

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

**Wall street** surged on expectations of a coronavirus relief package and supported by tech stocks. The **dollar** was flat, while **gold** dipped. **Oil** prices fell as U.S., Libyan and Norwegian supplies resumed.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	28836.93	250.03	0.87	29568.57	18213.65
Nasdaq	11876.26	296.32	2.56	12074.07	6631.42
S&P 500	3534.15	57.02	1.64	3588.11	2191.86
FTSE	6001.38	-15.27	-0.25	7689.67	4898.79
Eurofirst	1443.15	10.08	0.70	1691.19	1051.38
Nikkei	23558.69	-61.00	-0.26	24115.95	16358.19
Hang Seng	24649.68	530.55	2.20	29174.92	21139.26

FOREX	Last	% Chng
Euro/Dollar	1.1811	-0.11
Dollar/Yen	105.33	-0.25
Sterling/Dollar	1.3063	0.13
Dollar/CAD	1.3110	-0.06
TR/HKEX RMB	94.27	-0.43

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	39.49	-1.11	-2.73
Spot gold (NY/oz)	1923.07	-6.36	-0.33
Copper U.S. (front month/lb)	0.0306	-0.0002	-0.55
CRB Index Total Return	159.14	-2.05	-1.27

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
Apple Inc	124.40	7.43	6.35
Ford Motor Co	7.67	0.42	5.79
Twitter Inc	48.26	2.36	5.14
Amazon.com Inc	3442.93	156.28	4.76
IDEXX Laboratories Inc	419.39	18.74	4.68
<b>LOSERS</b>			
CF Industries Holdings Inc	29.52	-1.81	-5.78
Apache Corp	9.31	-0.36	-3.72
Norwegian Cruise Line Holdings Ltd	18.07	-0.66	-3.52
Carnival Corp	15.21	-0.48	-3.06
Fortive Corp	67.69	-2.13	-3.05

## Coming Up

**Apple Inc** is expected to unveil the iPhone 12 with speculation the base model may be cheaper than last year's phone and have 5G connectivity. The invitation announcing the event began, "Hi, Speed."

**JPMorgan Chase & Co** is expected to report a 25% drop in third quarter profits from a year earlier as the drag of low interest rates and weak loan demand overshadows better capital markets results. Analysts will be asking how much loan losses are increasing during the pandemic recession.

**Citigroup Inc** will report earnings for the third quarter for the first time since it announced its CEO was retiring in the new year. Analysts will be listening out for any change in strategy to help the bank continue growing profit in the low-interest rate environment.

**Johnson & Johnson** is expected to report third-quarter earnings as it tests its experimental coronavirus vaccine in a large, late-stage study. Investors will



REUTERS/Mark Makela

focus on updates related to its vaccine program, recovery in its medical devices business and sales of its cancer drugs during the COVID-19 pandemic.

On the economic front, the U.S. Labor Department will release its **consumer price index (CPI)** data, likely showing seasonally adjusted consumer prices increased 0.2% in September, after increasing 0.4% in August. **Non-seasonally adjusted inflation** is expected to have increased 1.4% in the 12-months through September after increasing 1.3% in the 12-month through August period. **Seasonally**

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
NFIB Business Optimism Index for Sep	0600	--	100.20
Core CPI mm, SA for Sep	0830	0.2%	0.4%
Core CPI yy, NSA for Sep	0830	1.8%	1.7%
CPI Index, NSA for Sep	0830	260.348	259.918
Core CPI Index, SA for Sep	0830	--	268.75
CPI mm, SA for Sep	0830	0.2%	0.4%
CPI yy, NSA for Sep	0830	1.4%	1.3%
Real weekly earnings mm for Sep	0830	--	0.3%
CPI mm NSA for Sep	0830	--	0.320%
CPI Index SA for Sep	0830	--	259.680
Cleveland fed CPI for Sep	1100	--	0.3%

**adjusted core CPI** for the month of September is expected to have increased 0.2% after increasing 0.4% in the previous month, while non-seasonally adjusted core CPI is expected to have increased 1.9% in September, after increasing 1.7% in August.

Confirming a decision first reported by Reuters, the **World Trade Organization** is expected to publish a ruling allowing Europe to slap tariffs on U.S. goods worth \$4 billion a year over subsidies to planemaker **Boeing** - deepening a trade spat after

Washington won approval to penalise \$7.5 billion of European goods over subsidies to Airbus.

Federal Reserve Bank of Richmond President **Thomas Barkin** is scheduled to speak on "Early Childhood Education: Now More Than Ever" before virtual a Virginia Early Childhood Foundation/Virginia Chamber of Commerce 7th Annual Executive Briefing. In another event, Federal Reserve Bank of San Francisco President **Mary Daly** is scheduled to speak on "Is the Federal Reserve Contributing to Economic

Inequality?" before a virtual event of the University of California, Irvine, School of Social Sciences.

Air Lease Corp Executive Chairman **Steven F. Udvar-Házy** is scheduled to speak at an Aviation Week webinar.

## LIVECHAT – REUTERS GLOBAL MARKETS FORUM

**Mike Dolan**, Reuters Editor at Large, Finance & Markets, takes a look at the major themes and key events to watch in the week ahead. (1000 ET/1400 GMT) To join the conversation, [click here](#)

## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
BlackRock	Q3	BMO	\$7.76	\$7.80	\$7.15	\$3,928.18
Citigroup	Q3	BMO	\$0.98	\$0.93	\$1.99	\$17,218.62
Delta Air Lines	Q3	BMO	-\$3.09	-\$3.01	\$2.32	\$3,107.71
Fastenal Co	Q3	06:50	\$0.38	\$0.37	\$0.37	\$1,417.09
First Republic Bank	Q3	BMO	\$1.38	\$1.39	\$1.31	\$955.96
Johnson & Johnson	Q3	BMO	\$2.00	\$1.98	\$2.12	\$20,199.54
JPMorgan Chase & Co	Q3	BMO	\$2.25	\$2.23	\$2.68	\$28,293.68

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

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

# Market Monitor

**Wall Street** ended sharply higher, fueled by expectations of a coronavirus relief package and by a rally in Amazon, Apple and other technology stocks ahead quarterly earnings season. "It looks like the administration wants a deal done before the election," said Brian Battle, director of trading at Performance Trust Capital Partners in Chicago. "Now it's up to the Republican Senate to figure out how big the number is going to be." The **Dow Jones Industrial Average** was up 0.87% at 28,836.93 points, while the **S&P 500** gained 1.64% to 3,534.22 and the **Nasdaq Composite** added 2.56% at 11,876.26.

The **dollar index** was little changed near three-week lows as optimism over the possibility of a COVID-19 relief bill was curbed by concern over the pandemic, while China's yuan fell after the People's Bank of China (PBOC) changed its reserve requirements policy." The dollar just retains this soft underbelly on expectations that sooner or later there will be some stimulus out of Washington," said Joe Manimbo, senior market analyst at Western Union Business Solutions in Washington DC. "At the same time, if you look at some of the election developments, the polls are trending in a way that is reducing worries about a contested outcome, that is more risk positive and therefore dollar negative." The **dollar index** was flat at 93.05. The **euro** fell 0.12% against the **dollar** to \$1.1810.

**Oil** prices were lower as force majeure at Libya's largest oilfield was lifted, a Norwegian strike affecting production ended and U.S. producers began restoring output after Hurricane



A Wall Street sign is pictured outside the New York Stock Exchange in the Manhattan borough of New York City, New York, October 2. REUTERS/Carlo Allegri

Delta. "It's a large chunk of production to come online when you don't need any of those barrels, which is bad news for the supply side of the equation" said Bob Yawger, director of energy futures at Mizuho in New York. **Brent futures** fell 2.57% to \$41.75 a barrel. **U.S. crude** was down 2.73% at \$39.49 a barrel.

**Gold** prices fell from a three-week peak as expectations of an inadequate U.S. coronavirus relief bill dented the appeal of bullion, which is used as a hedge against likely inflation. "We are talking trillions (in stimulus) one day and it's billions the next day and it will (probably) be millions next. It feels like it is getting smaller coming into the

election," said Phillip Streible, chief market strategist at Blue Line Futures in Chicago. The possibility of a smaller U.S. coronavirus stimulus bill is weighing on gold, he added. "Gold will be higher if Biden wins because he will spend a lot of money," said Bob Haberkorn, senior market strategist at RJO Futures, adding any unknowns on the election night will also provide support. **Spot gold** dipped 0.37% to \$1,922.20 per ounce. **U.S. gold futures** edged up 0.10% at \$1,928.20 per ounce.



# Top News

## **Goldman Sachs financial targets jeopardized as pandemic slows revamp**

Goldman Sachs management is considering whether to scale back financial targets set earlier this year, as the coronavirus pandemic has hindered the bank's business model revamp, analysts and sources inside the bank told Reuters. Goldman unveiled plans to boost returns on equity and cut costs during its first-ever investor day in January. To reach its goals, Goldman would squeeze more revenue from existing businesses like wealth management as well as relatively new ones like consumer lending, while launching additional corporate services like cash management. Goldman Sachs executives have stood by their targets, stressing that the path to achieving them in the coming years would not be "linear." They are not expected to move the goalposts on Wednesday when the bank reports third-quarter results. Instead, the bank may change targets in January, a year after they were set, said the sources, who were not authorized to speak publicly.

## **Opioid drug maker Mallinckrodt files for U.S. bankruptcy protection**

Mallinckrodt filed for bankruptcy protection, saddled with lawsuits alleging it helped fuel the U.S. opioid epidemic. Adding to its woes, the company in March also lost a court battle to avoid paying higher rebates to state Medicaid programs for its top-selling drug. Mallinckrodt said it had agreed to pay \$1.6 billion over several years to settle opioid-related litigation. About \$450 million would be paid as part of its settlement once the company emerged from chapter 11 bankruptcy. The company would then pay \$200 million in the first and second year after its emergence from the bankruptcy, and \$150 million subsequently through the seventh year. During the bankruptcy protection, the company said it aims to resolve opioid-related



*A file photo of the sign of Goldman Sachs at its office in Sydney, Australia, May 18, 2016. REUTERS/David Gray*

claims and reduce its debt by about \$1.3 billion, while surviving on cash on hand and cash generated from operations. The company listed both assets and liabilities in the range of \$1 billion to \$10 billion in a filing with the U.S. Bankruptcy Court for the District Of Delaware.

## **Twilio to buy cloud customer data startup Segment for \$3.2 billion**

Cloud communications platform provider Twilio said it would buy customer data platform Segment for \$3.2 billion in an all-stock deal. The announcement of the deal, expected to close in the fourth quarter of Twilio's fiscal 2020, comes after the company estimated third-quarter sales above its previous forecast earlier this month. Following the deal, Segment will become a part of Twilio. Twilio's shares ended 7.68% higher at \$329.75.

## **Abbott wins U.S. emergency use authorization for new COVID-19 antibody test**

Abbott Laboratories said the U.S. Food and Drug Administration has issued an emergency use authorization for its lab-based COVID-19 antibody blood test. The test, AdviseDx, can be used to

identify a type of antibody called Immunoglobulin M (IgM) in blood samples to determine if someone has been exposure to the novel coronavirus, potentially indicating a recent or prior infection. The FDA's emergency use authorization allows the use of unapproved medical products in an emergency to diagnose, treat, or prevent serious or life-threatening diseases with no adequate or approved alternatives. IgG is longer lasting in the body after an infection, but IgM is more useful for determining a recent exposure to the coronavirus as these antibodies become undetectable weeks to months following an infection, Abbott said. However, antibody tests are not recommended as the sole basis of diagnosis of COVID-19 as these antibodies may not be detected in the early days of the infection.

## **Facebook's Libra must not start until properly regulated -G7 draft**

Financial leaders of the world's seven biggest economies will say on Tuesday that they oppose the launch of Facebook's Libra stablecoin until it is properly regulated, a draft G7 statement showed. The draft, prepared

for a meeting of finance ministers and central bankers of the United States, Canada, Japan, Germany, France, Italy and Britain, said digital payments could improve access to financial services, cut inefficiencies and costs. But such payment services had to be appropriately supervised and regulated so that they would not undermine financial stability, consumer protection, privacy, taxation or cybersecurity, the draft statement, seen by Reuters, said. Separately, Facebook it was updating its hate speech policy to ban any content that denies or distorts the Holocaust. To read more, [click here](#)



REUTERS/Patrick Fallon

## **Cadillac, Buick help GM to first China sales growth in two years**

General Motors said continued market recovery from the COVID-19 crisis helped its China vehicle sales grow 12% on year in July-September, marking the Detroit automaker's first Chinese quarterly sales growth in two years. The second-biggest foreign automaker in China by units said it delivered 771,400 vehicles in China in the third quarter. That followed a 5% fall in the second quarter, when parts of China were still emerging from virus-busting lockdown measures. Sales rose 26% for cars under its mass-market Buick brand in the third quarter versus the same period a year earlier, while those of premium brand Cadillac jumped 28%, GM said in a statement. Sales of its mass-market Chevrolet marque fell 20%.

## **China's live game streaming firms Huya, DouYu to merge**

Huya will buy DouYu in a stock-for-stock merger deal, the Chinese live game streaming companies said. DouYu will receive 0.730 American depositary shares of Huya, representing a premium of 34.5% to DouYu's last close of \$14, valuing it at nearly \$6 billion, according to Reuters calculation based on 317.5 million shares. The merged entity would have a combined market share of more than 80% in the country, according to data from MobTech. Huya and DouYu said their shareholders will each hold about 50% shares of the combined company on a fully diluted basis. Huya Chief Executive Officer Rongjie Dong and his DouYu counter-part Shaojie Chen, will be Co-CEOs of the combined company.

## **Investor PrimeStone urges LivaNova to shake up business, says share price could double**

Investment firm PrimeStone is pressing medical device maker LivaNova to consider strategic options including selling parts of its business, refreshing its board and hiring a new finance chief, saying such steps could double its share price. London-based PrimeStone said that years of underperformance required a new strategic direction and that the company should divest its Cardiopulmonary business, sell or close its Heart Valves business, and consider appointing a new board chairman and hiring a new chief financial officer, according to a letter the investment firm is sending to LivaNova's board. PrimeStone said in the letter, which was seen by Reuters, that LivaNova's share price could "more than double to \$100", adding: "However, to get there, several changes need to take place."

## **Twitter flags Trump tweet for violating its rules on COVID-19 information**

Twitter on Sunday flagged a tweet by Donald Trump in which the U.S. President claimed he was immune to the coronavirus, saying it violated the social media platform's rules about misleading information related to COVID-19. "A total and complete sign off from White House Doctors yesterday. That means I can't get it (immune), and can't give it. Very nice to know," Trump said in the tweet. The post was flagged by Twitter with a disclaimer. A Twitter spokeswoman told Reuters that the tweet made "misleading health claims" about COVID-19 and that engagements with the post would be "significantly limited," as is standard in such cases.

## **U.S. energy companies begin restoring oil and gas output after hurricane**

U.S. energy companies were returning workers and restarting operations at storm-swept production facilities along the U.S. Gulf Coast on Sunday, two days after Hurricane Delta barreled through the area. Chevron, Royal Dutch Shell and BHP Group all said workers were headed back to production platforms in the U.S.-regulated northern Gulf of Mexico. On Sunday, the U.S. Bureau of Safety and Environmental Enforcement (BSEE) said 91% of offshore crude oil production remains shut in the U.S.-regulated northern Gulf of Mexico following Hurricane Delta, which made landfall on Friday night. Remnants of Delta were forecast to drop 3 inches to 6 inches of rain on parts of Tennessee, the Appalachian region of northeast Georgia, western Carolinas and western Virginia, the National Hurricane Center said on Sunday.





U.S. President Donald Trump stands on a White House balcony speaking to supporters gathered on the South Lawn for a campaign rally that the White House is calling a "peaceful protest" in Washington, October 10. REUTERS/Carlos Barria

## Insight and Analysis

### **FOCUS-Caterpillar bets on self-driving machines impervious to pandemics**

Question: How can a company like Caterpillar try to counter a slump in sales of bulldozers and trucks during a pandemic that has made every human a potential disease vector? Answer: Cut out human operators, perhaps? Caterpillar's autonomous driving technology, which can be bolted on to existing machines, is helping the U.S. heavy equipment maker mitigate the heavy impact of the coronavirus crisis on sales of its traditional workhorses.

### **New Apple 'iPhone 12' to offer 5G speeds U.S. networks can't deliver**

5G will finally get its U.S. closeup with the expected debut of Apple's next iPhone. But the blazing speeds promised will not materialize for most people. The device, dubbed the iPhone 12 by analysts, can tap into 5G, or fifth generation wireless technology, that theoretically operates as much as 10 to 20 times faster than current 4G wireless networks. Apple will need to walk a tightrope between enticing consumers to upgrade their phones while not over-promising what 5G can do today.

### **FOCUS-As globe gallops into vaccine trials, insurers remain unfazed**

The world is racing towards a vaccine in record time, stirring public concerns about safety to the extent that nine leading developers have felt compelled to issue a pledge to uphold scientific standards and testing rigour. Yet, while more than 40 experimental COVID-19 vaccines are being tested on humans, the insurance companies with decades of experience in assessing the risks of clinical trials don't see anything to be unduly concerned about.



# WEALTH NEWS

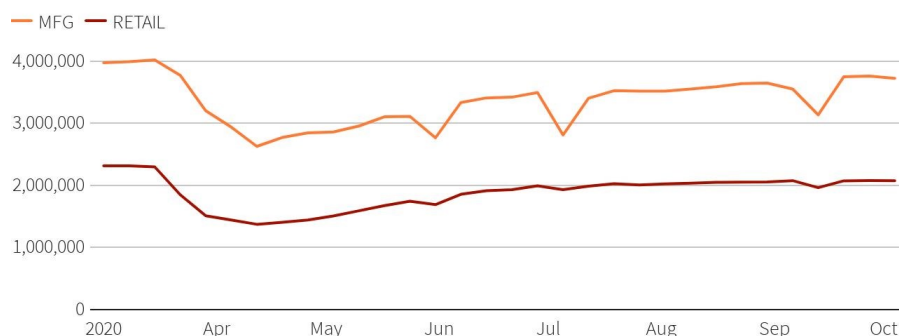
## HOLIDAY SLUMP

### Bag Santa and the elves? A holiday hiring slump takes shape

When the pandemic blew a hole in the U.S. labor market last spring, the hope was for a quick return to normal. It's clear that hasn't happened, and with the critical holiday shopping season approaching workers face a new drag on their prospects. Companies appear to be bringing on fewer seasonal workers. "Hiring is shaping up differently from previous years," said AnnElizabeth Konkel, an economist with the Indeed Hiring Lab, a research group at the job posting site Indeed. Along with job posting sites like Indeed, companies like UKG that manage employee work time are seeing the same thing.

## A Holiday hiring slump?

Retail hiring for the holidays usually begins in September. It isn't showing yet in data on shift work in a sample of companies.



Note: Dips in manufacturing shifts reflect summer holiday weekends.  
Source: UKG

## TAX TALKS

### A collapse of global tax talks could cost \$100 billion, OECD says

The global economy could shed more than 1% of output if international talks to rewrite cross-border tax rules break down and trigger a trade war, the OECD said, after countries agreed to keep up negotiating to mid-2021.

## LENDERS WINCE

### Stock lenders wince as hedge funds lose their shorts

Short selling has declined this year as hedge funds ditch bets against a relentless, stimulus-driven stock market rally, prompting a drop in income for asset managers and brokers involved in such trades.

## ANALYSIS

### Investment strategy based on reducing risk faces its own challenge

A fund trading strategy that tracks hundreds of billions of dollars in assets and often gets blamed for exacerbating market selloffs is facing a challenge from the policy response to the pandemic. But fund managers said they are adapting, and new money is flowing in.

## GOING PUBLIC

### Gaming platform Roblox confidentially files to go public

U.S. gaming platform Roblox Corporation said it has confidentially submitted paperwork with the Securities and Exchange Commission to go public.

## INSIGHT

### U.S. TV news networks aim for credibility, not speed, on election night

In preparing for election night, some top U.S. television news executives see a cautionary tale in a notorious November evening two decades ago.



## ON THE RADAR

Events	ET	Poll	Prior
<b>Wed:</b> PPI final demand yy for Sep	0830	0.2%	-0.2%
PPI final demand mm for Sep	0830	0.2%	0.3%
PPI exfood/energy yy for Sep	0830	0.9%	0.6%
PPI exfood/energy mm for Sep	0830	0.2%	0.4%
PPI ex food/energy/transport yy for Sep	0830	--	0.3%
PPI ex food/energy/transport mm for Sep	0830	--	0.3%
 <b>Thu:</b> NY Fed Manufacturing for Oct	0830	15.00	17.00
Import prices mm for Sep	0830	0.3%	0.9%
Export prices mm for Sep	0830	0.4%	0.5%
Import prices yy for Sep	0830	--	-1.4%
Initial jobless claims	0830	825,000	840,000
Jobless claims 4-week average	0830	--	857,000
Continued jobless claims	0830	10.700 mln	10.976 mln
 <b>Fri:</b> Retail sales ex-autos mm for Sep	0830	0.5%	0.7%
Retail sales mm for Sep	0830	0.7%	0.6%
Retail ex gas/autos for Sep	0830	--	0.7%
Retail control for Sep	0830	0.2%	-0.1%
Retail sales YoY for Sep	0830	--	2.57%
Industrial production mm for Sep	0915	0.6%	0.4%
Capacity utilization SA for Sep	0915	71.9%	71.4%
Manufacturing output mm for Sep	0915	0.7%	1.0%
Industrial production YoY for Sep	0915	--	-7.73%
Business inventories mm for Aug	1000	0.4%	0.1%
Retail inventories ex-auto rev for Aug	1000	--	0.9%
U Mich Sentiment Preliminary for Oct	1000	80.5	80.4
U Mich Conditions Preliminary for Oct	1000	88.5	87.8
U Mich Expectations Preliminary for Oct	1000	76.5	75.6
U Mich 1 year inflation preliminary for Oct	1000	--	2.6%
U Mich 5-year inflation preliminary for Oct	1000	--	2.7%





Spain's Rafael Nadal celebrates with the trophy after winning the French Open final against Serbia's Novak Djokovic at Paris, France, October 11. REUTERS/Christian Hartmann

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