

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

**Wall street** closed lower, dragged by Apple, Alphabet and other tech-related companies weighed on the **S&P 500** and **Nasdaq** despite reporting strong quarterly earnings. **Treasury yields** fell on month-end demand for bonds from investors. The **dollar** rose on upbeat economic data. **Palladium** surpassed \$3,000 before retreating. **Oil** prices dropped on demand recovery worries.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	33879	-181.89	-0.53	34256.75	22789.62
Nasdaq	13962.68	-119.87	-0.85	14211.57	12397.05
S&P 500	4181.25	-30.22	-0.72	4218.78	3662.71
Toronto	19108.33	-147.59	-0.77	19439.82	14187.47
FTSE	6969.81	8.33	0.12	7040.26	6397.24
Eurofirst	1682.08	-6.95	-0.41	1707.07	1521.71
Nikkei	28812.63	-241.34	-0.83	30714.52	27002.18
Hang Seng	28724.88	-578.38	-1.97	31183.36	27079.24

TREASURIES	Yield	Price
10-year	1.6276	4/32
2-year	0.1623	0/32
5-year	0.8477	3/32
30-year	2.2982	8/32

FOREX	Last	% Chng
Euro/Dollar	1.2023	-0.78
Dollar/Yen	109.30	0.36
Sterling/Dollar	1.3814	-0.90
Dollar/CAD	1.2292	0.11
TR/HKEX RMB	97.06	0.26

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	63.48	-1.53	-2.35
Spot gold (NY/oz)	1767.75	-3.49	-0.20
Copper U.S. (front month/lb)	0.0447	-0.0003	-0.61
CRB Index Total Return	212.29	-0.97	-0.45

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
Aon PLC	251.16	12.40	5.19
Tesla Inc	709.44	32.44	4.79
Fortinet Inc	204.23	8.76	4.48
<b>LOSERS</b>			
Twitter Inc	55.24	-9.85	-15.13
Resmed Inc	187.91	-20.00	-9.62
Dexcom Inc	386.10	-35.60	-8.44

## Coming Up - On Monday



A file photo shows Federal Reserve Chair Jerome Powell listening during a Senate Banking Committee hearing on Capitol Hill, Washington, U.S., December 1, 2020.

Federal Reserve Chairman **Jerome Powell** will speak on "Community Development" before a virtual National Community Reinvestment Coalition 2021 Just Economy Conference.

**Estee Lauder Companies Inc** is set to post a rise in third-quarter sales, boosted by higher demand for lipsticks and foundations as lockdown restrictions lift in major markets. Investors will be on the lookout for comments on emerging markets and the company's push into skincare.

The Institute of Supply Management (ISM) is expected to report its **index of national factory activity** likely rose to 65 in April from 64.7 in March. A separate report from the U.S. Commerce Department is expected to show **construction spending** likely rebounded 2% in March, following a 0.8% fall in February.

Data on **Brazil's trade**, **Peru's inflation** and **Chile's economic activity** are scheduled for release.

### PROMOTION

#### LIVECHAT - REUTERS GLOBAL MARKETS FORUM

The Reuters Global Markets Forum brings a week-long line-up of guests to talk about Paris Agreement targets, green energy, digital transformation and sustainability, with perspectives from industry leaders, policymakers and corporates, on how the promises made will be met, both logistically and financially. **Sir Philip Lowe**, executive chair at the World Energy Council's Energy Trilemma Initiative and former director-general for Energy at the European Commission, will join the forum for discussion. (0800 ET/1200 GMT) To join the conversation, [click here](#)

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Markit Manufacturing PMI Final for Apr	0945	--	60.6
Construction spending mm for Mar	1000	2.0%	-0.8%
ISM Manufacturing PMI for Apr	1000	65.0	64.7
ISM Manufacturing Prices Paid for Apr	1000	86.0	85.6
ISM Manufacturing Employment Index for Apr	1000	--	59.6
ISM Manufacturing New Orders Index for Apr	1000	--	68.0

## Coming Up - Week Ahead

On the economic calendar, Friday's **monthly jobs report** from the Labor Department will give a crucial glimpse into the health of the labor market as the country seeks to broaden its economic reopening. **Non-farm payrolls** are expected to have increased by 978,000 jobs in April, according to a Reuters poll, after a 916,000 jump in March - the largest increase since last August. The **unemployment rate** for the same month is expected to have slipped slightly to 5.7% from 6% in March. The ADP national employment report, releasing on Wednesday, is expected to show private payrolls surging by 815,000 jobs in April, compared with a gain of 517,000 jobs in March. On Thursday, the Labor Department is expected to report **initial jobless claims** falling to 540,000 in the week ended May 1, from 553,000 in the week before. **Factory data** from the Commerce Department, scheduled on Tuesday, is expected to show new orders for U.S.-made goods likely rose 1.3% in March, after falling 0.8% in February. Separately on Tuesday, **trade deficit** is expected to have widened to \$74 billion in March, from \$71.1 billion in February. On Wednesday, the ISM is expected to show its **non-manufacturing activity index** likely rose to 64.3 in April, from 63.7 in March.

**Pfizer Inc** is expected to report first-quarter earnings on Tuesday and disclose quarterly sales of its COVID-19 vaccine. Investors will focus on comments about future price of the vaccine and other developments that could give a glimpse into the sustainability of the COVID-19 vaccine business for Pfizer.

**General Motors Co** will report first-quarter results on Wednesday and is expected to provide update on how the automaker's inventory and vehicle pricing have been impacted by the global semiconductor chip shortage.

**Moderna Inc** is expected to report first-quarter results on Thursday, with investors watching out for any changes to the company's forecast for 2021 sales of its COVID-19 vaccine. Quarterly sales of the vaccine will also be in focus, as well as details on plans to ramp up its manufacturing.

**Uber Technologies Inc** is expected to post a marginal fall in first-quarter revenue on Wednesday. Investors will be looking for any comments on the company's profitability target and signs of recovery in the ride-hailing business as the U.S. economy reopens. **Lyft Inc** is expected to report a fall in first-quarter revenue on Tuesday as its ride-hailing business continued to be hammered by the pandemic. Investors will be looking for any comments on profitability and business recovery as roll-out of COVID-19 vaccines and easing of restrictions is now encouraging people to step out.

**Insurer American International Group Inc** is expected to report its first-quarter results after markets close on Thursday. Investors are awaiting an update about the separation of AIG's life insurance business and also

looking for insights about whether the pandemic is contributing to commercial insurance increases. U.S. life insurer Prudential Financial Inc is set to report its first-quarter 2021 earnings after markets close on Tuesday. Investors are awaiting details on how insurance claims for COVID-19 deaths as well as variable investment income will impact Prudential's bottom line. U.S. group life insurer MetLife Inc is scheduled to report its first-quarter 2021 earnings after markets close on Wednesday. Investors are awaiting details on how insurance claims for COVID-19 deaths as well as investment income will impact MetLife's bottom line.

**PayPal Holdings Inc** is expected to report a rise in first-quarter profit on Wednesday, with a coronavirus-driven shift to online shopping and digital transactions driving payment volumes. Square Inc is expected to report a rise in first-quarter profit on Thursday, helped by growth in online payments and its consumer business Cash App.

The **New York Times Co** is expected to post a rise in first-quarter revenue on Wednesday as more people opt for digital subscriptions for news and



A file photo shows the GM logo on the facade of the General Motors headquarters in Detroit, Michigan, March 16. REUTERS/Rebecca Cook

entertainment. **News Corp** is expected to post a fall in third-quarter revenue on Thursday, hurt by lower subscription revenues and a slump in print ad sales due to the COVID-19 pandemic.

**Thomson Reuters Corp** is expected to report first-quarter 2021 earnings on Tuesday.

**Under Armour Inc** is expected to report a rise in first-quarter sales and swing to a profit on Tuesday as Americans, armed with fresh stimulus checks, spend more on sports shoes and apparel for their outdoor workouts. Investors will also look out for comments on shipping challenges and the impact higher costs are expected to have on the company's bottom line. Coach owner **Tapestry Inc** is expected to report a rise in third-quarter sales on Thursday as COVID-19 restrictions ease in major markets like China and the United States. Investor will be keen to see if the scale of the company's rebound can match its European luxury peers.

On Tuesday, **Apollo Global Management Inc** reports its first-quarter earnings after co-founder Leon Black stepped down from all his executive roles at the private equity firm.

U.S. private equity firm **KKR & Co Inc** reports its first-quarter earnings on Tuesday as rising corporate valuations in public and private markets spur deal making activity.

U.S. engine maker **Cummins Inc** is expected to show a rise in first-quarter revenue on Tuesday, benefiting from a strong pent up demand for vehicles. Investors will be looking for comments on how the chip shortage might be affecting the company.

Global grains trader **Bunge Ltd** is expected to report solid first-quarter earnings on Tuesday on strong demand for North American crop exports and favorable global oilseed crushing margins. Headwinds from Bunge's sizable South American operations, however, could dampen



A file photo shows customers exiting an Under Armour store in New York City, U.S., November 4, 2019. REUTERS/Brendan McDermid

results as adverse weather stalled harvesting of the crops the company buys, sells, processes and exports.

**Match Group Inc** is expected to show a rise in first-quarter revenue on Tuesday, driven by higher use for its dating apps Tinder and Hinge during the pandemic.

U.S. drugstore chain **CVS Health Corp** is set to report its first-quarter results on Tuesday. Investors will focus on the impact of COVID-19 vaccinations and testing and the company's 2021 forecast.

Refiner **Marathon Petroleum Corp** is expected to report a loss for the fifth straight quarter on Tuesday as the second and third waves of COVID-19 surging in various parts of the world, and an uneven rollout of vaccines, hurt demand. Focus will also be on any update on the progress of Speedway sale and further plans to lower costs. ConocoPhillips releases first-quarter results on Tuesday that are expected to top year-earlier profit on gains from higher prices and volumes and smaller one-time charges compared with a year ago.

U.S. shale producer **Pioneer Natural Resources Co** is expected to post a rise in first-quarter profit sequentially on

Tuesday as crude prices recovered from pandemic-led lows. However, the first-quarter results could also be hit by a \$691 million loss on oil and gas derivatives. Analysts will watch out for any developments on a deal with rival DoublePoint Energy and comments on the Texas freeze impact. Shale oil and gas producer **Devon Energy Corp** is expected to post a rise in first-quarter profit sequentially on Tuesday, as oil prices recovered from a pandemic-driven plunge last year. Analysts will watch out for updated production guidance from the winter storm impact and comments on the same. On Wednesday, oil producer **Marathon Oil Corp** is expected to post its first profitable quarter since the pandemic outbreak, helped by higher crude prices. Investors and analysts will look out for comments on demand recovery, production ramp up and any color on potential deals and mergers.

**Activision Blizzard Inc** is expected to show a rise in first-quarter revenue on Tuesday, driven by demand for its "Call of Duty" franchise during the COVID-19 pandemic. Zynga Inc is expected to report a rise in first-quarter revenue on Wednesday, driven by strong engagement from players for its popular games like "Harry Potter: Puzzles & Spells" and "Empires &





Puzzles" during the COVID-19 pandemic.

U.S. hotel operator **Hyatt Hotels Corp** is expected to report a wider first-quarter loss and a fall in revenue on Tuesday as the COVID-19 pandemic hurt travel demand. Investors will look for updates on the company's financial forecast and comments around demand. U.S. hotel operator **Hilton Worldwide Holdings Inc** is expected to post a fall in first-quarter revenue on Wednesday as bookings remain down during the health crisis. Investors will be looking for comments on outlook, especially as countries start mass vaccination.

Miner **Barrick Gold Corp** is expected to report a drop in first-quarter profit on Wednesday as its Papua New Guinea mine remained shut for a year, and the company looks to ramp up operation in the second half of 2021. Analysts will be on the lookout for comments on risk to gold prices, and any operational hits to South American activity after a larger rival pointed to significant impact.

**Albemarle Corp**, the world's largest producer of lithium for electric vehicle batteries, is expected to post a first-quarter profit on Wednesday, on rising prices for the white metal.

**Manulife Financial Corp**, Canada's biggest life insurer, reports first-quarter results after market close on Wednesday. **Sun Life Financial Inc**, Canada's second-largest life insurer, reports first-quarter results after market close on Wednesday.

Auto parts makers **Borgwarner**, **Aptiv** and **Lear** are expected to report higher first-quarter revenue on Wednesday, Thursday and Friday, respectively, helped by a rebound in automobile production. Investors will look for comment on the impact from global semiconductor shortage. Canadian auto parts maker **Magna International Inc** is expected to post a rise in first-quarter revenue on Thursday, as strong consumer demand and a preference for private vehicles over public transport have been leading to robust sales at automakers despite tight inventories. Investors will be looking for comments on chip shortage.

Canadian business jet maker **Bombardier Inc** will report first-quarter earnings on Thursday as investors look for signs of a recovery in aircraft orders and deliveries, after lower demand during the pandemic.

Drugmaker **Regeneron Pharmaceuticals Inc** is set to report its first-quarter results on Thursday. Investors will watch for sales updates on the company's COVID-19 antibody therapy and its profit target for 2021.

**T-Mobile US Inc** is expected to post a rise in first-quarter revenue on Tuesday, buoyed by demand for its 5G services and as people upgrade their wireless plans to support remote work and e-learning. Investors will look for postpaid phone subscriber additions and capital expenditure forecasts in the light of C-band spectrum investments. **ViacomCBS Inc** is expected to post a rise in first-quarter revenue on Thursday, driven by advertising sales and streaming subscription growth.

**Kellogg Co** is expected to post a rise in revenue in the first quarter on Thursday. Investors will be interested in any price hikes and outlook for 2021.

**Canadian Natural Resources Ltd**, Canada's biggest oil producer, is expected to post a rise in first-quarter profit sequentially on Thursday, as crude prices staged a steady recovery this year from pandemic-driven lows. Analysts will look out for comments on the canceled Keystone XL oil pipeline project and cash flow. **Enbridge Inc** is expected to report a sequential rise in first-quarter profit on Friday as the global vaccine race and the resultant rise in demand boost energy prices. Investors will be on the lookout for more comments on Enbridge' push into new frontiers of the energy transition and its Line 5 oil pipeline which is in a legal battle with the state of Michigan. Canada's **Cenovus Energy Inc** is expected to swing to a profit in the first quarter, compared with a loss sequentially on Friday, as eased COVID-19 restrictions helped oil demand recover from last year's downturn. Investors will look for management comments on demand outlook.

**AMC Entertainment Holdings Inc** is expected to post a fall in first-quarter revenue on Thursday, compared with



A file photo shows general view of a Bombardier Aviation sign in Belfast, Northern Ireland, March 25, 2020. REUTERS/Jason Cairnduff



the year-ago quarter. With vaccinations underway, investors will look out for commentary on new movie releases and theater-going.

**Air Canada**, Canada's largest carrier, which recently received a C\$5.9 billion government aid package to soften the blow of COVID-19, reports first-quarter earnings on Friday. Investors will be looking for an update on summer and fall travel after a third wave of the virus in Canada has weighed on travel.

U.S. health insurer **Cigna Corp** is set to report first-quarter earnings on

Friday. Investors will watch for updates to the company's full-year profit target. The focus will also be on COVID-19 testing and treatment costs recorded in the quarter and the company's comments on demand for non-urgent healthcare services that were put off due to the pandemic last year.

Federal Reserve Bank of Minneapolis President **Neel Kashkari** and Federal Reserve Bank of San Francisco President **Mary Daly** participate in a virtual fireside chat hosted by the Economic Club of Minnesota on Tuesday. On Wednesday, Federal

Reserve Bank of Chicago President **Charles Evans** speaks on current economic conditions and monetary policy before virtual 29th Annual Hyman P. Minsky Conference on the State of U.S. and World Economies hosted by the Levy Economics Institute of Bard College. Also on Wednesday, Federal Reserve Bank of Boston President **Eric Rosengren** speaks before virtual "Post-Pandemic Trajectories: What Comes Next for the Economy and Monetary Policy?" event hosted by the Boston College Carroll School of Management. On Thursday, Federal Reserve Bank of New York President **John Williams** gives opening and closing remarks before the New York Fed Web Series on Culture: Purpose and the Employee as Stakeholder. Federal Reserve Bank of Richmond President **Thomas Barkin** speaks on the economic outlook before virtual West Virginia Chamber event on Friday.

Statistics **Canada** is expected to release **March trade** data on Tuesday, followed by **employment** data on Friday.

Brazil's **producer prices** data is expected on Tuesday, followed by industrial output numbers on Wednesday and retail sales figures on Friday. **Mexico's inflation** data is also expected on Friday. **Argentina's industrial output** data and **Chile's trade balance** data are expected on Thursday and Friday, respectively.



A file photo shows workers at the booth of ExxonMobil in preparation ahead of the International Conference & Exhibition on Liquefied Natural Gas (LNG2019) in Shanghai, China April 1, 2019. REUTERS/Stringer

# Market Monitor

**Wall Street** ended lower, with Apple, Alphabet and other tech-related companies weighing on the **S&P 500** and **Nasdaq** despite recent strong quarterly earnings reports. A day after the S&P 500 closed at a record high, Apple, Google-parent Alphabet and Facebook each gave back gains following upbeat quarterly reports this week. Shares of **Apple** and **Alphabet** closed lower 1.51% and 1.64%, respectively. **Twitter** shares plunged 15.13%. While megacap favorites posted largely strong earnings in the first quarter, their shares have struggled to maintain the upward trajectory that many had coming into reporting season. The **Dow Jones Industrial Average** was down 0.53%, at 33,879, the **S&P 500** slipped 0.72% to 4,181.21 and the **Nasdaq Composite** fell 0.85% to 13,962.68. For the week, the S&P 500 rose 0.03%, the Dow lost 0.48%, the Nasdaq shed 0.39%. For the month, the S&P 500 rose 5.24%, the Dow added 2.72%, the Nasdaq gained 5.40%.

**Treasury yields** fell as investors bought bonds for month-end portfolio rebalancing, countering expectations of higher inflation as businesses reopen from COVID-related shutdowns. "Right now it's month-end rebalancing," said Ian Lyngen, head of U.S. rates strategy at BMO Capital Markets in New York, noting the next major market catalyst will be next Friday's jobs report for April. The **benchmark 10-year notes** rose 3/32 to yield 1.6294%. The **five-year notes** were up 3/32 to yield 0.8493%. The **30-year bonds** were 6/32 higher, yielding 2.3013%.

The **dollar** rose, extending gains after upbeat data on personal income, spending, and manufacturing in the U.S. Midwest, with market participants also taking profits on the currency's short dollar positions this month. Next week's U.S. data, which includes non-farm payrolls for April and key U.S.

manufacturing and services indexes, should reinforce expectations of a strong recovery from the pandemic by the world's largest economy. "Another round of potentially strong data in the U.S. may add pressure to start discussing tapering," said ING in its latest research note. "With some possible fresh weakness in Treasuries on the way, the U.S. dollar might find some respite against the low-yielders," the bank added. The **dollar index** was up 0.76% to 91.31. Against the **Japanese yen**, the greenback rose 0.36% to 109.30 yen.

**Oil** prices dropped as investors unloaded positions after weak Japanese crude import data and on worries about fuel demand in India, where COVID-19 infections have soared. India, the world's third largest oil consumer, is in deep crisis, as the number of COVID-19 cases topped 18 million. Japan's - another major crude oil importer - imports fell 25% in March from a year earlier to 2.34 million

barrels per day, according to government figures. **Brent crude** fell 1.9% to \$67.26 a barrel. **U.S. West Texas Intermediate crude** was 2.34% lower to \$63.49 per barrel.

**Palladium** raced past the \$3,000-an-ounce mark for the first time, fuelled by concerns about a shortage of the metal which is embedded in automobile exhausts to reduce emissions. Prices have shot up more than 20% since March 16 when Russia's Nor Nickel, the top producer, announced that flooding at two of its mines would reduce output. "You have auto industry buying more palladium, the electronics industry buying more palladium and hence a tight market," said Jeffrey Christian, managing partner of CPM Group. **Palladium** hit a record high of \$3,007.73 per ounce earlier in the session and was last up 0.71% at \$2,931.04 an ounce. **Spot gold** was down 0.20% to \$1,767.66 per ounce. **U.S. gold futures** were 0.10% lower at \$1,766.50 an ounce.





# Top News

## **EU hits Apple with music streaming charge in boost for Spotify**

EU regulators accused Apple of distorting competition in the music streaming market, siding with Spotify in a case that could lead to a hefty fine and changes in the iPhone maker's lucrative business practices. The preliminary findings are the first time Brussels has levelled anti-competitive charges against Apple, although the two sides have had bruising clashes in the past, most notably a multibillion-dollar tax dispute involving Ireland. The EU competition enforcer, in its so-called statement of objections setting out the charge, said the issue related to Apple's restrictive rules for its App Store that force developers to use its own in-app payment system and prevent them from informing users of other purchasing options. "They (app developers) depend on Apple App Store as a gatekeeper to access users of Apple's iPhones and iPads. This significant market power cannot go unchecked as the conditions of access to the Apple App Store are key for the success of app developers," European Competition Commissioner Margrethe Vestager told a news conference.

## **Exxon tops earnings estimates as oil prices, chemicals drive rebound**

Exxon Mobil topped Wall Street quarterly earnings estimates with its first profit in five quarters, boosted by higher oil prices and strong chemicals margins. Earnings from Exxon and rivals this year have been rising with crude oil prices, up by a third this year, as a global oil surplus from the pandemic drains and fuel demand recovers. The swing to a profit comes as European rivals also posted results that exceeded pre-pandemic levels. Net income was \$2.73 billion, or 64 cents per share, in the first quarter, compared with a loss of \$610 million, or 14 cents per share, a year earlier. Adjusted earnings of 65 cents per share beat analyst expectations of 59 cents. Exploration and production, Exxon's largest business, earned \$2.6 billion in the first quarter on higher oil prices, compared with a profit of \$536 million a year earlier.

## **Chevron profit drops on weaker refining margins, storm hit**

Chevron's first-quarter profit fell 29% from the same period a year ago as gains from oil and gas prices were undercut by weaker refining margins, production losses and the impact of an asset sale that benefited results last year. Chevron, the second-largest U.S. oil producer, reported a profit of \$1.72 billion, or 90 cents per share, compared with \$2.45 billion, or \$1.31 per share, a year earlier. Net profit was \$1.4 billion, or 72 cents a share, down from \$3.6 billion, or \$1.93 cents a share, a year earlier. Chevron's cash flow from operations, at \$4.2 billion, was more than \$1 billion below Wall Street estimates. Its expenses for debt costs, employee pensions and benefits more than doubled to \$978 million. Chevron said capital spending for the first quarter was \$2.5 billion, down from \$4.4 billion in the same period last year.

## **Intel seeks \$10 billion in subsidies for European chip plant**

Intel wants \$9.7 billion in public subsidies towards building a semiconductor factory in Europe, its CEO was quoted as saying, as the region seeks to reduce its reliance on imports amid a shortage of supplies.

The pitch is the first time Pat Gelsinger has publicly put a figure on how much state aid he would want, as Intel pursues a multibillion-dollar drive to take on Asian rivals in contract manufacturing. "What we're asking from both the U.S. and the European governments is to make it competitive for us to do it here compared to in Asia," Gelsinger told Politico Europe in an interview. Industry and diplomatic sources say that, of the Big Three chipmakers, Intel is the only one so far to express concrete interest in Breton's goal of producing the most advanced chips in Europe.

## **U.S. fast-food chains cash in, seize market share during pandemic**

McDonald's Corp, Taco Bell, Chipotle and other fast-food chains stand to gain yet more market share from sit-down restaurants as consumers stick with the mobile ordering habits they picked up during the pandemic. During the year ending in March, Americans spent nearly \$281.6 billion on fast food – which gained the 7.1% of market share by dollars that full-service restaurants shed, the NPD data show. But many independent restaurants could not ramp up digital operations as quickly. The National Restaurant Association estimates that 110,000



A file photo shows workers at the booth of ExxonMobil in preparation ahead of the International Conference & Exhibition on Liquefied Natural Gas (LNG2019) in Shanghai, China April 1, 2019. REUTERS/Stringer

restaurants closed permanently in 2020. At many fast food outlets, seating areas remain shuttered. "With 90%-plus of our business being through the drive-thru, if we can sustain that and return our dining rooms and takeaway to the levels that they were pre-pandemic, we've set ourselves up for a very good run here," said Joe Erlinger, head of McDonald's U.S. operations, on a call with analysts.

### **AbbVie expects Botox sales recovery in Europe after U.S. rebound**

AbbVie said it expects demand for cosmetic treatments such as Botox in Europe and Brazil to rebound in the second half of 2021 as restrictions ease and stringent safety measures are put in place. Sales of the anti-wrinkle injection, which AbbVie gained through its \$63 billion deal for Allergan, jumped 44.7% to \$447 million in the first quarter as vaccinations encouraged people to catch up on deferred procedures in the United States. Botox and other cosmetic products such as Juvederm facial fillers were performing above levels seen before the pandemic, Chief Executive Officer Richard Gonzalez said on an earnings call. While pent-up demand in the United States was driving up sales for Botox, some of the growth was also due to investments in the drug after buying it, Gonzalez said. Total sales rose nearly 51% to \$13.01 billion, ahead of estimates of \$12.76 billion, while adjusted profit of \$2.95 per share beat estimates of \$2.83.

### **Risk from virus variants remains after first Pfizer COVID-19 vaccine, UK study finds**

A single dose of Pfizer's coronavirus vaccine may not generate a sufficient immune response to protect against dominant new variants, except in people who have already been infected with COVID-19, according to a UK study published. The Imperial College-led study, which looked at immune responses among healthcare workers in Britain after their first dose of the Pfizer shot, found that those who had previously had mild or asymptomatic infection had enhanced protection against more infectious mutated variants that emerged in Britain and South Africa. "This study highlights the importance of getting second doses of the vaccine rolled out to protect the

population," said Rosemary Boyton, a professor of immunology and respiratory medicine at Imperial who co-led the study. Separately, Pfizer and partner BioNTech said they had applied to the European health regulator to extend the marketing authorization for their coronavirus vaccine for use in adolescents aged 12 to 15. To read more, [click here](#)

### **On top of zero-emission vehicles, GM looks to clean up its own operations**

General Motors is targeting not only the elimination of tailpipe emissions by 2035 on all light vehicles it sells, but the largest U.S. automaker also is looking to clean up its own operations with goals it outlined. The Detroit automaker released a series of new goals in its 2020 sustainability report, including reducing how much energy it takes to build vehicles and using returnable packaging. "In addition to addressing tailpipe emissions, we're focused on reducing emissions from the inside out," GM Chief Sustainability Officer Kristen Siemen said in a statement. "That means reducing the amount of electricity, water and waste associated with the production of all vehicles and sourcing more sustainable materials, like those using recycled content and more efficient processes." Separately, General Motors' chief executive officer, Mary Barra, received a compensation package worth \$23.7 million in 2020, 9.4% more than the previous year, according to the U.S. automaker's proxy statement. To read more, [click here](#)

### **Higher commodity, freight costs dent Clorox's full-year profit forecast**

Cleaning products company Clorox forecast full-year earnings below estimates and a drop in gross margins, blaming higher manufacturing,

commodity and logistics costs. Consumer product makers are battling higher prices for commodities, including pulp, resin and petrochemicals, as well as supply disruptions due to transportation bottlenecks caused by the pandemic. Some industries are also facing labor shortages. Clorox reported gross margins of 45.5% for fiscal 2020, boosted by feverish demand during the pandemic and a reduction in several product lines to focus on improving capacities for its wipes and bleaches. Supply constraints for some key products and tough comparison to last year led to flat sales growth in the quarter, at \$1.78 billion that missed the \$1.87 billion expectation. Adjusted earnings per share came in at \$1.62, above the average analyst estimate of \$1.48. For the full year, Clorox expects adjusted profit of \$7.45 to \$7.65 per share, below the \$8.35 estimate.

### **Goodyear Tire results top estimates as auto demand rebounds**

Goodyear Tire & Rubber posted quarterly profit and revenue that beat Wall Street estimates, as sales of its tires rose due to a rebound in auto demand. The company, whose brands include Kelly and Dunlop, said tire volumes rose 12% to 35 million units in the quarter, while replacement tire volumes jumped 14%. Americas - Goodyear's biggest market - benefited from strength in the U.S. consumer and commercial replacement market. Excluding items, the company earned 43 cents per share, beating estimates of 9 cents. The company reported a net income of \$12 million, or 5 cents per share, in the quarter ended March 31, compared with a net loss of \$619 million, or \$2.65 per share, a year earlier. Net sales rose 14.9% to \$3.51 billion, beating estimates of \$3.40 billion.



*Pfizer logo is reflected in a drop on a syringe needle in this illustration photo taken March 16. REUTERS/Dado Ruvic*







U.S. President Joe Biden stops to pick a dandelion for first lady Jill Biden as they walk to board the Marine One helicopter on the Ellipse near the White House in Washington, April 29. REUTERS/Jonathan Ernst

## Insight and Analysis

### **New meme stocks swing as shorts and retail investors face off again**

Recent volatility in a handful of so-called meme stocks is putting the spotlight back on the tussle between individual investors and short sellers, months after a wild ride in GameStop captivated Wall Street's attention. Stocks that have notched big swings this month include laser-manufacturer MicroVision, a favorite on Reddit's popular WallStreetBets forum, whose shares have risen as much as 170% since April 20. Biopharmaceutical company Ocugen is up about 110% since April 20, while online video game platform Skillz, which has been added to the portfolio of Cathie Wood's ARK funds, is up about 45%.

### **COLUMN-Inflation-tolerant Fed will boost commodity prices: Kemp**

The U.S. Federal Reserve has signalled it will tolerate faster inflation for a time to cement the post-pandemic recovery and boost employment, but the side effect is likely to be a faster rise in commodity prices. The central bank appears anxious to avoid a repeat of the slow expansion and job gains that followed the financial crisis of 2008 by adopting a more aggressive approach to stimulating the recovery. In March, non-farm employment was still down by more than 8 million jobs compared with its pre-pandemic peak in February 2020, according to the U.S. Bureau of Labor Statistics, leaving a large jobs gap to be filled.

### **POLL-Global funds hold equity allocations at over 3-year high**

The current run-up in stocks has at least another three months to go, according to fund managers in Reuters polls who kept their recommended equity exposure at last month's more than three-year high and trimmed suggested bond holdings further. Global stocks have been on a tear, buoyed by fiscal stimulus - mainly from the United States - the expected vaccine-driven economic recovery and robust earnings, putting the MSCI world equity index on track for its best monthly performance since November. The Federal Reserve also acknowledged the virus as a risk to an economic recovery.



## CANADA

## Market Monitor

Canada's main stock index ended lower, as oil prices fell due to demand worries.

The Toronto Stock Exchange's S&P/TSX composite index was down 0.77% at 19,108.33.

The energy sector was 0.92% down at 117.91.

The U.S. dollar was 0.10% up against the Canadian dollar at C\$1.2291.



REUTERS/Mark Blinch

## COMING UP - ON MONDAY

The IHS Markit's **Canada Manufacturing Purchasing Managers' index** (PMI) is scheduled for release. It rose to a seasonally adjusted 58.5 in March.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
<b>GAINERS</b>			
Aurinia Pharmaceuticals Inc	16.32	1.50	10.12
Trillium Therapeutics Inc	11.66	0.54	4.86
Imperial Oil Ltd	35.50	1.62	4.78
Nexgen Energy Ltd	4.64	0.13	2.88
<b>LOSERS</b>			
Eldorado Gold Corp	12.14	-1.09	-8.24
Real Matters Inc	16.11	-0.90	-5.29
Shopify Inc	1450.90	-63.43	-4.19
MEG Energy Corp	6.79	-0.28	-3.96

## Top News

**Canadian economy seen strong in first quarter, but impact of third wave looms**

Canada's economy likely grew by 6.5% on an annualized basis in the first quarter, Statistics Canada said, though economists warned that the current third wave of COVID-19 infections will weigh in the second quarter. In a preliminary estimate, Statscan said the economy likely grew by 0.9% in March from February. In February, the economy expanded 0.4%, a 10th consecutive monthly gain, on a rebound in retail trade and on the strength of residential construction. That was slightly below analyst estimates that gross domestic product would grow by 0.5% in February from January. The gains, as some controls were eased between the second and third waves of COVID-19 virus spread, put Canada's first-quarter GDP growth in line with the U.S., said economists. This despite more restrictions and a slower vaccine rollout. Meanwhile, Canada's budget deficit in the first 11

months of fiscal 2020/21 swelled to C\$282.56 billion from a deficit of C\$6.98 billion in the year-ago period,

as Ottawa spent heavily to fight the COVID-19 pandemic, the finance ministry said.



A file photo shows people shopping at a Walmart Supercentre amid coronavirus fears spreading in Toronto, Ontario, Canada March 13, 2020. REUTERS/Carlos Osorio





## **Restaurant Brands quarterly results top estimates on Burger King sales**

Restaurant Brands International's quarterly results topped estimates, as a reopening U.S. economy and government stimulus checks boosted spending at the company's Burger King chain. After a year of ordering in, more Americans have started to go back to restaurants as a \$1,400 stimulus payment from the government in March boosted spending, while the rollout of COVID-19 vaccines lifted consumer confidence. Easing of dining room capacity restrictions and a warmer weather also led to a recovery in demand at Restaurant Brands' outlets and those of rival companies, many of which are struggling to hire new workers to keep up with the jump in sales. Burger King comparable sales rose 6.6% in the United States. Total revenue at Restaurant Brands, which also owns Canada's Tim Hortons, rose 2.9% to \$1.26 billion in the first quarter ended March 31, beating analysts' average estimate of \$1.25 billion. Adjusted net income rose 13.2% to 55 cents per share, beating estimates of 50 cents per share.

## **Canada's Imperial Oil swings to quarterly profit, helped by oil price recovery**

Canada's Imperial Oil posted a first-quarter profit and raised its quarterly dividend, bolstered by higher crude prices, as well as improved refining and chemical margins. Calgary-based Imperial is benefiting from higher global oil prices as fuel usage picks up from last year, when lockdowns intended to stop the spread of COVID-19 decimated demand. "Since we entered 2021 we have seen lower than normal product demand but have seen commodity prices and product markets strengthen," said Imperial chief executive Brad Corson, adding there would be continued volatility and continued uncertainty. Imperial posted a profit 53 Canadian cents per share, for the quarter ended March 31, compared to a loss of C\$1.56 per share, in the previous quarter. The company boosted its dividend by 23% to 27 cents per share.



*A file photo shows the Burger King company logo standing on a sign outside a restaurant in Bretigny-sur-Orge, near Paris, France, July 30, 2020. REUTERS/Benoit Tessier*

## **Canada's Agnico says Nunavut hearings delayed amid rise in COVID-19 cases**

Canada's Arctic territory Nunavut has delayed public hearings about a key water disposal project at Agnico Eagle Mines' Meliadine gold mine, a company executive said, as the region grapples with a new wave of coronavirus. The mineral-rich territory extended a public health emergency to May 13 on Thursday after the number of active COVID-19 cases hit 50, with Canada battling a third wave of infections largely driven by new variants. Toronto-based Agnico is seeking approval to pipe excess groundwater from the mine into the Arctic Ocean and increase contaminants it can legally dispose of in a nearby lake. Public hearings set for May 17-20 in Rankin Inlet have been indefinitely postponed, senior vice-president of operations for Canada and Europe Dominique Girard said on an analyst call. There will be no operational impact due to lower-than-expected inflows of groundwater at the mine, he said.

## **Canada's oil sands region becomes country's COVID-19 hotspot**

Canada's remote oil sands region in northern Alberta has become a COVID-19 hotspot, disrupting essential annual

maintenance work at its massive oil sands plants. The oil-rich province of Alberta is battling the highest rate of COVID-19 in Canada as the country grapples with a third wave of the pandemic, and on Thursday hit a record for new daily infections, topping 2,000 a day for the first time. The Regional Municipality of Wood Buffalo, home to the oil sands, has the highest rate of active cases per capita in the province. Maintenance work is critical for production from Canada's oil sands, which hold the world's third-largest crude reserves and produce 3.1 million barrels per day, accounting for roughly three-quarters of the country's total output. Twelve oil sands plants including Canadian Natural Resources Horizon and the Suncor Energy's majority-owned Syncrude project are tackling outbreaks while in the middle of annual maintenance projects that require flying in extra workers from as far away as Atlantic Canada. Syncrude is reducing the size of the maintenance workforce on its site because of the COVID-19 outbreak, said Brad Corson, chief executive of Imperial Oil. CNRL, Suncor and Syncrude said COVID-19 safety protocols are in place. They have implemented rapid testing and isolation camps in a bid to slow the COVID-19 surge.

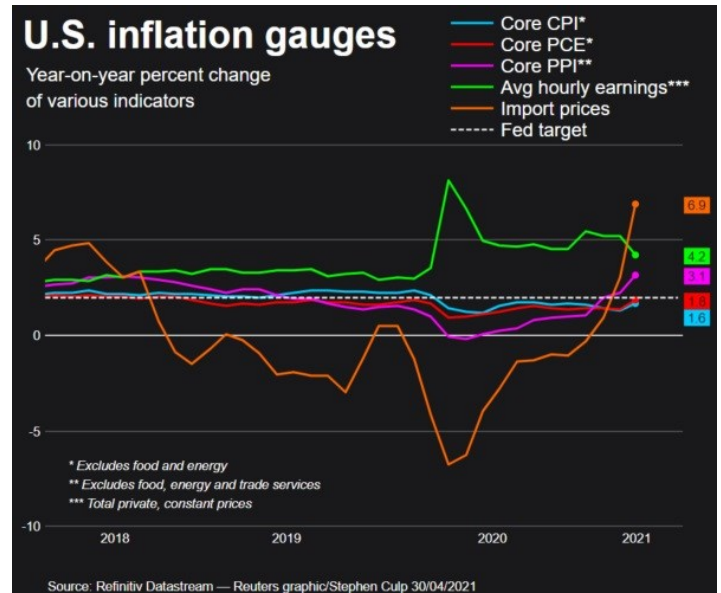


# WEALTH NEWS

## ECONOMIC INDICATOR

### Stimulus checks boost U.S. consumer spending; inflation warming up

U.S. consumer spending rebounded in March amid a surge in income as households received additional COVID-19 pandemic relief money from the government, building a strong foundation for a further acceleration in consumption in the second quarter. Other data showed labor costs jumped by the most in 14 years in the first quarter, driven by a pick-up in wage growth as companies competed for workers to boost production. Consumer spending increased 4.2% last month after falling 1.0% in February, the Commerce Department said. In a separate report, the Labor Department said its Employment Cost Index jumped 0.9% in the first quarter. The personal consumption expenditures (PCE) price index excluding the volatile food and energy component increased 0.4% after edging up 0.1% in February. In the 12 months through March, the so-called core PCE price index increased 1.8%.



## BIDEN PROMOTES INFRASTRUCTURE PLAN

### 'Amtrak Joe' Biden to push infrastructure in Philadelphia

President Joe Biden will return to one of the cities that helped win him the White House as he works to gain popular support for \$4 trillion in proposed programs to shore up the U.S. economy.

## TRADE DISPUTE

### UK's Truss expects Airbus-Boeing row to be resolved by July

British trade minister Liz Truss expects the trade dispute over Airbus and Boeing to be resolved by July when a freeze on tit-for-tat tariffs expires, she told Reuters.

## CRUDE OUTPUT RISES

### Iran again boosts OPEC oil output in April -Reuters survey

OPEC oil output has risen in April as higher supply from Iran countered involuntary cuts and agreed reductions by other members under a pact with allies, a Reuters survey found, adding to signs of a 2021 recovery in Tehran's exports.

## FUND RAISING

### Bain Capital raises \$11.8 billion for new flagship fund

U.S. private equity firm Bain Capital said it has raised \$11.8 billion from outside investors and employees for its latest flagship North America buyout fund.

## QUARTERLY EARNINGS

### Phillips 66 posts smaller-than-expected first-quarter loss as refining margins improve

U.S. refiner Phillips 66 reported a smaller-than-expected quarterly loss, helped by improved refining margins as storm-related disruptions and demand for travel boosted fuel prices.

## SPAC MERGER

### Lodging startup Sonder agrees to go public via \$2.2 billion SPAC deal

Lodging startup Sonder, which offers refurbished properties for short-term rentals, has agreed to be taken public by a blank-check firm backed by billionaire investors Alec Gores and Dean Metropoulos that values the combined company at around \$2.2 billion.

## ON THE RADAR

Events	ET	Poll	Prior
<b>Tue:</b> International trade for Mar	0830	-\$74.3 bln	-\$71.1 bln
Goods trade balance (R) for Mar	0830	--	-\$90.59 bln
ISM-New York Index for Apr	0945	--	804.5
ISM New York Business Conditions for Apr	0945	--	37.2
Durables ex-defense, R mm for Mar	1000	--	0.5%
Durable goods, R mm for Mar	1000	--	0.5%
Factory orders mm for Mar	1000	1.3%	-0.8%
Durables ex-transport R mm for Mar	1000	--	1.6%
Nondefense cap ex-air R mm for Mar	1000	--	0.9%
Factory ex-transport mm for Mar	1000	--	-0.6%
 <b>Wed:</b> ADP national employment for Apr	0815	815,000	517,000
Markit Composite Final PMI for Apr	0945	--	62.2
Markit Services PMI Final for Apr	0945	--	63.1
ISM N-Manufacturing PMI for Apr	1000	64.3	63.7
ISM N-Manufacturing Business Activity for Apr	1000	69.0	69.4
ISM N-Manufacturing Employment Index for Apr	1000	--	57.2
ISM N-Manufacturing New Orders Index for Apr	1000	--	67.2
ISM N-Manufacturing Price Paid Index for Apr	1000	--	74.0
 <b>Thu:</b> Challenger layoffs for Apr	0730	--	30,603
Initial jobless claims	0830	540,000	553,000
Jobless claims 4week average	0830	--	611,750
Continued jobless claims	0830	--	3.660 mln
Labor costs preliminary for Q1	0830	-1.0%	6.0%
Productivity preliminary for Q1	0830	4.2%	-4.2%
 <b>Fri:</b> Non-farm payrolls for Apr	0830	978,000	916,000
Private payrolls for Apr	0830	880,000	780,000
Manufacturing payrolls for Apr	0830	58,000	53,000
Government payrolls for Apr	0830	--	136,000
Unemployment rate for Apr	0830	5.7%	6.0%
Average earnings mm for Apr	0830	0.1%	-0.1%
Average earnings yy for Apr	0830	-0.4%	4.2%
Average workweek hours for Apr	0830	34.9 hrs	34.9 hrs
Labor force participation for Apr	0830	--	61.5%
U6 underemployment for Apr	0830	--	10.7%
Wholesale inventory, R mm for Mar	1000	1.4%	1.4%
Wholesale sales mm for Mar	1000	--	-0.8%
Consumer credit for Mar	1500	\$20.00 bln	\$27.58 bln

## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
American Water Works Company	Q1	AMC	\$0.73	\$0.73	\$0.67	\$850.71
Diamondback Energy	Q1	AMC	\$1.90	\$1.78	\$1.45	\$1,000.66
Estee Lauder Companies	Q3	BMO	\$1.36	\$1.31	\$0.85	\$3,924.27
Jack Henry & Associates	Q3	AMC	\$0.87	\$0.86	\$0.96	\$439.60
Leggett & Platt	Q1	AMC	\$0.43	\$0.43	\$0.41	\$1,139.54
Loews	Q1	BMO	NULL	NULL	NULL	NULL
Mosaic Co	Q1	AMC	\$0.51	\$0.52	-\$0.06	\$2,238.26
Realtyome	Q1	AMC	\$0.31	\$0.30	\$0.46	\$424.89
WEC Energy Group	Q1	BMO	\$1.48	\$1.47	\$1.43	\$2,309.77
Williams Companies	Q1	AMC	\$0.30	\$0.29	\$0.26	\$1,969.83

\*Includes companies on S&P 500 index. \*\*Estimates may be updated or revised; release times based on company guidance or past practice.

/B/E/S EPS and revenue estimates, and StarMine Smart Estimates, provided by Refinitiv.

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