MARKET RECAP at 4 pm ET

Most U.S. stocks dipped on a report of a record rise in coronavirus cases. Treasury yields and crude prices fell on concerns over the fresh outbreaks. Rising geopolitical tensions strengthened the dollar. Gold edged higher.

STOCKS | Close | Chng | %Chng | Yr-High | Yr-Low
---|---|---|---|---|---
DJIA | 26112.74 | -177.24 | -0.67 | 29568.57 | 18213.05
Nasdaq | 9910.53 | 14.67 | 0.15 | 10086.89 | 6831.42
S&P 500 | 3113.41 | -11.33 | -0.36 | 3393.52 | 2191.86
Toronto | 15428.69 | -87.14 | -0.56 | 17970.51 | 11172.73
FTSE | 6253.25 | 10.46 | 0.17 | 6889.67 | 4898.79
Eurofrst | 1428.22 | 11.05 | 0.78 | 1691.19 | 1051.38
Nikkei | 24555.76 | -126.45 | -0.56 | 24115.95 | 16358.19
Hang Seng | 24481.41 | 137.32 | 0.56 | 29174.92 | 21139.26

TREASURIES | Yield | Price | 10-year | 0.7298 | 8/32
| 2-year | 0.1952 | 1/32
| 5-year | 0.3392 | 2/32
| 30-year | 1.5227 | 11/32

FOREX | Last | % Chng | Euro/Dollar | 1.1234 | -0.26
| Dollar/Yen | 107.03 | -0.27
| Sterling/Dollar | 1.2548 | -0.21
| Dollar/CAD | 1.3567 | 0.18
| TRI/HKEX RMB | 91.98 | 0.20
| 120.25 | -0.50

COMMODITIES ($) | Price | Chng | % chng | Front Month Crude barrel | 37.67 | -0.71 | -1.85
| Spot gold (NY/oz) | 1727.68 | 0.72 | 0.04
| Copper U.S. (front monthith) | 0.0259 | 0.0003 | 0.18
| CRB Index Total Return | 144.83 | 0.12 | 0.08

S&P 500 | Price | $ Chng | % Chng | Advance Auto Parts Inc | 148.65 | 5.99 | 4.20
| Activision Blizzard Inc | 75.55 | 2.55 | 3.49
| News Corp | 12.32 | 0.38 | 3.18
| Norwegian Cruise Line Holdings Ltd | 19.20 | -1.77 | -8.42
| Royal Caribbean Cruises Ltd | 58.05 | -4.45 | -7.12

KEY ECONOMIC EVENTS

Events | ET | Poll | Prior
---|---|---|---
Initial jobless claims | 0830 | 1,300,000 | 1,542,000
Continued jobless claims | 0830 | 19,800 min | 20,929
Philly Fed Business Index for Jun | 0830 | -23.0 | -43.1
Leading index change mm for May | 1000 | 2.3% | -4.4%

A file photo of a “Now Hiring” sign advertising jobs seen at Lowe’s in Homestead, Florida, U.S., April 17. REUTERS/Marco Bello
rise, helped by strong demand for groceries amid the COVID-19 pandemic. Investors will be on the lookout for comments on current levels of demand and increased virus-related expenses.

Federal Reserve Bank of Cleveland President Loretta Mester is scheduled to speak on "The Fed's Response to COVID-19" before the Global Interdependence Center Virtual "Analyzing Pandemics" Executive Briefing. Meanwhile, Federal Reserve Bank of San Francisco President Mary Daly is expected to present the commencement address to virtual commencement celebration of the Preuss School, University of California at San Diego.

A House Homeland Security subcommittee is expected to hold a virtual hearing with air travel industry group leaders to discuss the process to restart air travel during the coronavirus pandemic. Witness include Kevin Burke, president of the Airports Council International-North America; Sara Nelson, president of the Association of Flight Attendants-Communications Workers of America; Neema Singh Guliani, senior legislative counsel with the American Civil Liberties Union; and Tori Emerson Barnes, an executive vice president with the U.S. Travel Association.

The Bank of England announces its latest decision on interest rates and monetary policy. Separately, the Bank of Japan will release minutes of its policy meetings in April and May, when it eased monetary policy and unveiled its version of the U.S. Federal Reserve's "Main Street" lending programme aimed at rescuing small firms hit by the coronavirus pandemic.

**PROMOTION**

**LIVECHAT - REUTERS GLOBAL MARKETS FORUM**

Reuters European Government Bonds Correspondent Yörük Bahçeli will examine the state of play in European govvies and what to look out for in debt markets. (0630 ET/1030 GMT) To join the conversation, [click here](#)

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**KEY RESULTS**

<table>
<thead>
<tr>
<th>Company Name*</th>
<th>Quarter</th>
<th>ET</th>
<th>Smart Estimates</th>
<th>EPS Estimates**</th>
<th>Year Ago</th>
<th>Rev Estimates (mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kroger Co</td>
<td>Q1</td>
<td>BMO</td>
<td>$1.86</td>
<td>$1.82</td>
<td>$1.42</td>
<td>$9,417.92</td>
</tr>
</tbody>
</table>

*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.
The S&P 500 closed lower as news of spiking pandemic data and the prospect of a new round of economic lockdowns dampened investor optimism over signs of economic recovery. Worries over a resurgence in the pandemic’s spread persist, as new coronavirus cases hit a record level in Oklahoma just days before President Donald Trump’s expected campaign rally in Tulsa. The Dow Jones Industrial Average fell 0.67%, to 26,112.74, the S&P 500 lost 0.36%, to 3,113.62 and the Nasdaq Composite added 0.15%, to 9,910.28.

The U.S. Treasury saw strong demand for its second sale of 20-year bonds, as yields fell broadly in choppy trading on concerns about new outbreaks of the coronavirus. The Treasury sold $17 billion of the 20-year bonds for a high yield of 1.314%, around two basis points lower than where they had traded before the auction. “The auction went very well and the statistics point to a deepening investor base at the 20-year tenor,” said Jon Hill, an interest rate strategist at BMO Capital Markets in New York. The benchmark 10-year notes were up 7/32 to yield 0.73%. Two-year notes were up 1/32, to yield 0.2%. The 30-year bonds rose 11/32 to yield 1.52%.

The U.S. dollar rose as investors wary of wider geopolitical risks sought its relative safe haven ahead of midday remarks by Federal Reserve Chair Jerome Powell. “Underlying dollar sentiment remains hazy, though as the Fed chairman, who speaks again today on Capitol Hill, warns that risks remain to the economic outlook and that the economy isn’t out of the woods,” wrote Joe Manimbo, senior market analyst at Western Union Business Solutions. The dollar edged 0.17% higher to 97.12 against a basket of currencies.

Oil prices settled lower on fuel demand worries due to an uptick in coronavirus cases, with emerging hotspots in China and the United States, and as U.S. crude stocks grew again, taking commercial inventories to another all-time high. "We think the oil market is not currently pricing in a significant probability of either second waves of coronavirus cases in key consumers and the associated lockdowns, or anything less than a rapid return to economic business-as-usual," Standard Chartered analysts said. Brent crude futures were down 1.07% to $40.52 a barrel. U.S. West Texas Intermediate (WTI) fell 1.85% to $37.67 a barrel.

Gold prices were little changed, buoyed by concerns over a second coronavirus wave and expectations that the U.S. Federal Reserve would maintain low interest rates in the near term, while a firm dollar put a lid on gains. While the strength in the dollar and, initially, U.S. stock markets have weighed on gold, the fact that Fed Chair Jerome Powell does not foresee any interest rate hikes in the near future makes it "better to be a long-term investor in gold, buying the metal at every small pullback," said Michael Matousek, head trader at U.S. Global Investors. Spot gold edged up 0.03% to $1,727.48 per ounce. U.S. gold futures were 0.09% higher at $1,738 an ounce.
FAA chief acknowledges agency, Boeing made mistakes on 737 MAX
The head of the Federal Aviation Administration, Steve Dickson, acknowledged that Boeing and the U.S. air safety agency both made mistakes in developing the 737 MAX jet, but rejected senators' accusations the FAA was "stonewalling" probes after two fatal crashes. In a particularly tense exchange at a Senate Commerce Committee hearing on aircraft certification, Senator Ted Cruz accused Dickson of speaking in the passive voice as a way of "avoiding responsibility" after Dickson told him, "Mistakes were made." Other senators at the hearing said the agency was "stonewalling" the committee's investigation into the 737 MAX's development, and said the FAA was like "a dog watching TV" when it came to policing Boeing's work.

U.S. Justice Department proposes rolling back protections for big tech
The U.S. Justice Department proposed that Congress take up legislation to curb protections that big tech platforms like Alphabet's Google and Facebook have had for decades, a senior official said, following through on U.S. President Donald Trump's bid to crack down on tech giants. The goal of the proposal, which is being finalized, is to push tech companies to address criminal content on their platforms and boost transparency for users when the outlets take down lawful material, the senior Justice Department official said, speaking on condition of anonymity. But to become law, U.S. lawmakers would need to propose and approve legislation based on the department's recommendations.

New U.S. Huawei rule targets standards, security concerns remain: Ross
A new U.S. rule regarding China's Huawei Technologies is a needed "clarification" to help develop standards, U.S. Commerce Secretary Wilbur Ross said, adding that security concerns remain over the telecoms equipment maker. Ross, in an interview on Fox Business Network, said the rule released by the department on Tuesday would help create uniformity, but that the United States was still concerned about the potential for spying and opposed the use of Huawei technology in 5G networks. "The change is really simply a clarification. It isn't that we're doing something to help Huawei. What we're doing is something to make it easier for global standards to be symmetrical," he said. "This is to help make sure we have ubiquity in 5G," Ross added.

Citing 'racial stereotype,' PepsiCo to drop Aunt Jemima name; Uncle Ben's under review
PepsiCo will change the name and brand image of its Aunt Jemima pancake mix and syrup, it said, dropping a mascot that has been criticized for a racist history. The logo of the more than 130-year-old brand features an African American woman named after a character from 19th century minstrel shows. The offensive caricature is rooted in a stereotype of a friendly black woman working as a servant or nanny for a white family. Separately, Mars Inc said it was evaluating possible changes to its Uncle Ben's brand of packaged rice, which feature a white-haired African-American man named after a Texas rice farmer. The brands had been called out on social media in recent days, amid widespread protests over racism in the United States after the death of George Floyd, a black man, in police custody in Minneapolis.

United Airlines sweetens exit deal for flight attendants, others
United Airlines sweetened a voluntary exit package for frontline employees like flight attendants and gate agents, saying it needed "a lot more people to sign up" to avoid involuntary layoffs in October, according to a staff email seen by Reuters. The email, sent 48 hours before a June 18 deadline, said that although "thousands" have signed up for the voluntary exit package so far,
the number is not enough. United extended the deadline to July 8. U.S. airlines cannot force any furloughs or layoffs before Oct. 1 under the terms of a government stimulus package that awarded money for employee payroll through September. Separately, Southwest Airlines said it has enough cash to carry on business for the next two years, up from its prior forecast of 20 months, as travel demand gradually picks up. To read more, click here.

Civil rights groups urge companies to pause ad spending on Facebook
Several U.S. civil rights groups have called upon some of the world's largest companies to pause advertising on Facebook, saying the social network is not doing enough to stop hate speech on its platform. The groups, which include the National Association for the Advancement of Colored People (NAACP) and the Anti-Defamation League (ADL), launched a "#StopHateforProfit" campaign that calls for halting advertising on the social network in July. "The campaign is a response to Facebook's long history of allowing racist, violent and verifiably false content to run rampant on its platform," the groups said. Meanwhile, Alphabet's Google introduced new advertising features intended to help local businesses get more customers and recover from the coronavirus pandemic. To read more, click here.

Amazon launches Saudi Arabia shopping site despite CEO's dispute with kingdom
Amazon.com launched a website for shoppers in Saudi Arabia, showing its continued business interests there despite a public dispute between Riyadh and the company's chief executive, Jeff Bezos. The website is a re-branding for Saudi customers of Souq.com, a Middle East e-commerce platform that Amazon acquired in 2017. Shoppers' account information with Souq automatically transferred to the new address, amazon.sa, Amazon said on the site. The news indicates that a conflict involving Bezos and Saudi Crown Prince Mohammed bin Salman did not fully derail Amazon's investment plans for the kingdom. Meanwhile, environmental campaigners delivered a 12-foot tall mock-up of an Amazon parcel to the French finance ministry to demand that the government rein in the e-commerce giant's expansion in France. To read more, click here.

EU worried Fiat-PSA deal may hit competition in vans
Fiat Chrysler and Peugeot maker PSA's proposed merger may harm competition in small vans in 14 EU countries and Britain, EU antitrust regulators said as they opened a four-month investigation into the deal. The European Commission said it was concerned about the merged company's high market share in small vans, confirming a Reuters story on June 8. "In many countries, either PSA or FCA (Fiat Chrysler Automobiles) is already the market leader in light commercial vehicles, and the merger would remove one of the main competitors," the EU executive said.

Israel signs agreement with Moderna for potential COVID-19 vaccine
Israel has signed an agreement with Moderna for the future purchase of its potential COVID-19 vaccine, Prime Minister Benjamin Netanyahu said. The biotech firm last week confirmed plans to start a trial of 30,000 volunteers of its much-anticipated vaccine in July as the company enters the final stages of testing. "Israel has signed with the company Moderna an arrangement that will allow us to buy vaccines," Netanyahu said, according to a statement from his office. "The company is advancing its development, they claim they can achieve it by the middle of next year, we hope that they succeed," he said.

Cyber spies use LinkedIn to hack European defense firms
Hackers posed as recruiters working for U.S. defense giants Collins Aerospace and General Dynamics on LinkedIn to break into the networks of military contractors in Europe, cybersecurity researchers said. The cyber spies were able to compromise the systems of at least two defense and aerospace firms in Central Europe last year by approaching employees with pseudo job offers from the U.S. firms, Slovakia-based cybersecurity firm ESET said. The attackers then used LinkedIn's private messaging feature to send documents containing malicious code which the employees were tricked into opening, said Jean-Ian Boutin, ESET's head of threat research.

A file photo of a signage seen at an Amazon facility in Bethpage on Long Island in New York, U.S., March 17. REUTERS/Andrew Kelly
Wall Street rally wins more fans as economy hints at recovery
Record upside surprises in U.S. economic data are bolstering the case for a “V” shaped recovery from the COVID-19 recession and boosting investor confidence in a stock rally that has already delivered hefty gains in recent months. Citigroup's Economic Surprise Index, which tracks economic data relative to economists' expectations, hit a record high this month, reflecting recent turnarounds in key areas such as unemployment that have helped extend the S&P 500's gain to 40% since late March. The stock index jumped 1.9% on Tuesday, helped by a record surge in May retail sales.

Main Street's boldest take on Wall Street in bankruptcy stock frenzy
When Bryan Quevedo received his U.S. government stimulus check last month, he invested $1,000 in the stock of bankrupt car rental company Hertz. The 22-year-old Los Angeles delivery driver made the trade on Robinhood, an app that allows mom-and-pop investors to buy and sell shares. A marketing graduate who has struggled to find an office job amid the COVID-19 pandemic, Quevedo analyzed Hertz’s share price movements to predict that the stock had hit bottom. After four days, he had doubled his investment. It is a trade that goes against Wall Street norms and is not for the faint-hearted.

COLUMN-Oil prices likely to average less than $60 over next cycle: Kemp
Oil prices are likely to average less than $60 per barrel across the next cycle to ensure production, especially from the shale sector, remains in line with the slow increase in consumption. On Monday, BP announced its long-term investment appraisal price had been cut to an average of just $55 per barrel for Brent in real terms between 2021 and 2050. Explaining its decision, the company cited the lingering impact of the coronavirus epidemic on oil consumption and the potential for an accelerated transition to a lower-carbon economy and energy system.

Insight and Analysis

Crews add concrete barriers around the monument to Confederate general Robert E. Lee in Richmond, Virginia, U.S., June 17.

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Canada's Bombardier Inc is scheduled to hold its annual general meeting as the plane and train maker moves to become a pure-play business jet maker during a time of economic upheaval. With the company's stock trading under $1, investors will be looking to new chief executive Eric Martel for assurances.

Canadian wholesale trade is likely to have decreased 12.6% in April from March when it had declined by 2.2%. Canada's new housing price index for May is scheduled to be released.

Bank of Canada Deputy Governor Lawrence Schembri to address the Greater Saskatoon Chamber of Commerce.

**MARKET MONITOR**

Canada's main stock index fell.

The Toronto Stock Exchange's S&P/TSX composite index ended 0.56% lower at 15,428.69.

The U.S. dollar was 0.18% higher against its Canadian counterpart at C$1.3567.

<table>
<thead>
<tr>
<th>TSE's S&amp;P/TSX composite</th>
<th>Price</th>
<th>C$ chng</th>
<th>% chng</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gainers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Matters Inc</td>
<td>25.36</td>
<td>1.10</td>
<td>4.53</td>
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<tr>
<td>Alaris Royalty Corp</td>
<td>11.87</td>
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<td>4.49</td>
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<tr>
<td>North West Company Inc</td>
<td>29.72</td>
<td>1.07</td>
<td>3.73</td>
</tr>
<tr>
<td><strong>Losers</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Hexo Corp</td>
<td>1.11</td>
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<td>Crescent Point Energy Corp</td>
<td>2.22</td>
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<tr>
<td>Shawcor Ltd</td>
<td>3.18</td>
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</tr>
</tbody>
</table>

**Top News**

Canada's May inflation rate falls 0.4% on lower gas prices

Canada's annual inflation rate fell 0.4% in May, negative for the second month in row, as the COVID-19 pandemic pushed gasoline prices lower year-over-year, outweighing a jump in food costs, Statistics Canada said. Excluding gasoline, the CPI rose 0.7%, the smallest increase since January 2013, Statistics Canada said. Transportation prices, mainly lower gas prices compared with May 2019, contributed the most to the decline in the annual CPI. Separately, Canadian home prices rose in May, led by the Ottawa-Gatineau and Toronto markets, but underlying numbers reflected a slowing in the housing market following measures taken to help contain the coronavirus pandemic, data showed. To read more, click here

Canada to present fiscal snapshot on July 8, too early for full update, PM Trudeau says

The Canadian government will unveil a "fiscal and economic snapshot" on July 8 to show much money it has spent combating the coronavirus outbreak. Prime Minister Justin Trudeau said. Trudeau, though, said it was still too soon to present a full fiscal update with formal mid- to long-term projections. The Liberal government has so far unveiled aid programs worth more than C$160 billion in direct spending, or around 7% of gross domestic product.

Canada's independent parliamentary budget office predicts the deficit for the 2020/21 fiscal year is set to exceed C$250 billion, smashing previous records.

Iamgold suspends operations in Suriname amid COVID-19 cases

Iamgold on Tuesday halted operations at its Rosebel gold mine in Suriname as a workers union issued a stop work order after seven employees tested positive for the novel coronavirus. The company said infected employees were quarantined and it was taking steps to disinfect the workers' living and work areas, but the union used one of its preventative measures as the basis to stop work. "Due to Union resistance to the implementation of COVID-19 control measures, we are suspending operations until the appropriate controls are in place to protect the safety of all employees," the company said. Union spokesman Otmar Biswane told a local radio station on Tuesday the safety measures were not enough. "It's not that there are no provisions at all, but the provisions are not such that you can accommodate so many people in one camp and just want to run 100% production right through that pandemic," he said.

Iamgold suspends operations in Suriname amid COVID-19 cases

Telus says no govt curbs on using Huawei 4G gear in capital region

Telus said the federal government has not asked it to remove Huawei equipment from its 4G infrastructure in the national capital region, in response to a report by the Globe and Mail. Telus had never entered into an agreement, voluntary or otherwise, with the government on the use of Huawei equipment, Chief Technology Officer Ibrahim Gedeon said.
ECONOMIC DATA
U.S. homebuilding rises moderately; jump in permits hints at green shoots
U.S. homebuilding increased less than expected in May, but a strong rebound in permits for future home construction suggested the housing market was starting to emerge from the COVID-19 crisis along with the broader economy. Housing starts rose 4.3% to a seasonally adjusted annual rate of 974,000 units last month, the Commerce Department said. The rise in starts last month was tempered by a 0.1% gain in single-family homebuilding, which accounts for the largest share of the housing market, to a rate of 675,000 units. Single-family building permits increased 11.9% to a rate of 745,000 units in May.

POWELL SAYS
Fed's Powell beats drum for more government aid to bolster economy
The U.S. economy is beginning to recover from the worst of the coronavirus crisis, but with some 25 million Americans displaced from work and the pandemic ongoing, it will need more help, Federal Reserve Chair Jerome Powell told lawmakers.

OPEC FORECAST
OPEC points to 2020 oil surplus even as demand gradually recovers
The world faces an oil surplus in 2020 even as demand gradually recovers and record supply cuts by producers help rebalance the market, according to OPEC forecasts.

SAFETY MEASURES
Zoom to offer end-to-end encryption for all users, trial to begin in July
Zoom will offer its free and paying users end-to-end encryption for video calls and launch a trial version in July, the video conferencing provider said.

TROUBLE FOR HERTZ
Hertz suspends share sale after U.S. SEC raises objections
Bankrupt Hertz suspended its plan to sell up to $500 million in new shares after the U.S. Securities and Exchange Commission (SEC) raised objections to the sale, the car rental firm said.

USMCA
U.S. will act "early and often" if problems arise under USMCA: Lighthizer
The United States will take action "early and often" to challenge violations of the new U.S.-Mexico-Canada trade agreement once it takes effect on July 1, U.S. Trade Representative Robert Lighthizer told lawmakers.

JUNETEENTH
Several U.S. banks to close branches, offices early for Juneteenth
Several U.S. banks are closing branches and offices early to observe the Juneteenth holiday, which commemorates the day in 1865 when the last group of enslaved African Americans learned slavery was abolished.
Volunteers work on a ‘Black Lives Matter’ mural on the street as a protest against racial inequality in the aftermath of the death in Minneapolis police custody of George Floyd, in Brooklyn, New York, U.S., June 16. REUTERS/Brendan McDermid