

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

The **Nasdaq** closed at a record high, tracking gains in tech stocks, as investors looked beyond weak private payrolls data to focus on a likely continuation of the Fed's stimulus measures. **Treasury yields** were little changed, while the **dollar** fell against its major peers. **Oil** prices edged lower after OPEC+ agreed to stick to gradual output hikes. **Gold** drifted in narrow range.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	35313.22	-47.51	-0.13	35631.19	26143.77
Nasdaq	15309.38	50.15	0.33	15288.08	12397.05
S&P 500	4524.17	1.49	0.03	4537.36	3662.71
Toronto	20689.58	106.64	0.52	20703.89	15418.46
FTSE	7149.84	30.14	0.42	7224.46	6397.24
Eurofirst	1822.15	8.58	0.47	1836.57	1521.71
Nikkei	28451.02	361.48	1.29	30714.52	26954.81
Hang Seng	26028.29	149.30	0.58	31183.36	24581.60

TREASURIES	Yield	Price
10-year	1.3020	0 /32
2-year	0.2114	0 /32
5-year	0.7772	-1 /32
30-year	1.9188	6 /32

FOREX	Last	% Chng
Euro/Dollar	1.1836	0.25
Dollar/Yen	110.00	-0.02
Sterling/Dollar	1.3767	0.09
Dollar/CAD	1.2623	0.07
TR/HKEX RMB	98.64	-0.04

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	68.31	-0.19	-0.28
Spot gold (NY/oz)	1814.06	0.63	0.03
Copper U.S. (front month/lb)	0.0427	-0.0009	-2.17
CRB Index Total Return	231.68	-0.20	-0.09

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
PVH Corp	120.73	15.94	15.21
Kansas City Southern	291.59	10.92	3.89
Brown-Forman Corp	72.80	2.58	3.67
<b>LOSERS</b>			
Abbvie Inc	112.26	-8.52	-7.05
DXC Technology Co	34.89	-1.83	-4.98
Wells Fargo & Co	43.48	-2.22	-4.86

## Coming Up

The Labor Department is expected to show **initial claims for state unemployment benefits** likely fell to 345,000 in the week ended Aug. 28. The Commerce Department is expected to report a \$71 billion **trade deficit** in July, compared with a \$75.7 billion deficit in June. Another report from Commerce Department is expected to show **factory orders** likely rose 0.3% in July, compared with a 1.5% increase in June.

Apparel chain **American Eagle Outfitters Inc** is expected to post an increase in second-quarter revenue, as people spend more on clothes following the easing of the coronavirus curbs. Investors will be on the lookout for outlook and comments on supply-chain issues, inflation and back-to-school sales.

Chip and software firm **Broadcom Inc** is expected to post a rise in third-quarter revenue, driven by a rise in adoption of 5G and cloud-based technology.

Federal Reserve Bank of Atlanta President **Raphael Bostic** will speak on "Woven Together: Economic

Opportunity for All" and participate in a moderated question-and-answer session before the virtual Community Foundation of Greater Birmingham event. Later in the day, Federal Reserve Bank of San Francisco President **Mary Daly** will speak on "Envisioning a U.S. Economy that Works for Everyone," an episode of the Connecting Communities webinar series, hosted by the Federal Reserve System.

**Brazil's** statistics agency IBGE is expected to show a 0.5% decrease in **industrial production** in the Latin American economy for the month of July. **Mexico's consumer confidence** data for August is also scheduled for release.

### LIVECHAT - REUTERS GLOBAL MARKETS FORUM

**Jharonne Martis**, Director of Consumer Research at Refinitiv recaps retail company earnings and the outlook for the sector as consumers adapt to rising inflation. (1030 ET/1430 GMT) To join the conversation, [click here](#)

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
International trade for July	0830	-\$71.0 bln	-\$75.7 bln
Initial jobless claims	0830	345,000	353,000
Jobless claims 4-week average	0830	--	366,500
Continued jobless claims	0830	2.775 mln	2.862 mln
Labor costs revised for Q2	0830	0.9%	1.0%
Productivity revised for Q2	0830	2.4%	2.3%
Factory orders mm for July	1000	0.3%	1.5%

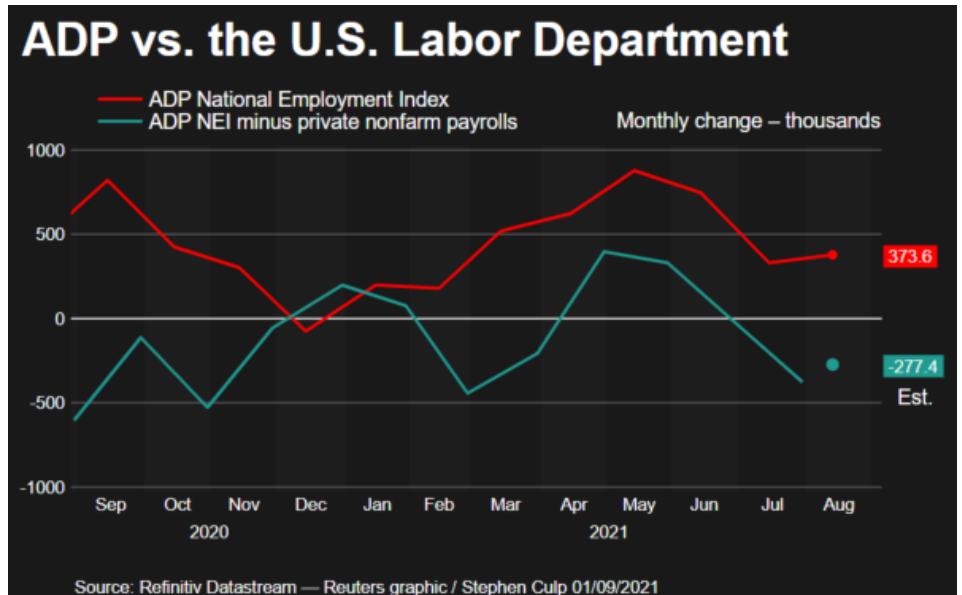


# Market Monitor

The **Nasdaq** closed at a record high, with the **S&P 500** ending near its previous peak, as September kicked off with renewed buying of technology stocks and private payrolls data, which supported the case for dovish monetary policy. **Technology stocks**, which tend to benefit from a low-rate environment, were up 0.03%. A report by ADP, published ahead of the U.S. government's more comprehensive employment report on Friday, showed private employers hired far fewer workers than expected in August. "Information on inflation with regard to jobs and wages is something that will be an important factor affecting Fed decisions rather than demand and supply side issues, which is why the Friday jobs data will set the stage for the Fed's September meeting," said Tom Martin, senior portfolio manager at Globalt Investments in Atlanta. The **Dow Jones Industrial Average** rose 0.13% to 35,313.22, the **S&P 500** gained 1.49% to 4,524.17 and the **Nasdaq Composite** added 0.33% to 15,309.38.

**Treasury yields** held their ground after falling in the wake of weaker-than-expected August private payrolls ahead of this week's key government jobs report. The **benchmark 10-year yield**, which rose as high as 1.334% earlier in the session, was flat at 1.302%. Attention now turns to Friday's release by the U.S. Labor Department of its August employment report. Job gains above 500,000 should keep the Fed on track to announce or strongly signal at its September meeting plans to taper \$120 billion in monthly purchases of Treasuries and mortgage-backed securities, a Citi Research report said.

The **dollar** fell against a basket of



major currencies after a report on the U.S. labor market missed expectations by a wide margin, while the euro climbed on inflation worries. The greenback added to losses after the ADP National Employment Report showed private payrolls rose by 374,000 in August, up from 326,000 in July but well short of the 613,000 forecast. The **dollar index** fell 0.14% to 92.50. The euro, meanwhile, rose against the greenback as inflation worries persisted following data on Tuesday which showed euro zone inflation increased to 3% year-on-year in August, the highest in a decade and above the European Central Bank's 2% target, as well as the 2.7% Reuters forecast. The **euro** was last up 0.25% to \$1.1836.

**Oil** prices edged lower after OPEC and its allies agreed to stick to their existing policy of gradual oil output increases. **Brent crude** fell 0.36% to \$71.37 a barrel. **U.S. West Texas Intermediate**

**(WTI) crude** slipped slightly 0.26% to \$68.32 a barrel. The Organization of the Petroleum Exporting Countries and allies led by Russia, a group known as OPEC+, agreed to stick to a policy from July of phasing out record output cuts by adding 400,000 barrels per day (bpd) a month to the market. Still, the group revised up its 2022 demand outlook and faces U.S. pressure to raise production more quickly.

**Gold** traded within a narrow range as investors largely looked past a slew of U.S. economic readings to focus on key labour data that could influence the Federal Reserve's tapering plans. **Spot gold** was up 0.04% at \$1,814.13 per ounce. **U.S. gold futures** fell 0.07% at \$1,816.90 an ounce. Gold will continue to consolidate until the labour market report, said Edward Moya, senior market analyst at OANDA in a note. Stronger U.S. data could boost the dollar and in turn weigh on gold prices, analysts said.



# Top News

**Amazon CEO unveils 55,000 tech jobs in first hiring push under his watch**

Amazon.com is planning to hire 55,000 people for corporate and technology roles globally in the coming months, Chief Executive Andy Jassy told Reuters. That's equal to more than a third of Google's headcount as of June 30, and close to all of Facebook's. Jassy, in his first press interview since he ascended to Amazon's top post in July, said the company needed more firepower to keep up with demand in retail, the cloud and advertising, among other businesses. He said the company's new bet to launch satellites into orbit to widen broadband access, called Project Kuiper, would require a lot of new hires, too. Separately, Walmart said it planned to hire 20,000 workers at its supply chain division ahead of the busy holiday season as the world's largest retailer and other major rivals battle a logistics and labor crunch. To read more, [click here](#)

**Moderna to recall COVID-19 doses in Japan after stainless steel contaminants found**

Moderna and Takeda Pharmaceutical said they are working with Japanese authorities to recall three batches of COVID-19 vaccine after an investigation found stainless steel contaminants in some vials. Japan's health ministry said, based on information from the companies' investigation, that it did not believe the particles of stainless steel pose any additional health risk. Moderna said the stainless steel contamination probably occurred during production. The most probable cause of contamination was related to friction between two pieces of metal in the machinery that puts stoppers on the vials, Moderna said in the joint statement with Takeda. The material was confirmed to be stainless steel.

**Extensive damage from storm Ida hurts oil industry recovery effort**  
Energy companies were scrambling to

open new supply operations and get workers to offshore production platforms after the industry's key logistics centers took direct hits from Hurricane Ida, executives said. Damaged roads, power and transport facilities slowed efforts to complete aerial surveys of offshore facilities three days after the storm tore through the U.S. Gulf of Mexico. The surveys are first step to returning crews for more extensive safety and equipment checks. Oil producers had returned staff to only 39 of 288 platforms operated by BP, BHP Group, Chevron and Shell. Offshore facilities in the region contribute 16% of U.S. production. Kinder Morgan said it had not been able to access many of its terminals in Louisiana due to flooding and road closures. Poseidon Oil Pipeline, which brings oil from offshore platforms to Houma, said it could not answer questions about its operations.

**Companies-backed Massachusetts gig worker ballot measure clears key hurdle**

Massachusetts' attorney general gave backers of a proposed ballot measure, which would define drivers for app-based companies like Uber and Lyft as independent contractors rather than employees, the green light to collect the signatures needed to put it before voters. Massachusetts Attorney General Maura Healey certified that the measure met constitutional requirements, clearing the way for a coalition of app-based service providers backing the initiative to begin collecting the 80,239 signatures needed to get the proposal onto the November 2022 ballot. Her decision came despite a lawsuit that Healey, a Democrat, filed challenging the designations by Uber and Lyft of their drivers as contractors not entitled to benefits like a minimum wage, overtime and earned sick time. Separately, Didi Global has set up a union for its staff while JD.com has also established one - landmark moves in the country's tech



A file photo shows a sign marking a rendezvous location for Lyft and Uber users at San Diego State University in San Diego, California, U.S., May 13, 2020. REUTERS/Mike Blake



sector where organised labour is extremely rare. To read more, [click here](#)



## **Lockheed's Aerojet deal gets support from 13 members of Congress - letter**

A bipartisan group of 13 members of the U.S. Congress sent a letter to the Pentagon supporting Lockheed Martin's proposed acquisition of rocket engine maker Aerojet Rocketdyne, according to the letter seen by Reuters. The Aug. 31 letter sent to Deputy Secretary of Defense Kathleen Hicks said it was in "both our national security interests and the U.S. taxpayer's best interest to approve this proposed acquisition." The lawmakers said Northrop Grumman's 2018 purchase of rocket engine maker Orbital ATK upset the structure of the rocket engine marketplace and a Lockheed deal would restore equilibrium.

## **Majority of U.S. companies may mandate COVID-19 vaccine in coming months - survey**

More than half of U.S. companies are planning to impose COVID-19 vaccine mandates in the workplace by year end, with almost a quarter considering vaccination as a condition for employment, according to a national survey of nearly 1,000 employers. In the face of a resurgence in COVID-19 cases, spurred by the highly contagious Delta coronavirus variant, that has strained the U.S. health care system, many companies have come out with mask mandates and changed their vaccination policies. The survey, which polled 961 U.S. companies that together employ around 9.7 million people, found that by the fourth quarter

of 2021, over 52% of employers could have one or more vaccine mandate requirements, an increase from 21% currently. Separately, Pfizer and Merck announced new trials of their experimental oral antiviral drugs for COVID-19 as the race to develop an easy-to-administer treatment for the potentially fatal illness heats up. To read more, [click here](#)

## **Judge begins ruling on Purdue Pharma bankruptcy plan that shields Sacklers**

A U.S. judge began delivering his ruling 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. If U.S. Bankruptcy Judge Robert Drain approves the deal, which Purdue values at more than \$10 billion, it would clear a path to resolve thousands of opioid lawsuits. Drain began reading his ruling by saying it was clear the wrongful marketing of the company's opioid products contributed to the country's addiction crisis, which touched every corner of the country. "That makes the bankruptcy case before me highly unusual and complex," Drain said. Drain did not immediately indicate how he would rule, as he continued to read his opinion.



## **US identifies 12th Tesla assisted systems car crash involving emergency vehicle**

U.S. auto safety regulators said they had identified a 12th crash involving Tesla vehicles that were using advanced driver assistance systems in incidents involving emergency vehicles. The National Highway Traffic Safety

Administration (NHTSA) on Aug. 16 said it had opened a formal safety probe into Tesla driver assistance system Autopilot after 11 crashes. The 12th occurred in Orlando on Saturday, NHTSA said. The agency sent Tesla an 11-page letter with questions, dated Tuesday, as part of its investigation. Tesla did not immediately respond to a request seeking comment. Separately, Tesla top boss Elon Musk signaled a one-year delay in the shipment of Roadster sports car to 2023, citing global supply chain bottlenecks. To read more, [click here](#)

## **Campbell Soup bets on price increases to drive up margins in H2**

Campbell Soup said a rise in its product prices would drive its earnings margins in the back half of fiscal 2022, cushioning the blow from higher ingredients and freight costs that will likely plague packaged foods makers through the year. "Part of the composition of the year is going to be a little bit of a tale of two halves," Chief Executive Mark Clouse told analysts, noting an expected improvement in sales in the second half from price increases of Campbell's products. However, Campbell expects fiscal 2022 organic net sales in a range of 1% decline to a rise of 1%. The maker of Prego pasta sauces also forecast adjusted earnings between \$2.75 and \$2.85 per share, below Refinitiv IBES estimates of \$2.87.

## **U.S. FDA seeks new warnings on drugs from Pfizer, Lilly and AbbVie**

The U.S. drugs regulator asked Pfizer, Eli Lilly and AbbVie to include information about risks of serious conditions and death from the use of a class of treatments known as JAK inhibitors. The warnings stem from the U.S. Food and Drug Administration's review of Pfizer's arthritis drug Xeljanz after initial results from a February trial showed an increased risk of serious heart-related problems and cancer with the drug. The FDA said the Lilly drug Olumiant and AbbVie's Rinvoq have similar operating mechanisms, leading to the possibility of risks seen in the Xeljanz safety trial.



Families who arrive from Afghanistan are seen at their makeshift tents as they take refuge near a railway station in Chaman, Pakistan, September 1. REUTERS/Saeed Ali Achakzai

## Insight and Analysis

### **FOCUS-Amazon's new union battle: Teamsters go local to snarl expansion**

In June, the International Brotherhood of Teamsters, one of the nation's largest and most influential unions, vowed to make organizing the Amazon workforce a top priority. Two months later, details of the Teamsters' ground game are starting to take shape, Reuters has learned from interviews with local union leaders. Over the past year, the Teamsters have raised concerns about Amazon at local government meetings in at least nine communities, leading to the scrapping of projects and the rejection of a tax break, as well as resolutions calling on the firm to meet local labor standards.

### **Wells Fargo's long road to repair extends with prospect of more penalties**

It has been nearly five years since Wells Fargo began addressing widespread customer abuses that led to regulatory penalties, lawsuits, reputational damage, business overhauls and management changes, but the fourth-largest U.S. bank apparently still has a lot of work to do, analysts say. Regulators at two key agencies are considering additional sanctions against Wells Fargo because it has been too slow to compensate victims and address underlying weaknesses in business practices, Bloomberg reported.

### **U.S. childcare in short supply as burned-out workers quit, new hires hard to find**

Childcare centers across the country are struggling to find enough qualified educators to be fully staffed for back-to-school season, an obstacle that has some schools reducing planned enrollment and cutting back hours. Owners of childcare centers say more workers are quitting and fewer people than usual are applying for open positions. The staffing crunch is further limiting childcare options for parents eager to get back to work. It also creates more hurdles for working mothers, who were disproportionately pushed out of the labor market because of the pandemic.





# CANADA

## Market Monitor

**Canada's main index** rose as railroad stocks jumped after regulators halted Canadian National's deal to buy U.S. peer Kansas City Southern, potentially paving the way for rival Canadian Pacific to usurp the deal. **Canadian Pacific Railway** and **Canadian National Railway** jumped 5.14% and 3.77%, respectively.

The Toronto Stock Exchange's **S&P/TSX composite index** was up 0.52% at 20,689.58. The **industrials stocks** rose 2.24% to 383.64.



The **U.S. dollar** was up 0.06% against the **Canadian dollar** at C\$1.2622.

### COMING UP

Statistics Canada is expected to show a **trade surplus** of C\$1.40 billion for the month of July, compared with a surplus of C\$3.23 billion in June. In another report, it is expected to show a 0.3% rise in the **value of building permits** in July, compared with a 6.9% increase in June.

TSE's S&P/TSX composite	Price	C\$ chng	% chng
<b>GAINERS</b>			
Canada Goose Holdings Inc	50.99	2.59	5.35
Canadian Pacific Railway Ltd	91.15	4.46	5.14
Nexgen Energy Ltd	6.22	0.29	4.89
<b>LOSERS</b>			
Torex Gold Resources Inc	13.60	-0.50	-3.55
Iamgold Corp	2.91	-0.09	-3.00
Aurora Cannabis Inc	9.09	-0.27	-2.88

## Top News

### Canadian factory activity climbs to 4-month high on rising demand

Canadian manufacturing activity grew in August at the fastest pace in four months as new orders climbed and firms scrambled to reduce the risk of running out of the stocks they need for production, data showed. The IHS Markit Canada Manufacturing Purchasing Managers' Index (PMI) rose to a seasonally adjusted 57.2 in August from 56.2 in July. It was the PMI's highest level since April and the 14th straight month above the 50 threshold marking growth in the sector. "Canada's manufacturing sector recorded another robust improvement in operating conditions in August," Shreeya Patel, an economist at IHS Markit, said. "The latest uptick gained momentum from that seen in July after demand in both domestic and international markets rose further." The gauge of new orders advanced to 55.8 from 55.3 in July, while the stocks of purchases index was at 53.7, up from 52.8. The input prices index rose to a series high of 77.2 from 72.0 in July, while the measure of output prices was also elevated as firms passed on



A file photo shows an automated packing line at Promation, a robotics engineering and automation manufacturing firm in Oakville, Ontario, March 12. REUTERS/Carlos Osorio

higher material and shipping prices to their clients.

### Markets cheer as Kansas City puts off shareholder meet after deal setback

Kansas City Southern pushed back a vote on its proposed \$29 billion sale to Canadian National Railway as financial investors bet a decision by the U.S. regulator had derailed the deal. The other suitor for the U.S. railroad, Canadian Pacific Railway, said it would not be as willing to stick to its own \$300

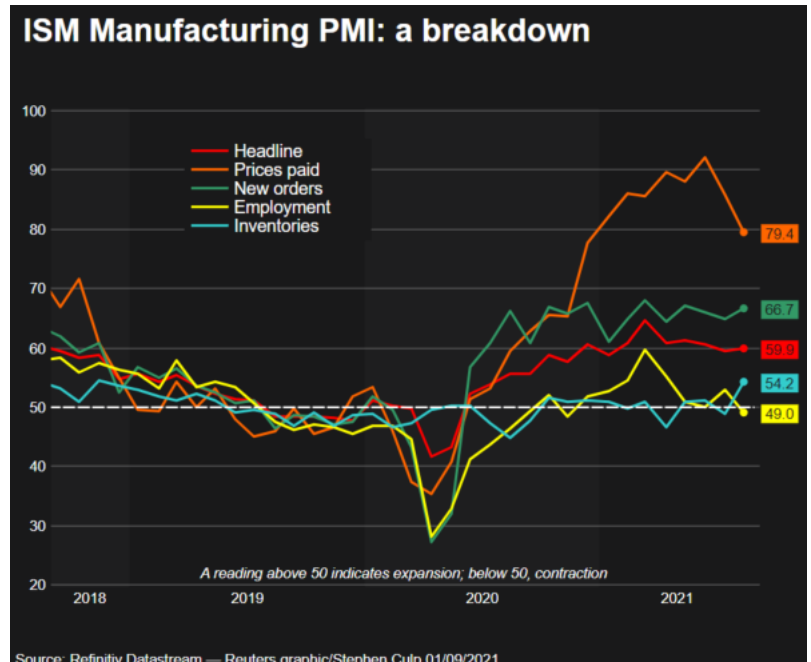
per share offer, worth \$27 billion, after a Sept. 12 deadline. Giving no timeline for a new shareholders' vote, Kansas City said it would evaluate the smaller offer again, while saying it was looking at other options to complete the deal with Canadian National. Shares in both the Canadian companies rose on bets that Canadian National may not complete a costly merger, while others said Canadian Pacific (CP) could profit from stepping in to buy the U.S. railroad at a cheaper price.

# WEALTH NEWS

## MANUFACTURING ACTIVITY PICKS UP

### U.S. manufacturing activity rises; shortages linger

U.S. manufacturing activity unexpectedly picked up in August amid strong order growth, but a measure of factory employment dropped to a nine-month low, likely as workers remained scarce. The ISM said its index of national factory activity inched up to 59.9 last month from a reading of 59.5 in July. The ISM survey's forward-looking new orders sub-index rebounded to a reading of 66.7 last month after two straight monthly declines. The survey's measure of prices paid by manufacturers fell to an eight-month low of 79.4 from a reading of 85.7 in July. This measure has dropped from a record 92.1 in June. The ADP National Employment Report showed that private payrolls increased by 374,000 jobs last month after rising 326,000 in July. The pandemic has upended the labor market dynamics, creating worker shortages even as 8.7 million people are officially unemployed.



## INSURERS BRACES FOR IDA HIT

### Insurers may take \$18 billion hit from Hurricane Ida - industry experts

Insurers are bracing for a hit of about \$18 billion from Hurricane Ida in the United States and the Caribbean, catastrophe modeling company Karen Clark & Co (KCC) said.

## SMALL BUSINESS CREDIT RULES

### U.S. consumer watchdog proposes small business lending data rules

The U.S. Consumer Financial Protection Bureau proposed new requirements for financial institutions to collect and report data on small businesses' access to credit in a bid to boost transparency and fair lending.

## CATHIE WOOD BUYS ZOOM AFTER DIPS

### Star stock-picker Cathie Wood buys the Zoom dip, invests over \$56 million

Cathie Wood's funds scooped up \$56.5 million worth of shares in Zoom Video Communications, taking advantage of a 17% drop in the company's stock price on Tuesday after warning on slowing demand.

## CHECKR RAISES CAPITAL

### HR tech firm Checkr raises fresh capital at \$4.6 billion valuation

Checkr said it raised \$250 million in capital in a late-stage funding round led by private equity investment firm Durable Capital, valuing the human resource technology company at \$4.6 billion.

## SEC REVIEWS

### Robinhood says SEC reviewing share sale filing

Robinhood Markets said the U.S. Securities and Exchange Commission was reviewing a filing of share sale by a group of its shareholders.

## TERRASCEND TO ACQUIRE GAGE GROWTH

### U.S. pot producer Terrascend to buy rival Gage Growth for \$545 million

Terrascend will buy Michigan-based rival Gage Growth, backed by prominent cannabis investor Jason Wild, for around \$545 million, the U.S. pot producer said.

## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Broadcom	Q3	AMC	\$6.87	\$6.88	\$5.40	\$6,757.12
Cooper Companies	Q3	16:15	\$3.31	\$3.29	\$2.28	\$726.78
Hewlett Packard Enterprise Co	Q3	AMC	\$0.43	\$0.42	\$0.32	\$6,925.24
Hormel Foods	Q3	BMO	\$0.38	\$0.39	\$0.37	\$2,722.74

\*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.

The Financial and Risk business of Thomson Reuters is now Refinitiv.

The Day Ahead - North America is compiled by Archak Sengupta and Sourav Bose in Bengaluru.

For questions or comments about this report, email us at: [TheDay.Ahead@thomsonreuters.com](mailto:TheDay.Ahead@thomsonreuters.com).

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3 Times Square, New York, NY 10036

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