

MORNING NEWS CALL

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U.S. Edition

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Earnings Roundup

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TOP NEWS

- **U.S. economy likely created nearly a million jobs in April**

U.S. employers likely hired nearly a million workers in April as they rushed to meet a surge in demand, unleashed by the reopening of the economy amid rapidly improving public health and massive financial help from the government.

- **Pfizer-BioNTech start full U.S. approval application for COVID-19 vaccine**

Pfizer and German partner BioNTech said they have started an application process with the U.S. Food and Drug Administration for full approval of their COVID-19 vaccine, currently only authorized for emergency use.

- **Health insurer Cigna raises 2021 profit forecast on strong first quarter**

Cigna raised its full-year profit and revenue targets after first-quarter profit topped estimates, betting on its newly rebranded health services unit to help drive growth amid COVID-19-related uncertainty.

- **Tesla tells regulator that full self-driving cars may not be achieved by year-end**

Tesla told a California regulator that it may not achieve full self-driving technology by the end of this year, a memo by the California Department of Motor Vehicles (DMV) showed.

- **Investors eye inflation, seasonally weaker market stretch as tech stocks wobble**

As U.S. stocks head into a seasonally rocky stretch, investors are gauging to what extent markets have anticipated a number of factors that could sway asset prices, from massive government stimulus to looming inflation.

BEFORE THE BELL

Futures for **Wall Street's major indexes** were higher, ahead of U.S. non-farm payrolls data that is expected to underpin hopes for a strong post-COVID economic recovery. The **dollar** fell, while **gold** strengthened. **European shares** rose on strong German exports data and upbeat corporate earnings. **Japanese shares** ended higher, as investors scooped up cheap technology stocks. **Oil** prices were slightly higher, while surging coronavirus cases in India fueled demand concerns.

STOCKS TO WATCH

Results

- **AMC Entertainment Holdings Inc:** The company said on Thursday its business was expected to improve in the coming months as the mass rollout of COVID-19 vaccines draws moviegoers back to the cinema chain's theaters. "We finally can now say that we are looking at an increasingly favorable environment for movie-going and for AMC as a company over the coming few months, Chief Executive Officer Adam Aron said in a statement. However, the

company's revenue fell to \$148.3 million in the quarter ended March 31, from \$941.5 million a year earlier, missing an estimate of \$153.43 million. Its net loss shrunk to \$567.2 million, or \$1.42 per share in the quarter, from a loss of \$2.18 billion, or \$20.88 per share, a year earlier.

- **American International Group Inc:** The company beat first-quarter profit estimates on Thursday, as strong performance in its general insurance and life and retirement units blunted the hit from winter storms and coronavirus-related mortality claims. The company posted an underwriting income of \$73 million in its general insurance business in the quarter, compared with a loss of \$87 million a year earlier, when it booked large losses related to the pandemic. Excluding items, AIG earned a profit of \$1.05 per share, exceeding analysts' estimates of 97 cents.
- **Beyond Meat Inc:** The company on Thursday reported a wider quarterly loss than expected, as the plant-based meat maker incurred higher freight costs, spent heavily on testing new product launches, and sold less to pandemic-hit restaurants. In the first quarter ended April 3, net revenue rose about 11% to \$108.2 million, missing estimates of \$113.7 million. Excluding one-time items, it lost 42 cents per share - wider than analysts' expectations of 19 cents. Its bottom line swung to a net loss of \$26.8 million from a profit of \$1.8 million a year ago.
- **Cenovus Energy Inc:** The company swung to a first-quarter profit from the previous three-month period, as global crude recovered on the back of easing COVID-19 restrictions and vaccine rollouts. Cenovus, which acquired Husky Energy earlier this year for about \$5 billion, said its total production rose 64.7% to 769,254 barrels of oil equivalent per day (boepd) in the quarter. The Calgary, Alberta-based company posted net earnings of C\$220 million, or 10 Canadian cents per share, in the quarter ended March 31, from a net loss of C\$153 million, or 12 Canadian cents per share, in the fourth quarter.
- **Cigna Corp:** The company raised its forecasts for full-year profit and revenue and reiterated that it anticipates a negative earnings impact of about \$1.25 per share this year from COVID-19. For the first-quarter, Cigna reported a nearly 2% fall in profit, hurt partly by higher costs related to COVID-19 testing, treatment and vaccines. Cigna said it expects adjusted income from operations of at least \$20.20 per share for 2021, up from its previous forecast of \$20 per share, and adjusted revenue of at least \$166 billion, up from at least \$165 billion forecast earlier.
- **Energy Transfer LP:** Energy Transfer expects to gain roughly \$2.4 billion from Winter Storm Uri, which knocked out power and halted the distribution of natural gas in Texas to homes and businesses, company executives on Thursday said. Dallas-based Energy Transfer, which operates energy pipelines and storage tanks, was able to cash in on soaring prices for natural gas during and after the storm froze in production and crippled energy transportation infrastructure. Most of the windfall expected to be realized in 2021 came from trading and selling natural gas in Energy Transfer's energy storage system.
- **EOG Resources Inc:** The oil and gas producer beat analysts' estimate for first-quarter profit and declared a special dividend of \$1 per share on Thursday, as COVID-19 vaccine rollouts and increased travel demand lift crude prices. EOG's average crude oil prices jumped nearly 39% to \$58.02 per barrel in the quarter, from the last three months of 2020. EOG's March-quarter adjusted net income rose to \$946 million, or \$1.62 per share, from \$411 million, or 71 cents per share, in the fourth. Analysts had expected a profit of \$1.48 per share.
- **Lear Corp:** The U.S. auto parts maker reported a better-than-expected first-quarter profit and raised its full-year outlook, helped by robust demand in key markets such as China, which is leading the sector's recovery from the COVID-19 crisis. Lear said it now expects full-year sales between \$20.35 billion and \$21.15 billion, up from its prior forecast of \$19.8 billion to \$20.8 billion. On an adjusted basis, Lear earned \$3.73 per share in the quarter ended April 3, beating analysts' average estimate of \$2.95 per share.
- **MP Materials Corp:** The U.S.-based rare earths miner posted a higher-than-expected quarterly profit on Thursday due to rising production and prices for the metals used to make electronics. The company, which relies on China to process rare earth oxides from its California mining complex, reported a first-quarter net income of \$16.1 million, or 9 cents per share, compared with \$1.9 million, or 3 cents per share, in the year-ago quarter, when it was a private company. Excluding one-time items, such as \$5.7 million in stock-based executive compensation, the company earned 13 cents per share, topping analysts' expectations of 8 cents per share.
- **News Corp:** The Wall Street Journal parent beat Wall Street estimates for quarterly revenue on Thursday, as the company's digital push helped its Dow Jones unit attract more subscribers. Revenue from Dow Jones, which provides news and business information, rose 6% to \$421 million during the quarter. The Wall Street Journal's digital-only subscriptions grew 29% to 2.63 million average subscriptions in the quarter, and represented 78% of its total subscriptions. The Rupert Murdoch-led publisher's total revenue rose 3% to \$2.34 billion in the three months ended March 31, above analysts' estimate of \$2.2 billion.

- **Peloton Interactive Inc:** The company on Thursday estimated an about \$165 million hit to current-quarter revenue from a recall of its treadmills as the company laid out steps to improve the safety of the equipment. On a post-earnings call after the company beat estimates on demand for its flagship exercise bikes from stuck-at-home fitness enthusiasts, Chief Executive Officer John Foley said Peloton would postpone the U.S. launch of Tread that was scheduled for May 27. The company is working with the U.S. Consumer Product Safety Commission (CPSC) to build an extra layer of safety features for the Tread+, including a digital pass code to protect against unauthorized use. Peloton said it expects fourth-quarter sales of about \$915 million, compared with estimates of \$1.17 billion, while annual revenue forecast of \$4 billion came in slightly below estimates and prior company outlook.
- **Square Inc:** The payments firm handily beat Wall Street expectations for quarterly profit on Thursday, as surging demand for bitcoin fueled a jump in cryptocurrency transactions on its peer-to-peer payment service Cash App. Stripping out one-time costs, the payments firm, led by Twitter top boss Jack Dorsey, earned 41 cents per share. Analysts on average had expected 16 cents per share. Cash App generated \$3.51 billion in bitcoin revenue, up eleven times from a year earlier, in a quarter when the most popular cryptocurrency hit \$1 trillion in market capitalization for the first time.

In Other News

- **Automatic Data Processing Inc & Benefitfocus Inc:** ADP is suing its former chief strategy officer, Matthew Levin, who was named chief executive of benefit software company Benefitfocus this week, accusing him of misappropriating trade secrets. Human resources management company ADP said in the lawsuit, filed in federal court in Newark, New Jersey, that Levin knew details about ADP's business plans, sales and potential products and would use that information to harm his former employer. Benefitfocus said ADP's claims are without merit and that Levin intends to vigorously defend himself and take up his CEO duties on May 10 as planned.
- **Barclays PLC:** Activist investor Edward Bramson has sold his firm's 6% stake in Barclays, disbanding a three-year effort to overhaul the British bank and ending a stand-off with chief executive Jes Staley. Bramson's fund, Sherborne Investors, had pressured Staley since 2018 to scale back investment banking and demanded his removal over his links to U.S. financier and registered sex offender Jeffrey Epstein, but Bramson struggled to gain much traction. The value of the Sherborne vehicle dedicated to the Barclays stake has fallen by around 150 million pounds compared to the 700 million pounds it raised when it was formed in 2017. The fund, in which UK asset managers Aviva and Schroders have stakes, said it had identified another company to invest in and has begun building a position in that firm, which it did not name.
- **BioNTech SE & Pfizer Inc:** Pfizer and German partner BioNTech said they have started an application process with the U.S. Food and Drug Administration for full approval of their COVID-19 vaccine, currently only authorized for emergency use. If approved, the vaccine will be the first fully approved COVID-19 shot and could help ease vaccine hesitancy due to longer-term data required for an FDA approval. The companies said they would submit data to support the so-called biologic license application, which requires longer-term follow-up data, on a rolling basis over the next few weeks.
- **Blackstone Group Inc:** The private equity firm has made a 1.21 billion pound buyout proposal for St. Modwen Properties, the companies said, sending shares in the British real estate developer soaring. The non-binding conditional offer, which follows a series of other proposals by Blackstone, was at a premium of about 21% to the stock's last closing price. St. Modwen said its board would be willing to recommend the proposal unanimously should Blackstone make a firm offer at that price by the June 4 deadline.
- **Citigroup Inc:** The company is weighing the option of providing cryptocurrency-related services after a surge in interest from clients, the Financial Times reported. The bank has not yet decided whether it will offer clients cryptocurrency-related services, but trading, custody and financing are all under consideration, the newspaper reported, citing Itay Tuchman, the bank's global head of foreign exchange.
- **CoStar Group Inc:** Billionaire investor Daniel Loeb's hedge fund Third Point made a new bet on real estate information company CoStar Group during the first quarter and continues to back ride hailing giant Grab Holdings, which will list through a merger with a blank check company. "We think CoStar is an exceptionally high-quality 'compounder' in the early innings of a transformational new opportunity which could meaningfully accelerate earnings growth," Loeb wrote in a letter to investors and seen by Reuters.
- **Exxon Mobil Corp:** The governor of Texas in an unusual move on Thursday asked the state's Supreme Court to accept an Exxon petition seeking to reverse a state court decision in a climate change case. Texas Governor Greg Abbott in a friend of the court filing urged the state justices to accept Exxon's petition in a case with "major

implications for the energy industry in Texas." Separately, The United Steelworkers union has requested that a federal mediator help resolve a 5-day-old lockout of about 650 workers at an Exxon Mobil oil refinery, said people familiar with the matter.

- **Kansas City Southern:** The U.S. Surface Transportation Board (STB) on Thursday approved the voting trust for Canadian Pacific Railway's proposed acquisition of Kansas City Southern railroad. "In order to close into voting trust, the transaction requires approval from shareholders of both companies along with satisfaction of customary closing conditions," CP said in a statement on Thursday. "CP would then acquire KCS shares and place them into the voting trust, at which point KCS shareholders will receive their consideration", Canadian Pacific said.
- **Telefonaktiebolaget LM Ericsson:** Ericsson has reached a "multi-year" agreement on global patent licences with Samsung, the Swedish telecom equipment maker said, ending a dispute that hit its first-quarter revenue. Ericsson said it had not disclosed how many years the deal, which includes patents for all cellular technologies, would last. It said it now expects second-quarter patent licensing revenue to be 2 billion crowns to 2.5 billion crowns.
- **Tesla Inc:** The electric vehicle maker told a California regulator that it may not achieve full self-driving technology by the end of this year, a memo by the California Department of Motor Vehicles (DMV) showed. Tesla CEO Elon Musk said during an earnings conference call in January that he was "highly confident the car will be able to drive itself with reliability in excess of human this year." Tesla has also rolled out what it describes as a "beta" version of its "full self-driving" (FSD) program to a limited number of employees and customers since October, and Musk has touted the capability on Twitter. "Elon's tweet does not match engineering reality per CJ. Tesla is at Level 2 currently," the California DMV said in a memo about its March 9 conference call with Tesla representatives, including autopilot engineer CJ Moore. Level 2 technology refers to a semi-automated driving system, which requires supervision by a human driver.
- **Twitter Inc:** The company suspended several accounts this week that were set up to share statements from a new part of former U.S. President Donald Trump's website, saying they broke its rules against evading an account ban. "As stated in our ban evasion policy, we'll take enforcement action on accounts whose apparent intent is to replace or promote content affiliated with a suspended account," a Twitter spokesman said in a statement. A Trump representative said they had nothing to do with the suspended accounts, which included @DJTDesk, @DJTrumpDesk, @DeskofDJT and @DeskOfTrump1.
- **Walt Disney Co:** Mexico's telecoms regulator said on Thursday it has rejected a request to push back a deadline for the sale of Fox Sports in Mexico as part of the terms of Disney's acquisition of Twenty-First Century Fox Inc film and television assets. The Federal Telecommunications Institute (IFT) said the request was made by Disney and Fox and that the deadline for the sale is May 7.
- **Waterdrop Inc:** The online insurance technology firm will focus more on user growth than on profit in the short term and aims to become China's version of UnitedHealth in a decade, its chief executive told Reuters. Waterdrop, which is backed by Chinese gaming giant Tencent and will list in New York on Friday, has no plan to revive its once popular mutual aid service, founder and CEO Shen Peng said in an interview. Separately, Waterdrop has raised \$360 million by pricing its shares at \$12 a piece in its New York initial public offering (IPO), according to two sources with direct knowledge of the matter.
- **Wells Fargo and Co:** The company is facing a new probe from the U.S. consumer watchdog over how it disclosed and assessed monthly fees on certain consumer bank accounts in 2016, the bank disclosed in a regulatory filing on Thursday. The Consumer Financial Protection Bureau (CFPB) is "investigating certain of the Company's past disclosures to customers regarding the minimum qualifying debit card usage required for customers to receive a waiver of monthly service fees on certain consumer deposit accounts," the bank said.

ANALYSIS

U.S. move to loosen vaccine patents will draw drug companies to bargain -lawyers

U.S. support for waiving intellectual property rights on COVID-19 vaccines could be a tactic to convince drugmakers to back less drastic steps like sharing technology and expanding joint ventures to quickly boost global production, lawyers said on Thursday.

ANALYSTS' RECOMMENDATION

- **Albemarle Corp:** JPMorgan raises rating to neutral from underweight, believing that the company is leaving a period of weaker earnings performance and should soon begin a period of greater positive earnings growth.

- **Appian Corp:** Cowen and Company cuts target price to \$80 from \$120, after the company reported lower-than-expected first-quarter earnings.
- **Beyond Meat Inc:** JPMorgan cuts target price to \$90 from \$91, saying that the company's near-term profitability is under pressure and visibility on the timing of a significant revenue inflection is low.
- **Chemocentryx Inc:** JPMorgan cuts rating to underweight from neutral, believing that the U.S. FDA Advisory Committee Meeting on Avacopan drug was mixed and there is a significant risk for a complete response letter.
- **Scotts Miracle-Gro Co:** Berenberg raises target price to \$300 from \$280, after the company reported strong second-quarter results and increased full-year 2021 sales growth guidance for its Hawthorne segment.

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

0830 (approx.) **Non-farm payrolls** for Apr: Expected 978,000; Prior 916,000
 0830 (approx.) **Private payrolls** for Apr: Expected 893,000; Prior 780,000
 0830 (approx.) **Manufacturing payrolls** for Apr: Expected 55,000; Prior 53,000
 0830 (approx.) **Government payrolls** for Apr: Prior 136,000
 0830 (approx.) **Unemployment rate** for Apr: Expected 0.058; Prior 6.0%
 0830 (approx.) **Average earnings mm** for Apr: Expected 0; Prior -0.1%
 0830 (approx.) **Average earnings yy** for Apr: Expected -0.004; Prior 4.2%
 0830 (approx.) **Average workweek hours** for Apr: Expected 34.9 hrs; Prior 34.9 hrs
 0830 (approx.) **Labor force participation** for Apr: Prior 61.5%
 0830 (approx.) **U6 underemployment** for Apr: Prior 10.7%
 1000 (approx.) **Wholesale inventory, R mm** for Mar: Expected 0.014; Prior 1.4%
 1000 (approx.) **Wholesale sales mm** for Mar: Expected 0.01; Prior -0.8%
 1500 **Consumer credit** for Mar: Expected \$20.00 bln; Prior \$27.58 bln

COMPANIES REPORTING RESULTS

No Major S&P 500 companies are scheduled to report.

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

0800 **Elanco Animal Health Inc:** Q1 earnings conference call
 0800 **New Fortress Energy Inc:** Q1 earnings conference call
 0830 **American International Group Inc:** Q1 earnings conference call
 0830 **Angi Inc:** Q1 earnings conference call
 0830 **Cigna Corp:** Q1 earnings conference call
 0830 **Draftkings Inc:** Q1 earnings conference call
 0830 **IAC/Interactivecorp:** Q1 earnings conference call
 0830 **Lear Corp:** Q1 earnings conference call
 0830 **Qurate Retail Inc:** Q1 earnings conference call
 0830 **Texas Pacific Land Corp:** Q1 earnings conference call
 0830 **TripAdvisor Inc:** Q1 earnings conference call
 0900 **Choice Hotels International Inc:** Annual Shareholders Meeting
 0900 **ITT Inc:** Q1 earnings conference call
 0900 **MasTec Inc:** Q1 earnings conference call
 0900 **Occidental Petroleum Corp:** Annual Shareholders Meeting
 0900 **Post Holdings Inc:** Q2 earnings conference call
 0900 **Select Medical Holdings Corp:** Q1 earnings conference call
 1000 **Abbvie Inc:** Annual Shareholders Meeting
 1000 **Alliant Energy Corp:** Q1 earnings conference call
 1000 **CMS Energy Corp:** Annual Shareholders Meeting
 1000 **Colgate-Palmolive Co:** Annual Shareholders Meeting
 1000 **Corteva Inc:** Annual Shareholders Meeting
 1000 **CSX Corp:** Annual Shareholders Meeting
 1000 **EOG Resources Inc:** Q1 earnings conference call
 1000 **Icahn Enterprises LP:** Q1 earnings conference call
 1000 **Liberty Media Corp:** Q1 earnings conference call
 1000 **ManpowerGroup Inc:** Annual Shareholders Meeting

1000 **Progressive Corp**: Annual Shareholders Meeting
1000 **Ryder System Inc**: Annual Shareholders Meeting
1000 **Timken Co**: Annual Shareholders Meeting
1000 **Ventas Inc**: Q1 earnings conference call
1100 **American Homes 4 Rent**: Q1 earnings conference call
1100 **Entergy Corp**: Annual Shareholders Meeting
1100 **Marriott International Inc**: Annual Shareholders Meeting
1100 **National Fuel Gas Co**: Q2 earnings conference call
1100 **Park Hotels & Resorts Inc**: Q1 earnings conference call
1100 **Regency Centers Corp**: Q1 earnings conference call
1100 **Reinsurance Group of America Inc**: Q1 earnings conference call
1100 **Teradyne Inc**: Annual Shareholders Meeting
1115 **Liberty Broadband Corp**: Q1 earnings conference call
1130 **j2 Global Inc**: Annual Shareholders Meeting
1200 **Fidelity National Financial Inc**: Q1 earnings conference call
1300 **Fox Factory Holding Corp**: Annual Shareholders Meeting
1330 **Hawaiian Electric Industries Inc**: Q1 earnings conference call
1400 **Illinois Tool Works Inc**: Annual Shareholders Meeting
1600 **Hawaiian Electric Industries Inc**: Annual Shareholders Meeting
1600 **Lattice Semiconductor Corp**: Annual Shareholders Meeting

EX-DIVIDENDS

Ameriprise Financial Inc: Amount \$1.13
D.R. Horton Inc: Amount \$0.20
International Business Machines Corp: Amount \$1.64
PPG Industries Inc: Amount \$0.54
Sonoco Products Co: Amount \$0.45

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

PICTURE OF THE DAY



Private First Class Ann Parra hugs her dad Efrain, as members of Lima Company's 3rd Recruit Training Battalion celebrate after they become the first women to graduate as U.S. Marines in the 100 year history of Marine Corps Recruiting Depot San Diego, in San Diego, California, May 6. REUTERS/Mike Blake

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(Compiled by Nachiket Tekawade and Yoganand K N in Bengaluru)

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