MARKET RECAP at 4 pm ET

The S&P 500 slipped but was close to its all time record high and a disappointing forecast from Cisco pushed the Dow lower, while a rise in Apple shares supported the Nasdaq. Treasury yields jumped after a record 30-year auction saw weak demand. An impasse in the U.S. stimulus negotiations continued to weigh on the dollar. Oil fell on weaker demand forecast. Gold advanced.

Coming Up

The U.S. Commerce Department is expected to report retail sales likely increased 1.9% in July after climbing 7.5% in June. Federal Reserve data is likely to show that industrial production rose 3% in July after a 5.4% jump in June. U.S. business inventories are likely to have fallen 1.2% in June, after dropping 2.3% in May, data from the Commerce Department is expected to show.

Federal Reserve Bank of Dallas President Robert Kaplan participates in a moderated question-and-answer session with Dallas Friday Group.

KEY ECONOMIC EVENTS

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<th>Events</th>
<th>ET</th>
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Market Monitor

The S&P 500 ended slightly lower after briefly trading above its record closing high level for a second day, and the Dow also fell in the wake of a disappointing forecast from Cisco Systems. The S&P 500 during the session broke above its record high closing level of 3,386.15 from Feb. 19, just before investors sold shares in anticipation of what proved to be the biggest slump in the U.S. economy since the Great Depression. Its intraday record high of 3,393.52 was also set on Feb. 19. A slump in Cisco Systems weighed on the Dow and S&P 500 after the company forecast first-quarter revenue and profit below estimates. Cisco Systems fell 11.19%. Apple rose 1.77%, helping to support the Nasdaq. AMC Entertainment Holdings jumped 14.22 after the firm said it will start its first phase of reopening theaters in the United States from Aug. 20, covering more than 100 venues. The Dow Jones Industrial Average fell 0.29%, to 27,896.72, the S&P 500 lost 0.21%, to 3,373.39 and the Nasdaq Composite added 0.27%, to 11,042.5.

Benchmark Treasury yields surged after the Treasury sold a record amount of 30-year bonds to weak demand, the final sale of $112 billion in new coupon-bearing supply this week. The Treasury sold $26 billion in bonds, up from $22 billion at its last quarterly refunding in May. The debt sold at a high yield of 1.406%, around three basis points higher than where the debt traded before the sale. Primary dealers took a larger than average share of 28% of the bonds, indicating tepid demand from investors. The bid-to-cover ratio of 2.14 times was the lowest since July 2019. Ten-year notes fell 8/32 to yield 0.71%. Five-year notes slipped 3/32, yielding 0.32%.

The dollar slid against some major currencies such as the euro, Swiss franc, and sterling, weighed down by the impasse in Congress about additional U.S. stimulus to help cope with the coronavirus pandemic. "The stalemate over the stimulus package is troubling," said Amo Sahota, executive director at currency advisory firm Klarity FX in San Francisco. "Sticking more band-aid over it, which is what the administration is trying to do right now, is not enduring." The euro was up 0.2% at $1.1806. Against the Swiss franc, the dollar fell 0.2% to 0.9102 franc. Sterling also rose 0.13% versus the dollar to $1.3049. The dollar index fell 0.15% to 93.3.

Oil prices eased after the International Energy Agency lowered its 2020 oil demand forecast due to unprecedented travel restrictions to stop the spread of the coronavirus, but a weak dollar limited losses. Brent crude was down 0.79% at $45.07 a barrel, and West Texas Intermediate fell 0.73% at $42.36 a barrel. The International Energy Agency cut its 2020 oil demand forecast and said reduced air travel because of the COVID-19 pandemic would lower global oil consumption this year by 8.1 million barrels per day (bpd).

Gold jumped, rebounding from a near-three-week low hit in the last session, as the dollar dipped and a slow recovery in the U.S. labor market reinforced the economic toll from the coronavirus pandemic. Spot gold rose 1.72% to $1,950.76 per ounce, having slipped below $1,900 on Wednesday. Gold futures were up 0.73% to $1,963.3 per ounce. "The dollar has been quite weak ... this recovery we've had (in the labor market) has been the low-hanging fruit. It's an easy bounce," said Edward Meir, analyst at ED&F Man Capital Markets. "The initial claims are still running at a very high rate, and there is still a long way to go," Meir said.
Top News

U.S. weekly jobless claims fall below 1 million; labor market pain far from over
The number of Americans seeking unemployment benefits dropped below one million last week for the first time since the start of the COVID-19 pandemic in the United States, but that was likely as the expiration of a $600 weekly supplement discouraged some from filing claims. Initial claims for state unemployment benefits decreased 228,000 to a seasonally adjusted 963,000 for the week ended August 8. That was the lowest level since mid-March when authorities started shutting down non-essential business to slow the spread of the novel coronavirus. The claims report also showed the number of people receiving benefits after an initial week of aid fell 604,000 to 15.486 million in the week ending August 1.

Apple readies subscription bundles to boost services - Bloomberg News
Apple is readying a series of subscription bundles that will let customers sign up for several of the iPhone maker's digital services at a lower monthly price, Bloomberg News reported. The bundles, dubbed "Apple One" inside the company, are planned to launch as early as October alongside its next iPhones, the report said, citing people with knowledge of the effort. The bundles are designed to encourage customers to subscribe to more Apple services, which will generate more recurring revenue, according to the report. According to Bloomberg, the company is also developing a new subscription for virtual fitness classes that can be accessed through apps on the iPhone, iPad and Apple TV and will be offered in a higher-end bundle with the rest of its services.

Facebook, Twitter step up fight against misinformation on U.S. elections
Social media platforms stepped up fight against misinformation on the U.S. elections, with Facebook starting a hub to help users with poll-related resources and Twitter expanding rules against misinformation on mail-in ballots and early voting. Twitter's move will involve coming up with new policies "that emphasize accurate information about all available options to vote, including by mail and early voting." "We're focused on empowering every eligible person to register and vote through partnerships, tools and new policies," Jessica Herrera-Flanigan, Twitter's vice president for public policy in the Americas, told Reuters. Facebook, meanwhile, launched a Voting Information Center to help users with accurate and easy-to-find information about voting wherever they live. The company said it was also speaking with officials about misinformation surrounding election results as an emerging threat.

SoftBank-backed KE Holdings shares surge in New York debut
Shares of SoftBank-backed KE Holdings jumped in their New York debut, after the Chinese online real estate broker raised $2.12 billion in its initial public offering that was priced above its earlier target range. Shares of KE, also known as Beike Zhaofang, opened at $35.06 per American depositary share (ADS), compared to its IPO price of $20 per ADS. The company, which owns property brokerage brand Lianjia and housing transactions platform Beike, said it sold 106 million ADSs for $20 each. The company had aimed to sell each ADS, representing three Class A ordinary shares, at between $17 and $19.

U.S. federal contract ban takes effect for companies using products from Huawei, others
New regulations took effect barring the U.S. government from buying goods or services from any company that uses products from five Chinese companies including Huawei Technologies, Hikvision and Dahua, a U.S. official said. The rule, which was prompted by a 2019 law, could have far-ranging implications for companies that sell goods and services to the U.S. government, since they will now need to certify they do not use products from Zhejiang Dahua Technology or Hangzhou Hikvision Digital.
Technology, even though both are among the top sellers of surveillance equipment and cameras worldwide. The same goes for two-way radios from Hytera Communications and telecommunications equipment or mobile devices like smartphones from Huawei Technologies or ZTE. Ellen Lord, the under secretary of defense for acquisition and sustainment, said the Defense Department “fully supports” the intent of the changes “but recognizes the implementation challenges facing industry partners.” Her staff was working with Congress to help “draft revisions to (the law) to facilitate effective implementation and to preclude unintended consequences,” Lord said.

**Tapestry sees falling store traffic pressuring sales for rest of 2020**

Coach handbag maker Tapestry forecast full-year revenue below Wall Street expectations, saying falling store traffic would continue to pressure sales in the coming months despite a surge in online shopping. The company said it expects sales for the fiscal year ending June to be roughly flat from the prior year, with growth only expected in the second half as demand for high-end handbags, apparel and accessories weak due to the COVID-19 health crisis. Analysts were expecting a 6.4% increase in sales in fiscal 2021, according to IBES data from Refinitiv. A recovery in sales in mainland China and a series of cost cuts helped Tapestry post an adjusted loss of 25 cents per share for the fourth quarter ended June 27, smaller than analysts' estimates of a loss of 57 cents. Tapestry's net sales fell nearly 53% to $714.8 million, but beat analysts' average estimate of $663.4 million.

**Thermo Fisher's Qiagen bid fails after target gets COVID testing boost**

Thermo Fisher has walked away from its takeover deal with Qiagen after the German genetic testing specialist's earnings were boosted by coronavirus diagnostics, leaving its shareholders reluctant to cash out. The U.S. lab equipment supplier's 11.3 billion euro bid was scuppered when only 44% of Qiagen shares were tendered by a Monday deadline, short of the two thirds it needed, following a hedge fund's campaign to reject the offer. Qiagen vowed in a statement to "deliver growth and create greater value." "The magnitude and duration of the global coronavirus pandemic have proven the increasingly critical importance of molecular testing to society. Qiagen's business prospects have improved significantly," said Chief Executive Thierry Bernard.

**Novavax ties up with SK bioscience to boost supply of potential COVID-19 vaccine**

Novavax said South Korea's SK bioscience would manufacture a component of the U.S. drug developer's experimental coronavirus vaccine in a bid to boost its supply. Novavax has received $2 billion in funding so far for its coronavirus vaccine, including $384 million from the Coalition for Epidemic Preparedness Innovations (CEPI). As part of that deal, Novavax has committed to supply its vaccine to COVAX, a scheme that aims to provide equitable access to COVID-19 vaccines across the globe. The deal with SK bioscience would help it increase the supply to meet those commitments, Novavax said. SK bioscience will start producing the antigen at its vaccine plant in South Korea this month, the two companies said, adding that they had also signed a letter of intent with the country's Ministry of Health and Welfare to make the vaccine available for its people.

**Judge rejects Uber, Lyft bids to delay California driver injunction**

A California judge refused to give Uber Technologies and Lyft more time to appeal his decision forcing them to classify drivers in that state as employees, which they have said would necessitate restructuring their businesses. At a hearing in San Francisco Superior Court, Judge Ethan Schulman said he found no reason to extend his Aug. 20 deadline for the ride-hailing companies to appeal the preliminary injunction he issued on Monday before it could take effect. "I am unconvinced that any extension of the 10-day stay is required," Schulman said. "Both applications are denied." Uber and Lyft have said they will appeal. The injunction came in a lawsuit where California and the cities of Los Angeles, San Diego and San Francisco accused Uber and Lyft of violating Assembly Bill 5, a new state law making it harder to treat "gig" workers as independent contractors.
How a Texas shale supplier’s founders made fortunes as the firm failed
On July 7, the board of directors at Texas fracking sand supplier Hi-Crush granted nearly $3 million in bonuses to four top executives, including $1.35 million for CEO and founder Robert Rasmus. Five days later, the company declared bankruptcy. The payout marked the latest in a series of board decisions that allowed the oilfield supplier’s top executives and founders to rake in tens of millions of dollars as shareholders saw the stock price plummet to pennies.

In China, fears of financial Iron Curtain as U.S. tensions rise
A sharp escalation in tensions with the United States has stoked fears in China of a deepening financial war that could result in it being shut out of the global dollar system – a devastating prospect once considered far-fetched but now not impossible. Chinese officials and economists have in recent months been unusually public in discussing worst-case scenarios under which China is blocked from dollar settlements, or Washington freezes or confiscates a portion of China’s huge U.S. debt holdings.

GRAPHIC-U.S. hits fiscal cliff with jobs, economic recovery in the balance
The U.S. push to fire up its economy in the middle of a pandemic remained stalled last week with signs the lapse of emergency unemployment benefits and business grants may have begun taking a toll. Hiring at small businesses, shifts worked across a range of industries, credit card spending and even gasoline demand that typically grows through the summer remained flat and mired far below the levels a year ago.
Canadian **factory sales** data for June is scheduled to be released. It is expected to have surged 16.4% in June, after soaring 10.7% in May from April.

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**MARKET MONITOR**

Canada’s main stock index fell, weighed down by energy stocks as crude prices weakened after the International Energy Agency (IEA) cut its 2020 forecast for oil demand due to coronavirus-led travel restrictions. The energy sector dropped 1.57% at 84.39. The Toronto Stock Exchange’s S&P/TSX composite index was down 0.27%, at 16,530.06.

The U.S. dollar was 0.17% down against its Canadian counterpart at C$1.3222.

**Top News**

**Thomson Reuters buys cloud-based court document management platform CaseLines**

Thomson Reuters has acquired CaseLines, a cloud-based court document and evidence management platform, the news and information provider said, without disclosing financial terms. CaseLines digitizes court processes by creating digital court files managed on one common platform, the company, which owns Reuters News, added. The platform, which supports over 40,000 users, enables anyone with a phone or an internet connected device to maintain workflows in the justice system.

**Shandong Gold eyes turnaround for struggling Canada Arctic mine - executive**

Shandong Gold Mining’s bid to acquire a gold mine in the Canadian Arctic should be approved for economic reasons, the new head of its Canadian unit told Reuters. Shandong Gold in May offered C$230 million for struggling TMAC Resources. TMAC shareholders approved the deal in June but it still requires Canadian government signoff. TMAC operates the Hope Bay mine in Canada’s northern territory of Nunavut, a region of growing strategic importance as climate change makes shipping lanes and resources more accessible. For that reason Canada could block the acquisition, lawyers and security analysts have said. Shandong Gold is keen to revitalize Hope Bay, which has underperformed expectations, said Mark Wall, chief executive of Shandong unit Streamers Gold Mining.

A file photo of the Thomson Reuters logo seen inside the lobby of the company building in Times Square, New York October 29, 2013. REUTERS/Carlo Allegri
HEDGE FUNDS' BETS
Hedge funds make $1 billion from bets against travel companies
Hedge funds betting against travel stocks this year made profits of $1.01 billion to end-July, and have $2.98 billion in short positions outstanding in the industry, regulatory filings and investment bank stock lending data shows. The coronavirus pandemic has inflicted huge losses and share price falls on airlines, hotels and cruise ship companies as lockdowns, travel bans and quarantines disrupted summer holiday plans for millions across the world. Big hedge funds such as Citadel, Sandbar Asset Management and Marshall Wace homed in on the tourism industry to take short positions, filings show.

CHINESE FIRMS RUSH INTO U.S. IPOS
Chinese firms flood into U.S. IPOs despite delisting threat
The U.S. government is threatening to delist Chinese companies that do not meet U.S. accounting standards, but mainland firms are rushing to offer their shares on New York exchanges, sometimes in blockbuster deals.

ACQUISITION
Roper Technologies to buy Vertafore for $5.35 billion
Roper Technologies said it would buy Vertafore, a private equity-owned insurance software vendor, for about $5.35 billion, in what would be its largest takeover deal to date.

U.S.- CHINA TRADE
China hopes U.S. will create conditions to implement Phase 1 deal-commerce official
China hopes the United States will stop taking restrictive and discriminatory action against Chinese firms and create conditions for the implementation of a Phase 1 trade deal, Assistant Minister of Commerce Ren Hongbin said.

COMPANIES FEAR OVER BAN
Corporate America worries WeChat ban could be bad for business - WSJ
U.S. companies whose fortunes are linked to China are pushing back against the Trump administration's plans to restrict business transactions involving Tencent Holdings' WeChat app, the Wall Street Journal reported.

DEMAND OUTLOOK FOR USED CARS
Vroom seeing more used-car demand "than we can currently fulfill" -CEO
Vroom is seeing more demand for used cars "than we can currently fulfill" due to the coronavirus pandemic, with a 20% increase in demand in U.S. cities that may indicate people are buying cars as they migrate to the suburbs, the company's top executive said.

INITIAL PUBLIC OFFERING
Real estate trust NetSTREIT prices U.S. IPO below range
NetSTREIT said it had raised $225 million in its U.S. initial public offering after the real estate company sold fewer-than-expected shares at a price below its target range.
The Day Ahead - North America is compiled by Nachiket Tekawade and Sourav Bose in Bengaluru.

For questions or comments about this report, email us at: TheDay.Ahead@thomsonreuters.com.

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