

# MORNING NEWS CALL

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## Earnings Roundup

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### TOP NEWS

- **Japan finds another Moderna vial suspected to contain foreign substance**

Japan reported a fresh contamination case involving Moderna's COVID-19 vaccine, the fourth such incident in less than a week, threatening to slow the country's sputtering inoculation campaign.

- **Power losses stifle oil firms recovery efforts after Hurricane Ida**

Energy companies' efforts to get workers back to production platforms and refineries to make repairs after Hurricane Ida lashed Louisiana are being stymied by the extent of infrastructure damage from the storm, executives said.

- **OPEC+ seen sticking to policy despite higher oil demand**

OPEC and its allies will likely stick to their existing policy of gradual oil output increases despite revising up the 2022 demand outlook and facing U.S. pressure to raise production more quickly, four sources said.

- **Judge to rule on Purdue Pharma bankruptcy plan that shields Sacklers**

A U.S. judge is expected to rule on Wednesday on OxyContin maker Purdue Pharma's request to approve its bankruptcy reorganization plan that would shield the company's Sackler family owners from future litigation over the opioid crisis.

- **Chinese state firms to take big stake in Ant's credit-scoring JV -sources**

State-backed firms are set to take a sizeable stake in a key Ant Group asset for the first time, three people told Reuters, in a move that will loosen the Chinese fintech giant's grip on a data treasure trove of over 1 billion users but help revive its IPO.

### BEFORE THE BELL

**Wall Street futures** rose, as investors awaited manufacturing activity data and ADP employment report which is due for release later in the day to gauge the health of the economy. **European stocks** edged closer to record highs on hopes for more stimulus, while investors shook off concerns about rising inflation. **Japanese shares** jumped after media reported Japanese PM Suga intended to dissolve the lower house of parliament in mid-September, although Suga denied reports later. The **dollar** steadied, while **gold** was slightly lower. **Oil** prices gained ahead of an OPEC+ meeting.

### STOCKS TO WATCH

- **Alphabet Inc:** Google said it was appealing against a 500 million euro fine imposed by France's antitrust watchdog in July over a dispute with local media about paying for news content. "We disagree with a number of legal elements, and believe that the fine is disproportionate to our efforts to reach an agreement and comply with

the new law," said Sebastien Missoffe, head of Google France. "We continue to work hard to resolve this case and put deals in place. This includes expanding offers to 1,200 publishers, clarifying aspects of our contracts, and sharing more data as requested by the French Competition Authority."

- **Didi Global Inc & JD.com Inc:** Chinese ride-hailing giant Didi has set up a union for its staff while e-commerce powerhouse JD.com has also established one - landmark moves in the country's tech sector where organised labour is extremely rare. Didi's union, announced on an internal forum last month, will be initially managed by employees at its Beijing headquarters and will be guided by the government-backed All China Federation of Trade Unions (ACTFU), said two people familiar with matter. They were not authorised to speak to media and declined to be identified. JD.com established a trade union this week, a newspaper affiliated with the Beijing Federation of Trade Unions said, publishing pictures of the ceremony which was attended by a number of government officials.
- **Hershey Co:** A California cookie maker on Tuesday sued Hershey for the right to keep using a stylized chocolate chip teardrop on its packaging, after Hershey complained it looked too much like its famous Hershey's Kisses. The Cookie Department Inc said Hershey's threatened trademark lawsuit accusing it of borrowing Kisses' "conical configuration" without permission was in retaliation for its own lawsuit accusing Hershey of infringing its "Tough Cookie" mark.
- **Intuit Inc:** The developer of TurboTax and QuickBooks software is in talks to buy email marketing company Mailchimp for more than \$10 billion, Bloomberg News reported late Tuesday, citing people familiar with the matter. No final decision has been made and discussions could fall through, the report said, adding that another buyer could also emerge for Mailchimp. If talks are successful, it would be the largest deal to date for Intuit, according to the report.
- **Marathon Petroleum Corp:** The company said on Tuesday that only minor damage from Hurricane Ida has been found at its 578,000 barrel-per-day Garyville, Louisiana, refinery. "We continue to assess other steps that will be needed to safely restart the plant," company spokesman Jamal Kheiry said. "Due to a power outage in the area, we are using generators to power aspects of our operations that enable us to progress with repairs and assessments."
- **Moderna Inc:** Japan reported a fresh contamination case involving Moderna's COVID-19 vaccine, the fourth such incident in less than a week, threatening to slow the country's sputtering inoculation campaign. Kanagawa prefecture said on Tuesday several black particles in one Moderna vaccine vial were found upon checking for foreign substances before its use, and it has put the rest of the lot on hold. Kanagawa prefecture said the vaccine's domestic distributor, Takeda Pharmaceutical, had collected the vial with the suspected contaminant and that about 3,790 people had already received shots from the same lot.
- **Nio Inc:** The Chinese electric vehicle (EV) maker cut its delivery forecast for the third quarter this year due to uncertain and volatile semiconductor supplies. Nio cut its delivery forecast for the third quarter to around 22,500 to 23,500 vehicles from a previous 23,000-25,000 vehicles. It delivered 5,880 electric sports-utility vehicles last month, up 48% from a year earlier.
- **Novartis AG:** The company said on Wednesday it had agreed a deal with Britain's healthcare service provider for use of the drugmaker's new anti-cholesterol drug Leqvio, after the country's healthcare cost agency NICE approved the medicine. The agreement, whose value was not disclosed, will help with wide access to the Swiss drugmaker's medicine through Britain's National Health Service (NHS) for people at risk of heart disease and for whom conventional treatment has not worked. About 300,000 patients at high risk of a second cardiovascular incident are expected to be treated with the medicine over three years, Novartis said.
- **PPL Corp:** Britain's competition regulator cleared National Grid's proposed acquisition of the United Kingdom's largest electricity distribution business on Wednesday without referring the \$11 billion deal to a lengthy investigation. National Grid agreed in March to buy Western Power Distribution (WPD), which runs grids in the English midlands and southwest regions, as well as Wales, from U.S.-based PPL.
- **Robinhood Markets Inc:** The online brokerage said the U.S. Securities and Exchange Commission was reviewing a filing of share sale by a group of its shareholders. Robinhood said it submitted an amended resale filing on Wednesday, adding that no sales can be made off the filing until the SEC staff completes their review and declares it effective.
- **Royal Dutch Shell PLC:** The company announced plans to vastly expand its network of electric vehicle charging points in Britain, aiming to install 50,000 on-street posts by 2025. Shell will implement the plans through ubitricity, an on-street charging point company that it acquired in February which operates around 3,600 chargers in Britain.

The expansion is part of a government-backed push to rapidly grow Britain's electric vehicle (EV) fleet in line with a target to reduce carbon emissions to net zero by 2050. Britain also plans to ban the sale of new petrol and diesel cars by 2030.

- **Verizon Communications Inc:** The wireless carrier said on Tuesday it was seeing "some impact" from the devastation caused by the wildfires in California. "There are currently 15 active fires burning in California and Verizon is seeing some impact from the widespread devastation", the company said in an update on its website. "Currently, Verizon has nine sites out of service, with restoration efforts slowed due to unsafe conditions", the statement added.
- **Walmart Inc:** The company said it planned to hire 20,000 workers at its supply chain division and raise wages ahead of the busy holiday season anticipating higher demand. The roles, which will be a mix of part time and full time jobs, would be hired at across more than 250 Walmart and Sam's Club distribution centers, fulfillment centers and transportation offices, the retailer said in a statement. Separately, Walmart on Tuesday became the latest U.S. retailer to say that it is ready to administer millions of COVID-19 booster vaccine doses this fall if U.S. health officials endorse such a shot to improve fading immunity against the coronavirus.
- **Walt Disney Co:** The company said on Tuesday that content from its streaming service Hotstar — home to India's IPL cricket tournament and original shows like "Aarya" — will migrate to its ESPN+ and Hulu streaming platforms in the United States. Disney, which has 174 million paying customers across its four streaming services, is looking to slowly consolidate its content into a Disney Bundle, which includes ESPN+, Hulu, Disney+ and more than 100,000 movies, TV episodes as well as sports events. Sports content from Hotstar will move to ESPN+, and Hotstar movies as well as TV shows will migrate to Hulu, which is home to series like "The Handmaid's Tale".
- **Wells Fargo & Co:** Frustrated at the pace of Wells Fargo's efforts to compensate victims of its sales practice scandals, U.S. regulators have warned they may impose new sanctions on the bank, Bloomberg reported on Tuesday. The Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB) have signaled to the bank they are not satisfied with its progress, including the bank's attempts to improve its governance and risk controls, the report said.

## FOCUS

### Launching into space? Not so fast. Insurers balk at new coverage

An ever-swelling amount of space debris is threatening satellites that hover around Earth, making insurers leery of offering coverage to the devices that transmit texts, maps, videos and scientific data, industry sources said.

## ANALYSTS' RECOMMENDATION

- **Corteva Inc:** Berenberg initiates with buy rating, believing in the company's ability to achieve and exceed its peak sales targets, in addition to EPS doubling by 2024.
- **PVH Corp:** Piper Sandler raises target price to \$137 from \$128, after the company reported strong second-quarter results.
- **Talis Biomedical Corp:** BTIG cuts rating to neutral from buy, after the company announced that President, CEO, Director and co-founder Brian Coe has stepped down as CEO and board member.
- **Vornado Realty Trust:** Piper Sandler cuts target price to \$46 from \$50, to reflect the longer New York office rent recovery timeline.
- **Wells Fargo & Co:** KBW cuts target price to \$54 from \$57, to reflect regulatory risks weighing on the company's stock.

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

0815 (approx.) **ADP national employment** for Aug: Expected 613,000; Prior 330,000  
 0945 **Markit Manufacturing PMI Final** for Aug: Prior 61.2  
 1000 (approx.) **Construction spending mm** for July: Expected 0.2%; Prior 0.1%  
 1000 **ISM Manufacturing PMI** for Aug: Expected 58.6; Prior 59.5  
 1000 **ISM Manufacturing Prices Paid** for Aug: Expected 83.8; Prior 85.7  
 1000 **ISM Manufacturing Employment Index** for Aug: Prior 52.9  
 1000 **ISM Manufacturing New Orders Index** for Aug: Prior 64.9

**COMPANIES REPORTING RESULTS**

**Brown-Forman Corp:** Expected Q1 earnings of 39 cents per share  
**Campbell Soup Co:** Expected Q4 earnings of 48 cents per share

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

0800 **Campbell Soup Co:** Q4 earnings conference call  
0830 **Connect Biopharma Holdings Ltd:** Ha earnings conference call  
0900 **Dycom Industries Inc:** Q2 earnings conference call  
0900 **PVH Corp:** Q2 earnings conference call  
1000 **Brown-Forman Corp:** Q1 earnings conference call  
1000 **Caseys General Stores Inc:** Annual Shareholders Meeting  
1000 **Regal Beloit Corp:** Shareholders Meeting  
1000 **Rexnord Corp:** Shareholders Meeting  
1630 **Asana Inc:** Q2 earnings conference call  
1630 **ChargePoint Holdings Inc:** Q2 earnings conference call  
1630 **Five Below Inc:** Q2 earnings conference call  
1630 **nCino Inc:** Q2 earnings conference call  
1630 **Nutanix Inc:** Q4 earnings conference call  
1700 **C3Ai Inc:** Q1 earnings conference call  
1700 **Chewy Inc:** Q2 earnings conference call  
1700 **Okta Inc:** Q2 earnings conference call  
1700 **Ryan Specialty Group Holdings Inc:** Q2 earnings conference call  
1700 **Semtech Corp:** Q2 earnings conference call  
1700 **Smith & Wesson Brands Inc:** Q1 earnings conference call  
1700 **Veeva Systems Inc:** Q2 earnings conference call

**EX-DIVIDENDS**

**Home Depot Inc:** Amount \$1.65  
**Houlihan Lokey Inc:** Amount \$0.43  
**Kronos Worldwide Inc:** Amount \$0.18  
**La-Z-Boy Inc:** Amount \$0.15  
**Lear Corp:** Amount \$0.50  
**Mosaic Co:** Amount \$0.07  
**Patria Investments Ltd:** Amount \$0.46  
**Patterson-UTI Energy Inc:** Amount \$0.02  
**Qualcomm Inc:** Amount \$0.68  
**Shutterstock Inc:** Amount \$0.21  
**Vontier Corp:** Amount \$0.02

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

## PICTURE OF THE DAY



*U.S. President Joe Biden departs after delivering remarks on Afghanistan during a speech in the State Dining Room at the White House in Washington, August 31. REUTERS/Carlos Barria*

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(Compiled by Nachiket Tekawade and Yoganand K N in Bengaluru)

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[morning.newscall@thomsonreuters.com](mailto:morning.newscall@thomsonreuters.com)

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