6 will be ready for U.S. review in June**

Moderna's chief medical officer said on Sunday the company's vaccine for children under 6 years old will be ready for review by a Food and Drug Administration panel when it meets in June.

BEFORE THE BELL

U.S. stock index futures edged higher after closing out a rough April, as investors turned their attention to the Federal Reserve, which is widely expected to raise interest rates this week to curb overheating prices. **European stocks** fell as data that signaled a steeper pace of contraction in China's factory activity dampened risk appetite, while the closure of London and most Asian markets for a holiday reduced volumes. Meanwhile, **Japanese shares** ended lower in volatile trade. The **dollar** advanced, with investors preparing for a busy week of central bank meetings, while **gold** prices slipped. **Oil** prices fell on concerns about weak economic growth in China. Manufacturing PMI and construction spending numbers are due later in the day.

STOCKS TO WATCH

Results

• **Enterprise Products Partners LP:** The company's crude pipeline volumes rose by 16% in the first quarter, the U.S. energy pipeline operator said, as demand recovered. Crude oil pipeline transportation volume rose to 2.2 million barrels per day (bpd), in the quarter ended March 31, from 1.9 million bpd a year earlier. Total revenue rose 42% to \$13 billion, beating analysts' average estimate of \$10.39 billion. Excluding one-time items, profit of 59 cents per share also beat expectations of 53 cents per share.

Moves

• **Walt Disney Co:** The company's head of corporate affairs, Geoff Morrell, is leaving the company three months after joining from oil and energy company BP Plc, according to an email on Friday from Chief Executive Officer Bob Chapek. Morrell's brief tenure has been marked by controversy over the company's response to Florida's law barring classroom instruction of sexual orientation and gender identity for some younger students. "It has become clear to me that for a number of reasons it is not the right fit," Morrell wrote in a separate email to his staff. "I have decided to leave the company to pursue other opportunities." Kristina Schake will lead the company's communications efforts, Chapek said in the email. Her 30-plus years of experience include heading up President Joe Biden's vaccine education program, as well as communications for Instagram and work in the Obama administration. Government relations and global public policy will be led by Disney's general counsel, Horacio Gutierrez.

Deals Of The Day

• **XP Inc:** Brazilian lender **Itau Unibanco** said on Friday it has acquired an 11.36% stake in the brokerage firm for around 8 billion reais. The deal does not change XP's governance and should not have a relevant effect on the 2022 results, said the lender in a securities filing. In November, Itau received approval from Brazil's central bank to buy the stake.

In Other News

• **Abbott Laboratories:** The company said on Friday it would release limited quantities of nutrition products that had been put on hold following a recall of some powdered infant formulas from its Michigan facility. The company had in February recalled some baby formulas, including certain Similac products, made at its plant in Sturgis after complaints about bacterial infections in infants who consumed the products. That weighed on sales at its nutrition unit in the latest reported quarter and led the company to lower its sales growth view for the full-year. The FDA said on Friday the company had conducted standard product testing and committed to completing further testing of the product batches prior to release. However, as enhanced testing would take more time, the health agency has allowed for the products to be released for individuals needing urgent, life-sustaining supplies. The nutrition formulas Abbott is releasing include Calcilo XD, Cyclinex®-1 and 2 and ProViMin, as well as Similac PM 60/40. The product lots being released were not included in the recall, Abbott said.

• **Alphabet Inc:** Google urged Europe's second-highest court to dismiss a 1.49-billion-euro fine imposed by EU antitrust regulators three years ago for hindering rivals in online search advertising. The case is one of three that has resulted in a total of 8.25 billion euros in European Union antitrust fines on the world's most popular internet search engine. The European Commission in its 2019 decision said Google had abused its dominance to stop websites using brokers other than its AdSense platform which provided search adverts. The Commission said the illegal practices occurred from 2006 to 2016. Google subsequently challenged the EU finding in the Luxembourg-based General Court. The company will set out its case during a three-day hearing starting on Monday. The EU competition enforcer's assessment of Google's dominance and the Commission's decision that search ads and non-search ads do not compete were wrong, Google said in a court document.

• **Amazon.com Inc:** The e-commerce company's objections to a landmark union election at a company warehouse in New York City justify a hearing that could overturn the result, a U.S. National Labor Relations Board (NLRB) official said. The online retailer has accused the NLRB's Brooklyn office of appearing to support the union drive and alleged that labor organizers intimidated workers to vote in their favor, claims the union has dismissed. Citing the Brooklyn office's conduct, Amazon last month secured the case's transfer to the NLRB's Phoenix-based region. That office's director, Cornele Overstreet, said the evidence behind Amazon's claims "could be grounds for overturning the election," according to a filing on Friday. Some 55% of employees who voted from Amazon's JFK8 warehouse in the borough of Staten Island opted to join the Amazon Labor Union (ALU), which has argued for higher pay and job security. Turnout was about 58%.

• **Apple Inc:** EU antitrust regulators charged the company with restricting rivals' access to its NFC chip technology in a move that could result in a hefty fine for the iPhone maker and force it to open its mobile payment system to competitors. The European Commission said it had sent a charge sheet known as a statement of objections to

Apple, detailing how the company had abused its dominant position in markets for mobile wallets on iOS devices. "We have indications that Apple restricted third-party access to key technology necessary to develop rival mobile wallet solutions on Apple's devices," EU antitrust chief Margrethe Vestager said in a statement. "In our statement of objections, we preliminarily found that Apple may have restricted competition, to the benefit of its own solution Apple Pay," she said. Apple said it would continue to engage with the Commission.

- **Berkshire Hathaway Inc:** The holding company's shareholders on Saturday rejected proposals to have an independent chair replace Warren Buffett, and require his company to disclose more about its climate-related risks and efforts to improve diversity. Shareholders supported letting Buffett keep both the chairman and chief executive roles by a nearly 6-to-1 margin, Berkshire said at its annual meeting in Omaha, Nebraska. The National Legal and Policy Center, a Berkshire shareholder, had said it was poor corporate governance for the legendary investor to retain both roles. Its proposal gained greater attention when Calpers, which invested \$460 billion on April 28 and is the largest U.S. public pension fund, expressed support, as it has at other companies. Berkshire's board, however, said Buffett should keep both roles. Warren Buffett also used the annual meeting to reveal major new investments including a bigger stake in Activision Blizzard Inc and Chevron Corp, while also railing against Wall Street excess and addressing the risks to his conglomerate of inflation and nuclear war. Berkshire also said first-quarter operating profit was little changed at \$7.04 billion, as many of its dozens of businesses withstood supply chain disruptions caused by COVID-19 variants, the Ukraine invasion and rising costs from inflation.
- **Credit Suisse Group AG:** A group of people and entities have filed a class action lawsuit against the Swiss bank alleging it misled investors over business dealings related to Russian oligarchs, law firm Pomerantz LLP said. The lawsuit, filed in a New York district court, is on behalf of people and entities who acquired Credit Suisse securities between March 19, 2021 and March 25, 2022, Pomerantz said in a statement issued late on Friday. "The complaint alleges that, throughout the class period, defendants made materially false and misleading statements regarding the company's business, operations, and compliance policies," Pomerantz said in the statement. The law firm alleged disclosure shortcomings around a securitisation deal. It cited in its statement a Financial Times story from February in which the newspaper reported that Credit Suisse had securitised a portfolio of loans linked to its wealthiest customers' yachts and private jets, in an unusual use of derivatives to offload the risks associated with lending to ultra-rich oligarchs and entrepreneurs.
- **Intel Corp:** International semiconductor consortium ISMC will invest \$3 billion in India's southern Karnataka state to set up a chip-making plant, the state government said on Sunday. ISMC is a joint venture between Abu Dhabi-based Next Orbit Ventures and Israel's Tower Semiconductor. U.S. chip giant Intel Corp has announced plans to acquire Tower. India's first semiconductor fabrication unit is expected to generate more than 1,500 direct jobs and 10,000 indirect jobs, the state's investment promotion division said in a tweet.
- **Robinhood Markets Inc:** Berkshire Hathaway's vice-chairman Charles Munger said on Saturday that retail broker, which is trading near a record low, was getting its comeuppance. After a peak in 2020 in trading volumes, Robinhood posted a 43% fall in first-quarter revenue earlier this month as transaction volumes declined across asset classes amid poor performance of shares. The company said it was laying off 9% of its full-time workforce. The firm was at the center of the retail trading frenzy when investors used the platform last year to pump money into shares of so-called meme stocks, including GameStop and AMC Entertainment.
- **MGM Resorts International:** The company offered to acquire Swedish online gaming company LeoVegas AB for about \$607 million, paving the way for the U.S. casino operator to expand its presence in Europe. MGM floated a recommended public tender offer for 61 crowns in cash per share, which represents a 44.2% premium to LeoVegas' last closing price of 42.32 crowns. MGM has been looking to capitalise on the sports-betting arena through its joint venture BetMGM, which forecast earlier this year more than \$1.3 billion in revenue for 2022, as the coronavirus pandemic fuelled demand for online gaming. The acceptance period of the offer will begin during June and expire on or around August 2022.
- **Moderna Inc:** The drugmaker's chief medical officer said on Sunday the company's vaccine for children under 6 years old will be ready for review by a Food and Drug Administration panel when it meets in June. Moderna sought emergency use authorization from the FDA on Thursday. An advisory panel of experts to the U.S. drug regulator will meet in June to review the request. "I think the FDA now have all of the core fundamental data they need to be able to begin an application review. So yes, we're very confident," Dr. Paul Burton, the company's chief medical officer, said in an interview with CBS' "Face the Nation." Moderna's vaccine could be the first to win U.S. approval for children under the age of 5.
- **Natera Inc:** Law firm Kessler Topaz Meltzer & Check LLP on Sunday said it had filed a securities class action lawsuit against the pharmaceutical company on behalf of shareholders, according to a statement. The law firm said the main justification for the lawsuit filed in the U.S. district court of the Western district of Texas was that

Natera, which specializes in genetic testing and diagnostics, provided information about the efficacy of its tests that have not proved accurate. "Natera said that its tests are much more reliable than it appears they really are," Kessler Topaz said in the statement.

- **Netflix Inc:** The streaming platform said on Sunday it had decided to stop work on Meghan Markle's family series "Pearl" as it reviewed animated content. Dropping several projects, including Markle's, was part of strategic decisions on production of animated series, the company said in a statement, without providing further details on its decision. Archewell Productions, the company formed by Markle and her husband, Prince Harry, said last year that she would be an executive producer of "Pearl". The series was to be centered on the adventures of a 12-year-old girl who is inspired by influential women from history. Netflix also decided not to move forward with the two animated children's series "Dino Daycare" and "Boons and Curses." The decision to cancel these shows comes after Netflix reported a loss of 200,000 subscribers in the first quarter, falling well short of its forecast of adding 2.5 million.

- **Pfizer Inc:** Poland has no "coherent rationale" to invoke force majeure in an existing contract in order to stop paying for more COVID-19 vaccines from the drugmaker, a European Commission official told Reuters. Separately, Pfizer on Friday said a large trial found that its COVID-19 oral antiviral treatment Paxlovid was not effective at preventing coronavirus infection in people living with someone infected with the virus. The trial enrolled 3,000 adults who were household contacts exposed to an individual who was experiencing symptoms and had recently tested positive for COVID-19. They were either given Paxlovid for five or 10 days or a placebo. Those who took the five-day course were found to be 32% less likely to become infected than the placebo group. That rose to 37% with 10 days of Paxlovid. However, the results were not statistically significant and thus possibly due to chance. The drugmaker said Paxlovid, which consists of two different antiviral drugs, is currently approved or authorized for conditional or emergency use in more than 60 countries across the globe to treat high-risk COVID-19 patients. Separately, Pfizer Inc also expects to have its vaccine data for children under 6 ready by the June review.

- **Qualcomm Inc:** Volkswagen has set up a years-long partnership with US chip to develop automated driving technology, with the contract set to run until 2031, the German daily Handelsblatt reported. The car giant will use Qualcomm's system-on-a-chip (SoC), developed specifically for automated driving, across all brands worldwide starting in 2026, the newspaper said citing company sources. Volkswagen CEO Herbert Diess travelled to Qualcomm's headquarters in San Diego in mid-April, where they agreed to the conditions of the deal, which sources say will cost VW around 1 billion euros, according to Handelsblatt.

INSIGHT

Berkshire shareholders look beyond Warren Buffett, Charlie Munger

Berkshire Hathaway shareholders face a question that Warren Buffett sought to tackle at the company's annual meeting: How will Berkshire fare when he's no longer around?

ANALYSTS' RECOMMENDATION

- **Bristol-Myers Squibb Co:** Truist Securities raises target price to \$81 from \$76, saying, with the approval of mavacamten, the company is well-positioned to leverage its leadership in cardiovascular in launching the product.
- **Chevron Corp:** Credit Suisse raises target price to \$190 from \$180, to account for higher commodity prices and stronger refining earnings.
- **Colgate-Palmolive Co:** RBC cuts target price to \$82 from \$84, factoring significantly higher commodity and logistic costs, as well as transactional FX headwinds.
- **Charter Communications Inc:** Cowen and Company cuts target price to \$749 from \$760, after the company posted slight downside Q1 results with weak Broadband adds.
- **Exxon Mobil Corp:** JPMorgan raises target price to \$107 from \$100, after the company signaled confidence in its cash generation capability.

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

0945 **S&P Global Manufacturing PMI final** for April: Prior 59.7

1000 (approx.) **Construction spending mm** for March: Expected 0.7%; Prior 0.5%

1000 **ISM Manufacturing PMI** for April: Expected 57.6; Prior 57.1

1000 **ISM Manufacturing Prices Paid** for April: Expected 87.5; Prior 87.1

1000 **ISM Manufacturing Employment Index** for April: Prior 56.3

1000 **ISM Manufacturing New Orders Index** for April: Prior 53.8

COMPANIES REPORTING RESULTS

Arista Networks Inc: Expected Q1 earnings of 81 cents per share

Boston Properties Inc: Expected Q1 earnings of 67 cents per share

Clorox Co: Expected Q3 earnings of 97 cents per share

Coterra Energy Inc: Expected Q1 earnings of 83 cents per share

Devon Energy Corp: Expected Q1 earnings of \$1.75 cents per share

Diamondback Energy Inc: Expected Q1 earnings of \$4.51 cents per share

Expedia Group Inc: Expected Q1 loss of 62 cents per share

FMC Corp: Expected Q1 earnings of \$1.71 cents per share

Global Payments Inc: Expected Q1 earnings of \$2.04 cents per share

MGM Resorts International: Expected Q1 loss of 7 cents per share

Monolithic Power Systems Inc: Expected Q1 earnings of \$2.26 cents per share

Moody's Corp: Expected Q1 earnings of \$2.90 cents per share

Mosaic Co: Expected Q1 earnings of \$2.40 cents per share

NXP Semiconductors NV: Expected Q1 earnings of \$3.17 cents per share

Progressive Corp: Expected Q1 earnings of \$1.15 cents per share

Solaredge Technologies Inc: Expected Q1 earnings of \$1.27 cents per share

Vornado Realty Trust: Expected Q1 earnings of 08 cents per share

WEC Energy Group Inc: Expected Q1 earnings of \$1.67 cents per share

Williams Companies Inc: Expected Q1 earnings of 35 cents per share

CORPORATE EVENTS (All timings in U.S. Eastern Time)

0800 **Global Payments Inc:** Q1 earnings conference call

0830 **Affiliated Managers Group Inc:** Q1 earnings conference call

0900 **CNA Financial Corp:** Q1 earnings conference call

0900 **ON Semiconductor Corp:** Q1 earnings conference call

1000 **Aflac Inc:** Annual Shareholders Meeting

1000 **Enterprise Products Partners LP:** Q1 earnings conference call

1000 **Loews Corp:** Q1 earnings conference call

1000 **Saia Inc:** Q1 earnings conference call

1000 **TopBuild Corp:** Annual Shareholders Meeting

1100 **Eli Lilly and Co:** Annual Shareholders Meeting

1100 **Park Hotels & Resorts Inc:** Q1 earnings conference call

1130 **Moody's Corp:** Q1 earnings conference call

1200 **NCR Corp:** Annual Shareholders Meeting

1200 **Paycom Software Inc:** Annual Shareholders Meeting

1300 **STAG Industrial Inc:** Annual Shareholders Meeting

1400 **Planet Fitness Inc:** Annual Shareholders Meeting

1400 **WEC Energy Group Inc:** Q1 earnings conference call

1615 **Clorox Co:** Q3 earnings conference call

1630 **Arista Networks Inc:** Q1 earnings conference call

1630 **Expedia Group Inc:** Q1 earnings conference call

1630 **Varonis Systems Inc:** Q1 earnings conference call

1630 **Woodward Inc:** Q2 earnings conference call

1630 **ZoomInfo Technologies Inc:** Q1 earnings conference call

1700 **Amkor Technology Inc:** Q1 earnings conference call

1700 **Carvana Co:** Annual Shareholders Meeting

1700 **Clorox Co:** Q3 earnings conference call

1700 **Credit Acceptance Corp:** Q1 earnings conference call

1700 **MGM Resorts International:** Q1 earnings conference call

1700 **Monolithic Power Systems Inc:** Q1 earnings conference call

EX-DIVIDENDS

Citizens Financial Group Inc: Amount \$0.39

Idacorp Inc: Amount \$0.75

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

PICTURE OF THE DAY



*U.S. President Joe Biden sits inside Marine One as it lands on the South Lawn at the White House in Washington, U.S., May 1.
REUTERS/Elizabeth Frantz*

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(Compiled by Sourav Bose and Kumar Satyam in Bengaluru)

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