

MORNING NEWS CALL

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U.S. Edition

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TOP NEWS

• **With uncertainty comes growing economic risk for the Fed to weigh**

Since U.S. President Donald Trump took office in January, he has imposed biting new tariffs, with more coming, begun a disruptive cull of federal jobs and spending, risked a political fracture with Europe, and acknowledged that an economy that was by most measures fine when he took over now faces some bumps, or worse.

• **EXCLUSIVE-Tesla plans Model Y costing at least 20% less to produce to defend China share, sources say**

Tesla will make a lower-cost version of its best-selling Model Y in Shanghai, three people with knowledge of the matter said, aiming to regain ground lost during a price war in its second-largest market.

• **Boeing, Apple, GE to join US business mission to Vietnam next week, list shows**

Top U.S. tech, defence and energy companies including Boeing and Apple will join a large business mission to Vietnam next week, a list of participants seen by Reuters shows, in a possible sign of confidence as the Southeast Asian country seeks to avoid U.S. trade tariffs.

• **American Airlines jet engine catches fire after landing in Denver, passengers evacuated**

An engine on an American Airlines jet caught fire after the plane diverted to Denver on Thursday, forcing the evacuation of passengers using emergency slides, the Federal Aviation Administration said.

• **EXCLUSIVE-Major US toymaker speeds up plan to move manufacturing out of China**

A major supplier of toys to Walmart and Target is accelerating its shift out of China as it reshapes production amid President Donald Trump's intensifying trade war with the country.

BEFORE THE BELL

U.S. stock index futures ticked up, indicating a pause from a week-long selloff on the Wall Street that was triggered by the Trump administration's trade policies. On the economic data front, the University of Michigan's survey of consumer mood is expected later in the day, with price pressures being the main concern. Economists polled by Reuters expect the index to drop further to 63.1 from the 15-month low it hit in February. **European shares** rose but were on track for their biggest weekly fall in three months. Japan's **Nikkei share average** recouped early losses to end higher, as investors bought into chip-related shares and other undervalued stocks. The **dollar** was slightly lower, while **gold** prices hit the psychological milestone of \$3,000 an ounce for the first time. **Oil** prices rebounded from the losses in the previous session.

STOCKS TO WATCH

Results

• **Crown Castle Inc:** The company said on Thursday it will sell its fiber assets to two entities for \$8.5 billion, after activist investor Elliott Investment Management pushed the wireless tower operator for changes. The company is selling its small cells business to EQT Active Core Infrastructure fund and its fiber solutions one to Zayo Group Holdings, each for \$4.25 billion. Shares of the Texas-based company rose in extended trading. Crown Castle also said it expects to implement a share repurchase program of around \$3 billion after the deal closes in the first half of 2026. Excluding the fiber segment, Crown Castle forecast 2025 site rental revenue to be between \$3.99 billion and \$4.03 billion, while analysts expected \$6.23 billion. The company expects annual adjusted funds from operations to be between \$4.06 and \$4.17 per share excluding fiber. Analysts, on average, expected \$6.93 per share.

• **Ulta Beauty Inc:** The beauty retailer beat sales and profit expectations for the fourth-quarter on Thursday, signaling a robust holiday season as shoppers flocked to its stores for products ranging from cosmetics to perfumes, sending shares up in extended trading. Ulta's fourth-quarter net sales fell 1.9% to \$3.49 billion but topped estimates of \$3.46 billion. The company posted a profit of \$8.46 per share for the quarter ended February 1, compared to estimates of \$7.12 per share. The company expects annual sales to be between \$11.5 billion and \$11.6 billion, compared with analysts' estimates of \$11.67 billion. Ulta expects annual profit per share to be between \$22.50 and \$22.90, compared with expectations of \$23.47.

Deals Of The Day

• **Radius Recycling Inc:** The recycled metal products maker said on Thursday it had entered into a definitive merger agreement with Toyota Tsusho America, a U.S. subsidiary of Japanese trading house Toyota Tsusho Corp (TTC). Toyota Tsusho America will acquire all shares of Radius for \$30 per share in cash, representing a nearly 120% premium to the stock's last close on Thursday and implying a total enterprise value of about \$1.34 billion. Shares of Radius Recycling had more than doubled in extended trading. Radius seeks to gain from TTC's financial strength and recycling technology and expand into the automotive market with its experience in the sector, following the merger, the company said in a statement. The transaction is expected to close in the second half of 2025.

In Other News

• **Altimmune Inc:** The company said on Thursday that it plans to test its lead experimental obesity drug, pemvidutide, to potentially treat alcohol use disorder and alcohol-associated liver disease. Pemvidutide belongs to the same class of drugs as Novo Nordisk's Wegovy and Ozempic and Eli Lilly's Mounjaro and Zepbound, known as GLP-1 agonists. Altimmune plans to initiate a mid-stage trial testing pemvidutide for alcohol use disorder in the second quarter and another mid-stage trial testing it for alcohol-associated liver disease in the third quarter of this year. Shares of the company were up in aftermarket trading before paring gains.

• **American Airlines Group Inc:** An engine on the airline jet caught fire after the plane diverted to Denver on Thursday, forcing the evacuation of passengers using emergency slides, the Federal Aviation Administration said. The airline said all 172 passengers and six crew members had exited the plane, though Denver International Airport said 12 people were transported to hospitals with minor injuries. American Airlines said the plane had landed safely and taxied to the gate when it experienced an "engine-related issue. The FAA said it would investigate the incident. A Denver International Airport spokesperson said the fire had been extinguished and flight operations had continued as normal.

• **Apple Inc:** British officials held private talks with their U.S. counterparts to resolve concerns that UK is trying to force Apple to build a backdoor into Americans' encrypted data, Bloomberg News reported on Thursday, citing people familiar with the matter. Apple removed its most-advanced security encryption for cloud data in Britain last month, which gives the iPhone maker access to iCloud backups in certain cases that it otherwise could not, such as copies of iMessages, and hand it over to authorities if legally compelled. Additionally, Indonesia has issued telecommunications permits for five different models of Apple's iPhone 16, the communications ministry said, a step towards allowing sales after a domestic ban. Separately, the company is planning a new AirPods feature that would allow the device to live-translate conversations with people into another language, Bloomberg News reported on Thursday, citing people with knowledge of the matter.

• **Berkshire Hathaway Inc and Compass Inc:** The home brokerage is in advanced talks to acquire Warren Buffett's real-estate brokerage business, the Wall Street Journal reported on Thursday, citing people familiar with the matter. The acquisition price could not be determined, the report said, adding that a deal could come together soon if talks don't hit any last-minute snags. Compass, which operates in 35 U.S. states and Washington DC, with more than 33,000 agents, is among the largest U.S. real estate brokerages by sales volume.

• **Cboe Global Markets Inc and Nasdaq Inc:** The Texas Stock Exchange (TSXE) said it hired senior exchange-traded funds executives from Cboe Global Markets and Nasdaq to win a share of trading in the \$11 trillion U.S. ETF market. It announced on Thursday that Robert Marrocco, formerly global head of ETP, or exchange-traded products, listings at Cboe Global Markets, will take on the same role at TXSE and Alison Hennessy, the former head of ETP listings at Nasdaq, will become managing director of exchange traded products. The hirings signal the Texas exchange views the ETF arena as key to its future growth, analysts said. Marrocco's hiring "indicates that TXSE could prioritize ETP listing, which is a relatively less competitive avenue compared to individual stock listing," said Owen Lau, a senior analyst at Oppenheimer & Co.

• **Oracle Corp:** The company is in discussions with the Indonesian government to establish a cloud services center in the country's Batam Island, Bloomberg News reported, citing people familiar with the matter. Nongsa Digital Park in Batam is favoured as a location considering its "free trade zone" status and its proximity to city-state of

Singapore and Malaysia, where Oracle already has plans for similar cloud service businesses, the report said. The company also wants to continue its expansion across Asia, with more data centres and infrastructure projects planned "from Japan all the way down to New Zealand... all the way to India", Garrett Ilg, Oracle's executive vice president for Japan and Asia Pacific, had told Reuters in a statement earlier.

- **Target Corp and Walmart Inc:** A major supplier of toys to Walmart and Target is accelerating its shift out of China as it reshapes production amid President Donald Trump's intensifying trade war with the country. California-based MGA Entertainment, which makes its Bratz and L.O.L. Surprise! dolls and other toys primarily in China, is taking steps to move 40% of its manufacturing to India, Vietnam and Indonesia within six or so months, up from around 10% to 15% currently, CEO Isaac Larian said in an interview. Roughly 60% of the company's manufacturing will still be in China after the speedier shift to India, Vietnam and Indonesia in the coming months, Larian said.

- **Tesla Inc:** The automaker will make a lower-cost version of its best-selling Model Y in Shanghai, three people with knowledge of the matter said. The U.S. electric vehicle maker is developing the model under a project codenamed "E41" and will build it using existing production lines, the people said. Mass production will begin at its biggest factory by output in 2026, said two of the people. The car will be smaller and cost at least 20% less to produce than the refreshed Model Y launched late last year, two of them said. Additionally, Tesla chair Robyn Denholm has moved out of her role as operating partner at Australia's biggest venture capital fund, Blackbird VC, people familiar with the situation said, while she remains a board member and adviser to the firm.

ANALYSIS

Big bank deals stalled by Trump volatility even as officials signal deregulation

Big banks are holding off on acquisitions and staying cautious about the Trump administration's pledges to unleash dealmaking, according to industry executives. Treasury Secretary Scott Bessent said last week that bank mergers had been slowed by minor issues. Days earlier, newly installed regulators moved to scrap strict Biden-era rules that raised oversight of big transactions.

ANALYSTS' RECOMMENDATION

- **Alphabet Inc:** TD Cowen cuts target price to \$210 from \$220, reflecting the company's higher than expected GenAI-related capital expenditure.
- **Dollar General Corp:** Piper Sandler raises target price to \$81 from \$79, given the company's solid fourth-quarter earnings and positive outlook.
- **Manhattan Associates Inc:** Piper Sandler cuts target price to \$200 from \$268, based on near-term services concerns for the company.
- **Ulta Beauty Inc:** Piper Sandler cuts target price to \$364 from \$425, citing the lack of near-term upside opportunity for the company.
- **Xponential Fitness Inc:** Stifel cuts target price to \$12 from \$20, stating the company's poor processes and insufficient resources that have resulted in a financial restatement and uncertainty about outlook.

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

- 1000 **U Mich Sentiment Preliminary** for March: Expected 63.1; Prior 64.7
- 1000 **U Mich Conditions Preliminary** for March: Expected 65.0; Prior 65.7
- 1000 **U Mich Expectations Preliminary** for March: Expected 64.3; Prior 64.0
- 1000 **U Mich 1-year Inflation Preliminary** for March: Prior 4.3%
- 1000 **U Mich 5-year Inflation Preliminary** for March: Prior 3.5%

EX-DIVIDENDS

- Albemarle Corp:** Amount \$0.41
- Allegion PLC:** Amount \$0.51
- AMETEK Inc:** Amount \$0.31
- Arch Capital Group Ltd:** Amount \$0.34
- Automatic Data Processing Inc:** Amount \$1.54
- Chubb Ltd:** Amount \$0.91

Coca-Cola Co: Amount \$0.51
Crown Castle Inc: Amount \$1.57
Devon Energy Corp: Amount \$0.24
Digital Realty Trust Inc: Amount \$1.22
Domino's Pizza Inc: Amount \$1.74
Duke Energy Corp: Amount \$0.35
Eastman Chemical Co: Amount \$0.83
eBay Inc: Amount \$0.29
Extra Space Storage Inc: Amount \$1.62
Garmin Ltd: Amount \$0.75
Gilead Sciences Inc: Amount \$0.79
Global Payments Inc: Amount \$0.25
Leidos Holdings Inc: Amount \$0.40
Meta Platforms Inc: Amount \$0.52
Motorola Solutions Inc: Amount \$1.09
Nasdaq Inc: Amount \$0.24
Northern Trust Corp: Amount \$0.75
Packaging Corp of America: Amount \$1.25
Sempra: Amount: \$0.35
Southern Co: Amount \$0.28
T Rowe Price Group Inc: Amount \$1.27
Textron Inc: Amount \$0.02
Thermo Fisher Scientific Inc: Amount \$0.43
Verisk Analytics Inc: Amount \$0.45
Waste Management Inc: Amount \$0.82
Williams Companies Inc: Amount \$0.50
Xcel Energy Inc: Amount \$0.57

(All analysts' estimates are according to LSEG IBES data)

PICTURE OF THE DAY



French wine is shown for sale on the shelves of a wine store in Encinitas, California, March 13. REUTERS/Mike Blake

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