

MORNING NEWS CALL

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U.S. Edition

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TOP NEWS

• U.S. CDC director breaks with panel, backs COVID-19 boosters for high-risk workers

The U.S. Centers for Disease Control and Prevention backed a booster shot of the Pfizer and BioNTech COVID-19 vaccine for Americans aged 65 and older, some adults with underlying medical conditions and some adults in high-risk working and institutional settings.

• Google, India antitrust watchdog tussle in court over probe leak

Google accused India's antitrust regulator in court of being a "habitual offender" by leaking confidential information of cases it was examining, an accusation the watchdog rejected.

• Quad leaders to meet at White House amid shared China concerns

Leaders of United States, Japan, India and Australia, sharing concerns about China's growing power and behavior, meet in person as a group for the first time for a summit expected to bring progress on COVID-19 vaccines, infrastructure and technological cooperation.

• U.S. oil refiners pick Iraqi, Canadian crudes to replace storm losses -traders

U.S. oil refiners hunting to replace crude lost after a storm hit the U.S. Gulf of Mexico last month have been turning to Iraqi and Canadian oil, while Asian buyers have been pursuing Middle Eastern and Russian grades, analysts and traders said.

• Evergrande investors in limbo after payment deadline passes

China Evergrande has left global investors guessing over whether it will make a key interest payment, adding to fears that Beijing will let overseas bondholders swallow large losses as a liquidity crisis deepens at the world's most indebted property company.

BEFORE THE BELL

U.S. stock index futures edged lower following a sharp rally in the past two days after the Federal Reserve kept its policy stance largely in-line with market expectations. **European shares** slipped as concerns over the fate of debt-ridden China Evergrande weighed on investor sentiment. **Japanese shares** soared led by cyclical stocks on economic recovery hopes. The **dollar** fell, while **gold** prices rose. **Oil** prices were headed for a third straight week of gains, supported by global output disruptions and inventory draws. Building permits and new home sales data are on the economic radar.

STOCKS TO WATCH

Results

• **Costco Wholesale Corp:** The membership-only retail chain said on Thursday it was reinstating limits on purchases of key items including bath tissues, roll towels and bottled water, spurred by panic buying from customers amid rising COVID-19 cases. While there was a shortage of cleaning supplies even last year, transportation issues this year are causing delays in deliveries to stores despite suppliers having plenty of stock, Costco Chief Financial Officer Richard Galanti said in an earnings call. Total revenue rose to \$62.68 billion in the fourth quarter from \$53.38 billion a year earlier. Analysts on average had expected revenue of \$61.30 billion.

• **Nike Inc:** The company on Thursday cut its fiscal 2022 sales expectations and said it expects delays during the holiday shopping season, blaming a supply chain crunch that has left it with soaring freight costs and products stuck in transit. Months-long factory closures in Vietnam, where about half of all Nike footwear is manufactured, have piled more pressure on global supply chains already reeling from the impact of the pandemic. Nike said revenue rose to \$12.25 billion from \$10.59 billion in the first quarter ended Aug. 31, while analysts on average had expected \$12.46 billion.

In Other News

- **Alphabet Inc:** Google accused India's antitrust regulator in court of being a "habitual offender" by leaking confidential information of cases it was examining, an accusation the watchdog rejected. The Times of India and Reuters reported on Saturday that an investigation by the Competition Commission of India (CCI) had found that Google abused the dominant position of its Android operating system in India, using its "huge financial muscle" illegally to hurt competitors. In an unusual move on Thursday, Google sued the CCI in the Delhi High Court, saying in a statement it was "protesting against the breach of confidence" and "to prevent any further unlawful disclosures of confidential findings". In a near hour-long court showdown, Google's lawyer, Abhishek Manu Singhvi, accused the CCI of leaking information repeatedly, saying it did so to "give a dog a bad name in advance and then hang him by these selective leakages".
- **Amazon.com Inc:** The company launched in India eight global and local streaming services on its video platform, in a move aimed at boosting subscriptions. The move comes at a time of increasing competition from global and domestic rivals in an important market for the U.S. tech company. The Amazon Channels service will help customers using its Prime flagship loyalty programme to subscribe to multiple streaming services on a single interface, Gaurav Gandhi, the head of Amazon Prime Video in India, told Reuters in an interview ahead of the launch. Separately, new company data revealed the company's executives ranks remained largely white, although the share of non-white executives rose modestly, while minorities continued to account for most of its blue-collar workforce as the online retailer grew rapidly during the COVID-19 pandemic.
- **IAC/InterActiveCorp & Meredith Corp:** The company is in advanced talks to buy magazine publisher Meredith at a valuation expected to be over \$2.5 billion, the Wall Street Journal reported on Thursday. Television mogul Barry Diller-owned IAC could strike a deal with Meredith in the next few days, the Journal said, adding the talks could still fall apart. Meredith's magazine brands, which include People, Better Homes & Gardens and Allrecipes, would compliment and expand IAC's collection of digital publications such as Investopedia, Serious Eats and Brides.
- **McDonald's Corp:** The burger chain said on Thursday it would restart share buybacks and also increased its quarterly dividend by 7%, as the world's largest fast food chain recovers from the impact of the COVID-19 pandemic. McDonald's had suspended its \$15 billion buyback program early last year as the burger chain looked to conserve cash in order to navigate through the COVID-19 health crisis that had forced many of its restaurants to close their doors to diners.
- **Regeneron Pharmaceuticals Inc:** A World Health Organization panel recommended the use of Regeneron and Roche's COVID-19 antibody cocktail for patients at high risk of hospitalisations and those severely ill with no natural antibodies. The treatment has been granted U.S. emergency use authorisation, having gained attention when used to treat former President Donald Trump's COVID-19 illness last year. Europe is reviewing the therapy, while Britain approved it last month. While acknowledging costs associated with the treatment, the WHO panel said that given the recorded benefits of the therapy, "the recommendations should provide a stimulus to engage all possible mechanisms to improve global access to the intervention and associated testing." In a separate statement, the WHO called on Regeneron to lower prices and distribute the treatment equitably worldwide, especially in low- and middle-income countries. The agency also urged the firms to transfer tech to help make biosimilars.
- **Tesla Inc:** San Francisco transport authorities on Thursday raised concerns about the safety record of Tesla's advanced driver assistant system, as the electric car maker prepared a wide release of a test version of the software that works on city streets and highways. The San Francisco County Transportation Authority also disputed the name of the system, "Full Self-Driving" (FSD) saying it is an advanced driver assistance program, not an autonomous vehicle system. Tilly Chang, Executive Director of the SFCTA, said in a statement to Reuters that a human driver should "continuously monitor" Tesla's FSD system. "We are concerned about the safety record of this service and the name of the service as it could be confusing for consumers, and hope DMV, FTC and NHTSA continue to monitor and analyze this issue to protect consumers and the traveling public," she said.
- **Twitter Inc:** The company will allow people to tip their favorite content creators with bitcoin and will launch a fund to pay some users who host audio chat rooms on its Spaces feature, the company said on Thursday. The San Francisco-based company added it will test new ways to help users have a safer experience on Twitter, such as warning when people are entering a "heated" conversation or letting them leave tweet threads. The product announcements are part of Twitter's effort to compete with rival platforms like Facebook and YouTube for popular content creators with large followings, and turn around its image as a site where polarized discussions can fester. "We believe we can continue to incentivize the types of conversations that people want to see," said Esther Crawford, product lead for creator monetization at Twitter, in a briefing with reporters.

• **Uber Technologies Inc:** The ride-hailing company said it would start rolling out its pension plan to all eligible drivers in the United Kingdom, months after the ride-hailing service granted workers' rights to its drivers in the country. In March, Uber had reclassified its more than 70,000 drivers in Britain as workers following a Supreme Court ruling. Uber had also said it would offer guaranteed entitlements, including holiday pay, a pension plan and limited minimum wage. The Silicon Valley company said it would contribute 3% of a driver's earnings into a pension plan, while drivers can choose to contribute a minimum of 5% of their qualifying earnings.

ANALYSIS

Fed's bond-buying program may be on the way out, but it's not going far

The Federal Reserve will start to shutter its pandemic-era bond-buying program later this year, leaving the U.S. central bank with a balance sheet of more than \$8.5 trillion before the purchases end in mid-2022 and a likely debate coming about what to do different next time.

ANALYSTS' RECOMMENDATION

• **Accenture Plc:** Cowen and Company raises price target to \$370 from \$365, citing strong growth outlook for 2022.

• **Cheesecake Factory Inc:** Jefferies raises price target to \$60 from \$55, saying the management seemed fairly upbeat about consumer demand remaining fairly consistent.

• **Costco Wholesale Corp:** D.A. Davidson raises price target to \$423 from \$390, after the company beat EPS estimate in the fourth quarter.

• **Hershey Co:** JPMorgan raises price target to \$181 from \$180, citing higher sales forecasts.

• **Nike Inc:** Cowen and Company cuts price target to \$180 from \$196, following the company's decision to lower FY22 revenue outlook.

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

0800 (approx.) **Building permits R number** for Aug: Prior 1.728 mln

0800 (approx.) **Building permits r change mm** for Aug: Prior 6.0%

1000 (approx.) **New home sales-units** for Aug: Expected 0.714 mln; Prior 0.708 mln

1000 (approx.) **New home sales change mm** for Aug: Prior 1.0%

COMPANIES REPORTING RESULTS

Carnival Corp: Expected Q3 loss of \$1.48 per share

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

0800 **Uxin Ltd:** Q1 earnings conference call

1000 **Carnival Corp:** Q3 earnings conference call

1000 **Kansas City Southern:** Shareholders Meeting

1200 **AeroVironment Inc:** Annual Shareholders Meeting

EX-DIVIDENDS

Cerner Corp: Amount \$0.22

Equity Residential: Amount \$0.60

General Electric Co: Amount \$0.08

Independent Bank Corp (Massachusetts): Amount \$0.48

Omega Flex Inc: Amount \$0.30

Portland General Electric Co: Amount \$0.43

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

PICTURE OF THE DAY



State troopers with the Texas Department of Public Safety stand next to a line of law enforcement vehicles facing the U.S. Mexico border near a makeshift border camp along the International Bridge in Del Rio, Texas, September 23. REUTERS/Adrees Latif

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