

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Gains in consumer stocks pushed **major indexes** higher, with a positive ending for the week. **Treasury yields** rose as government shutdown looms. The **dollar** pared losses against a basket of currencies. **Oil prices** fell amid growing U.S. crude output concerns and **gold** prices rose slightly.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	26071.45	53.64	0.21	26153.42	19677.94
Nasdaq	7336.38	40.33	0.55	7330.33	6924.08
S&P 500	2810.29	12.26	0.44	2807.54	2682.36
Toronto	16353.46	68.99	0.42	16421.42	14915.78
FTSE	7730.79	29.83	0.39	7792.56	7624.14
Eurofirst	1575.68	7.73	0.49	1573.90	1519.57
Nikkei	23808.06	44.69	0.19	24084.42	23065.20
Hang Seng	32254.89	132.95	0.41	32233.81	30028.29

TREASURIES	Yield	Price
10-year	2.6518	-11 /32
2-year	2.0648	-1 /32
5-year	2.4440	-5 /32
30-year	2.9234	-22 /32

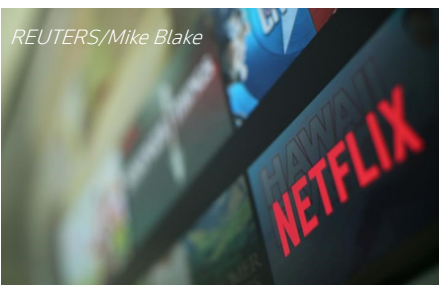
FOREX	Last	% Chng
Euro/Dollar	1.2220	-0.14
Dollar/Yen	110.76	-0.30
Sterling/Dollar	1.3859	-0.23
Dollar/CAD	1.2498	0.66
TR/HKEX RMB	96.38	0.10

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	63.55	-0.40	-0.63
Spot gold (NY/oz)	1331.89	4.79	0.36
Copper U.S. (front month/lb)	0.0317	-0.0001	0.00
Reuters/Jefferies CRB Index	198.78	-0.85	-0.42

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Mattel Inc	16.14	0.91	5.98
HanesBrands	23.20	1.20	5.45
Nike Inc Cl B	67.21	3.10	4.84
Kohl's Corp	67.54	2.69	4.15
LOSERS			
International Business Machines	162.37	-6.75	-3.99
CBS Cl B	57.75	-2.25	-3.75
McCormick & Co	99.19	-3.72	-3.61
Qorvo Inc	68.40	-2.30	-3.25

Coming Up - On Monday

Oilfield services provider **Halliburton Co** is expected to post a bigger fourth-quarter profit amid a renewed drilling boom in the United States. Halliburton, which makes about 55 percent of its revenue from North America, is benefiting from higher U.S. production, which is expected to surpass 10 million barrels per day in February.



Netflix Inc is expected to post a rise in revenue and profit in the fourth quarter, riding on the popularity of shows such as the latest season of "The Crown" and

"Stranger Things". The video streaming pioneer has been boosting its content budget to better compete with rivals. To fund this investment, Netflix raised the price for its service. Viewers' reaction to this price hike amid a strong lineup of original programs is what analysts and investors will be looking out for.

LIVECHAT-DAVOS

KPMG Global Chairman **Bill Thomas** talks about key geopolitical issues and the challenges facing businesses this year. (1100 ET/1600 GMT)

We also get a preview of the next week's events and take a look at the latest Inclusive Development Index with **Rich Samans**, member of the managing board at the World Economic Forum. (0700 ET/1200 GMT)

To join the conversation, [click here](#)

Coming Up - Week Ahead

Along with a full week of corporate results, **markets** will be focused on the most watched event of next week where world leaders, policymakers, CEOs, and bankers will descend on the Swiss ski resort of Davos for the annual meeting of the **World Economic Forum** under the banner "Creating a Shared Future in a Fractured World". U.S. President Donald Trump's decision to attend the meeting, beginning on Tuesday, will be in the spotlight as his visit will be the first by a sitting U.S. president since Bill Clinton came in 2000. After hitting a three-year high against the dollar, the strong euro is likely to preoccupy global markets and **European**

Central Bank (ECB) policymakers in particular in the coming week. The ECB, whose Governing Council meets on Thursday, announces its interest rate decision, followed by a news conference with ECB President Mario Draghi and Vice President Vitor Constancio. The **Bank of Japan's** two-day **policy meeting**, ending on Tuesday will also be in the watch list for investors. Japan's central bank is set to maintain upbeat price forecasts and paint a slightly better picture of the economy than it did three months ago, signalling its conviction the country is making slow but steady progress in eradicating deflation. >>>

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
National Activity Index for Dec	0830	--	0.15





A slew of Dow 30 companies report results in the week. **Caterpillar Inc** is expected to report higher profit and revenue on Thursday for the fourth quarter. On the same day, Scotch tape and Post-it notes maker **3M Co** is expected to post higher profit and revenue for the fourth quarter, helped by increased sales in emerging markets. Coming amid renewed talk of a breakup, **General Electric** earnings on Wednesday will cap a tumultuous year in which the industrial giant replaced its CEO, overhauled its board and announced thousands of layoffs to shore up its falling profits and share price. **Procter & Gamble Co**, the world's biggest household products maker, is expected to post a higher profit in the second quarter on Tuesday, as innovative new products such as Tide Pods, Pampers diaper pants and Febreze beads continue to see strong demand. On Tuesday, **Travelers Cos Inc** is slated to report a fall in fourth-quarter profit as the company is expected to record significant catastrophe losses from the recent California wildfires, dampening its underwriting results. **United Technologies Corp**, the Pratt & Whitney engines maker, is expected to report a flat fourth-quarter profit on Wednesday, as it spends to speed up production of the engines that power Airbus' A320neo jets and Bombardier's CSeries aircraft. Technology bellwethers **Verizon Communications Inc** and **Intel Corp** report its fourth-quarter earnings on Tuesday and Thursday, respectively.

Johnson & Johnson will kick off big pharma earnings on Tuesday, nearly a month after President Donald Trump signs a new tax reform bill that is set to benefit the companies by bringing back billion of dollars held overseas. **Abbott Laboratories** is expected to report strong fourth-quarter earnings on Wednesday,

helped by growth in its cardiac rhythm management business and string of medical device approvals. **Celgene Corp** is scheduled to report fourth-quarter and 2017 earnings on Thursday. The company pre-announced unaudited 2017 results and 2018 financial outlook that were largely in line with expectations. **Biogen Inc**, due to report results on Thursday, is likely to post strong fourth-quarter quarterly revenue helped by sales of Spinraza, its treatment for spinal muscular atrophy. **Intuitive Surgical**, which previewed its fourth-quarter results earlier this month and beat analysts' expectations for quarterly revenue, is expected to report its full quarterly results on Thursday. **AbbVie Inc** will report its fourth-quarter earnings on Friday, but with strong sales expected from flagship drugs, investors' attention will turn to updates on the drugmaker's pipeline.

Data on **gross domestic product, services PMI** and **housing sales** will be in tap for next week. Data on Friday is expected to show that U.S. economy has expanded at a 3.0 percent annual rate in the fourth quarter, from 3.2 percent in the quarter before. On Wednesday, Markit's services sector preliminary PMI for January is likely to come in at 54.0, compared with 53.7 in December. Data on existing home sales and new home sales are scheduled to be released on Wednesday and Thursday, respectively. Economists forecast existing home sales dropped 1.9 percent to a seasonally adjusted annual rate of 5.70 million units in December, after surging 5.6 percent to a seasonally adjusted annual rate of 5.81 million units in the month before. New home sales are also expected to have plunged 7.2 percent to a seasonally adjusted annual rate of 680,000 units in December. Sales jumped 17.5 percent to a seasonally adjusted annual rate of 733,000 units in November.

Ford Motor Co releases fourth-quarter results on Wednesday. The automaker had a great year selling high margin trucks, but was hurt by big recalls. Executives likely will discuss the impact of President Donald Trump's tax cuts.

On Tuesday, **United Airlines** reports fourth-quarter and full-year results

following a disappointing third-quarter review that startled investors and sent shares plummeting. **Alaska Air Group Inc** is expected to report a lower fourth-quarter profit on Thursday, partly hurt by lower average fares for flights booked at the last minute in key regions such as California due to competitive pricing. **JetBlue Airways Corp** posts its results for the fourth quarter on the same day. Also on Thursday, **Southwest Airlines Co** is expected to report higher fourth-quarter revenue, helped by improving travel demand in the United States.

Raytheon Co, the Tomahawk missile maker, is expected to report higher fourth-quarter profit and revenue on Thursday, helped by increased demand for laser-guided bombs and missiles from the United States and its allies amid geopolitical uncertainty. On Friday, **Honeywell International Inc**, the U.S. aircraft parts maker, is expected to report higher profit and revenue for the fourth quarter, as it benefits from strong demand for service and spare parts, and higher production of narrowbody jets. U.S. weapons maker **Northrop Grumman Corp** is also expected to report its fourth-quarter results on Thursday.

Baker Hughes A GE Co release is fourth-quarter earnings on Wednesday. The oilfield services provider is expected to post a profit, compared with a year-ago loss, as surging production sets U.S. oil output to reach 10 million barrels per day. However, investors will be keen to learn of any developments related to parent GE's decision in November to sell off its ownership in the \$23 billion unit only months after creating it. On Wednesday, **Rockwell Automation** releases first-quarter earnings results, which are expected to be driven by growth in demand from the consumer, transportation and oil and gas industries.

Cable provider **Comcast Corp** releases its fourth-quarter results on Wednesday. The company said it would give \$1,000 bonuses to more than 100,000 employees and invest \$50 billion over the next five years in its infrastructure. Canadian cable, media and telecom company **Rogers Communications Inc** is expected >>>

>>> to report strong fourth-quarter earnings on Thursday, powered by its wireless business but may offer conservative guidance for 2018 as competitive pressures increase.



Home appliances maker **Whirlpool Corp** is expected to report a rise in revenue for the fourth quarter on Wednesday, boosted by higher shipments of its products in the Americas and Asia. However, profit is expected to decline due to higher raw material costs of steel and base metals. Investors will look for comments on full-year financial forecast and impact from the new U.S. tax law.

Investors expect to hear about any progress in **Freeport McMoRan Inc's** protracted permit talks with Indonesia for Grasberg, the world's second-biggest copper mine, when the company reports fourth-quarter results on Thursday. Freeport, the world's biggest publicly traded copper miner, must divest up to 51 percent of its stake in Grasberg to Indonesia, but differing views on valuation could stall things.

Mattel Inc, the toymaker, is expected to report a drop in the revenue and profit for the fourth quarter on Thursday, hurt by the bankruptcy of its largest customer, Toys 'R' Us. The company is also expected to take a hit from softening demand for some of its core brands like Barbie and Fisher-Price.

Starbucks Corp releases first-quarter results on Thursday. Starbucks' new chief executive is grappling with cooling sales, service jams from floods of digital orders, rising labor costs and increased competition from the high and low end. U.S. tax cuts should give a nice jolt to profits at the world's biggest coffee chain, but worries about the strength of its underlying business - particularly in the afternoon and evening - persist.

On Tuesday, **Capital One Financial Corp** is expected to report a rise in fourth-quarter profit, helped by higher net interest income as people shopped more using its cards. The U.S. bank card issuer expects to record a charge of \$1.9 billion mainly due to write down of deferred tax assets.

Lam Research Corp, the chip equipment supplier, is expected to report on Wednesday a rise in second-quarter revenue, helped by increased investments from chipmakers toward technology and capacity. The company is riding a surge in spending by its chipmaker customers who are looking to take advantage of higher average selling prices of DRAM and NAND chips.

The **Senate Banking Committee** on Tuesday holds a hearing in Washington on the nominations of **Marvin Goodfriend** to be a member of the Federal Reserve Board of Governors, **Jelena McWilliams** to be chairperson and member of the Board of Directors of the Federal Deposit Insurance Corp, and **Thomas Workman** to be a member of the Financial Stability Oversight Council. On the same day, Federal Reserve Bank of Chicago President **Charles Evans** gives introductory remarks before the Chicago Council on Global Affairs conference: "The Future of Monetary Policy: Embracing the Unconventional," in Chicago, Ill.

On Tuesday, **Canadian National Railway** is expected to report fourth-quarter earnings and full-year results for 2017, after soaring volumes of products like frac sand led to capacity concerns for the country's largest railroad.

Canada's December **inflation** report is due on Friday. The annual inflation rate rose slightly above the Bank of Canada's 2 percent target in the previous month, while underlying measures also firmed and analysts will look to see whether that strength holds, which could give the central bank room to raise interest rates again. November **retail sales** on Thursday will also be watched for signs of how consumers were faring in the fourth quarter after October's figures came in unexpectedly strong.

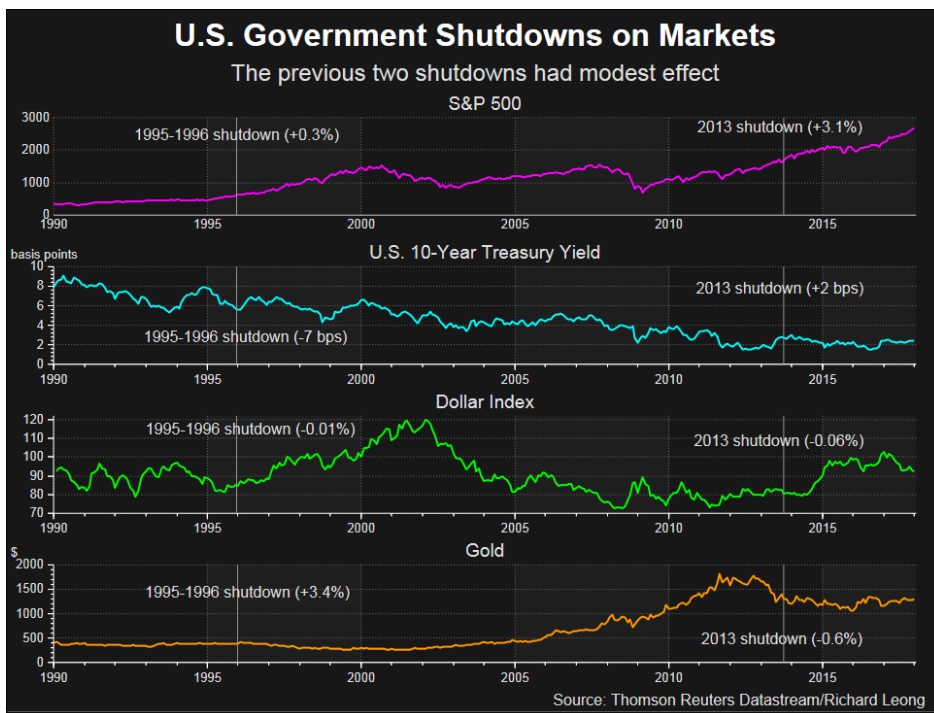
Market Monitor

Wall Street rose, led by gains in consumer stocks, even as a possible government shutdown loomed. "It's a mixed session," said Mark Luschini, chief investment strategist at Janney Montgomery Scott in Philadelphia, while noting the likely fleeting impact of a possible government shutdown if the Senate fails to pass a stopgap spending measure. "Whatever immediate concern the government shutdown brings to the market, I think it will swiftly overcome," Luschini said.

General Electric shares tumbled for a fifth straight session, flirting with their biggest weekly percentage drop since the financial crisis. Its shares were down 3.04 percent for the day. Nike's shares surged after two Wall Street brokerages said the footwear maker's profitability would soon reap the benefits of its recent move to sell directly to consumers. **Nike** shares were up 4.84 percent. The **Dow** rose 0.21 percent, to 26,071.31, the **S&P 500** gained 0.44 percent, to 2,810.29 and the **Nasdaq** added 0.55 percent, to 7,336.38. For the week, Dow ended up 1.04 percent, the S&P 500 was up 0.86 percent, and the Nasdaq rose 1.04 percent.

Yields on the 10-year U.S. government note jumped as weakness in overnight trading led the debt to test key technical support levels, before the higher yields attracted new buyers. "This is one of those times when the price action is deciding further price action," said Michael Lorizio, senior fixed income trader at Manulife Asset Management in Boston. The higher yields "probably brought in enough buying interest to cause a little bit of a reversal, but not enough," Lorizio added, noting yields were holding just below Friday's earlier high. The **10-year Treasury yields** were at 2.65 percent, with a lower price of 12/32. The **2-year notes** fell 1/32, yielding 2.07 percent.

The **dollar** pared losses, but gains were capped by worries over a possible U.S. government shutdown. On Thursday, the U.S. House of Representatives passed a



[Click on the chart for a full-sized image](#)

bill to fund government operations through to Feb. 16 and avoid agency shutdowns from Saturday when existing allocations expire. The bill has yet to be approved by the Senate, where it faces an uncertain future. The trade-weighted **dollar index** was up 0.22 percent at 90.70. The **euro** was down 0.14 percent at \$1.2220. The **dollar** was down 0.30 percent at 110.76 **yen**. A slim reduction in the Bank of Japan's bond purchases this month spurred speculation about a possible pullback in its policy, even though many market players think any move will be many months away.

Oil prices slid as concerns over growing U.S. production outweighed tightening global supplies. **Brent crude futures** were trading 0.79 percent lower at \$68.76 a barrel. **U.S. WTI crude futures** were trading at \$63.55 a barrel, down 0.63 percent. The International Energy Agency (IEA), in its monthly report, said that global oil stocks have tightened substantially,

aided by OPEC cuts, demand growth and Venezuelan production hitting near 30-year lows. But it warned that rapidly increasing production in the United States could threaten market balancing.

Gold prices rose slightly, but the precious metal was still on track for its first weekly drop in six weeks. **Spot gold** was up 0.36 percent at \$1,331.87 per ounce, with a weekly drop of 0.6 percent, after falling from Monday's four-month highs. **Gold futures for February delivery** were up 0.34 percent, at \$1,331.70 per ounce. However, gold's gains were capped by a week-long rise in bond yields fueled by expectations that strong global economic data would encourage the U.S. Federal Reserve to press ahead with monetary tightening. Expectations of rising interest rates tend to lift bond yields, reducing the appeal of holding non-yielding bullion while boosting the dollar, in which gold is priced.



Top News

Schlumberger profit beats, sees stronger year for oil sector

Schlumberger posted a fourth quarter loss on charges but beat Wall Street forecasts and offered an upbeat outlook that included the first growth in its struggling international operations in four years. "Looking at the oil market, the strong growth in demand is projected to continue in 2018, on the back of a robust global economy," said Chief Executive Paal Kibsgaard. He added that producers now predict between 15 and 20 percent growth in North American energy investments. The world's largest oilfield services company reported \$2.7 billion in charges including a \$938 million write-down of its holdings in Venezuela due to economic turmoil there and more than \$1.1 billion in restructuring expenses for its WesternGeco seismic business. The charges widened Schlumberger's fourth quarter net loss to \$2.26 billion, from \$204 million a year earlier. Revenue rose 15 percent to \$8.18 billion. Excluding the writedowns, profit benefited from the year's recovery in crude prices, rising to 48 cents a share, above the average analyst estimate of 44 cents.

Amazon boosts monthly fee for Prime by \$2, maintains yearly rate

Amazon.com raised the monthly fee for the U.S. version of its fast-shipping and video-streaming service Amazon Prime by \$2, making the case for subscribers to upgrade to an annual plan. It was the first increase of Prime fees in almost four years and comes at the end of another bullish year and holiday season for Amazon's dominant online shopping platform. Amazon increased the fee for its monthly plan to \$12.99 from \$10.99, while maintaining the annual fee at \$99. It also hiked the monthly subscription fee for college students to \$6.49 from \$5.49. Existing monthly Prime and Prime Student members will pay the new price for renewals after Feb. 18, Amazon said on its website. Amazon kept monthly subscription fee for its standalone Prime Video membership, which gives members access to original content premium movies and TV shows, unchanged at \$8.99.

Netflix's basic subscription plan fee is \$7.99 per month.

Lowe's nominates directors after 'constructive' talks with D.E. Shaw

Lowe's said it has nominated two independent board members and plans to add a third following "constructive" talks with hedge fund D.E. Shaw Group, which has taken an activist stake. D.E. Shaw has built a stake worth roughly \$1 billion in the \$84 billion company, according to a source familiar with the matter. Shaw has been concerned about Lowe's operational performance in comparison with peers, the source added. Chief Executive Officer Robert Niblock said Lowe's valued the "constructive discussions" with Shaw. Shaw portfolio manager Quentin Koffey said the two new directors will be "significant assets to the board." David Batchelder, co-founder of Relational Investors, and Lisa Wardell, CEO of Adtalem Global Education, will join the board, Lowe's said. The retailer will also nominate Brian Rogers, chairman of T. Rowe Price and its former chief investment officer, for election to the board. Batchelder was recommended by D.E. Shaw, while Wardell and Rogers were the

company's candidates, a source said.

IBM shares fall on soft profit outlook

Shares in International Business Machines fell as analysts judged a "disappointing" full-year profit forecast showed that the company would take more time to get back on a path of steady growth. IBM's results call after U.S. markets closed on Thursday forecast an operating profit of at least \$13.80 per share for 2018, compared with \$13.80 in 2017 and market expectations of \$13.92. The outlook came on the back of the computing services and hardware firm's first quarterly revenue growth in six years. IBM's 3.6 percent revenue growth came mostly from a 71 percent jump in sales of its new Z14 mainframe, which was launched in September, and a 27 percent growth in its cloud business. Several analysts pointed to the traditionally cyclical nature of mainframe revenues, which tend to surge for 2-4 quarters after the launch of a new launch before falling off. But some said the growth since IBM launched its Z14 in September hinted at a different outcome. Its shares closed 3.99 percent lower at \$162.37. >>>



Amazon Prime Now delivery bags are seen in this illustration photo July 27, 2017. REUTERS/Thomas White

NAFTA future clouds Kansas City Southern earnings beat

Kansas City Southern sought to ease investor fears over the future of the North American Free Trade Agreement, touting forecasts of solid freight volumes and a stronger economy in 2018. Uncertainty over NAFTA negotiations looms over the Kansas City, Missouri-based company, which dominates cross-border rail trade between the U.S. and Mexico and draws about 30 percent of its revenue from U.S.-Mexico shipments. The railroad posted fourth-quarter net income of \$552 million, or \$5.33 per diluted share, up from \$130 million, or \$1.21 per diluted share a year ago, which it attributed to revenue growth across its energy, automotive and chemical and petroleum units, and included benefits from changes to the U.S. tax code. After adjustments for one-time items, the railroad said it earned a record \$1.38 per share, versus the \$1.37 analysts expected. It also achieved fourth quarter revenue of \$660 million, with overall carload volumes up 5 percent compared with the prior year.

Social media companies accelerate removals of online hate speech -EU

Social media companies Facebook, Twitter and Google's YouTube have accelerated removals of online hate speech in the face of a potential European Union crackdown. The EU has gone as far as to threaten social media companies with new legislation unless they increase efforts to fight the proliferation of extremist content and hate speech on their platforms. Microsoft, Twitter, Facebook and YouTube signed a code of conduct with the EU in May 2016 to review most complaints within a 24-hour timeframe. Instagram and Google+ will also sign up to the code, the European Commission said. The companies managed to review complaints within a day in 81 percent of cases during monitoring of a six-week period towards the end of last year, EU

figures show, compared with 51 percent in May 2017 when the Commission last examined compliance with the code of conduct. On average, the companies removed 70 percent of the content flagged to them, up from 59.2 percent in May last year.

U.S. FTC set to make 2nd request on Broadcom's bid for Qualcomm -sources

The U.S. Federal Trade Commission is set to make a second request for information on chipmaker Broadcom's \$103 billion hostile bid for Qualcomm, people familiar with the matter said, indicating heightened antitrust scrutiny. The vast majority of deals reviewed by the FTC and the Department of Justice are allowed to proceed after the first preliminary review, according to the FTC's website. However, if a second request is issued, companies must provide more information to the FTC. Deals that get a second FTC request for information often do so because of their complexity and size, and the deal could still be subsequently approved, some of the sources said.

Lincoln Financial to buy Liberty Life Assurance Co for \$3.3 billion

Lincoln Financial said it would buy fellow insurer Liberty Life Assurance of Boston for about \$3.3 billion from Liberty Mutual to boost its presence in the group benefits market. Under the deal, Lincoln will sell Liberty's individual life and annuity business to Protective Life, a unit of Dai-ichi Life for \$1.17 billion. The acquisition is expected to add to Lincoln's earnings per share in 2019. Lincoln said the deal, financed with cash and debt, is expected to be completed in the second quarter of 2018.

Arkansas restricts controversial Monsanto, BASF farm chemical

In a blow to manufacturers Monsanto and BASF, Arkansas state lawmakers voted to

bar sprayings of a controversial weed killer after mid-April to protect farmers from potential crop damage. Arkansas will prohibit the use of herbicides based on a chemical known as dicamba from April 16 to Oct. 31, the strictest state limits imposed on the product after it was linked to millions of acres of U.S. crop damage last year. The ban makes it less attractive for farmers to buy soybean and cotton seeds that Monsanto engineered to resist dicamba because the crops are designed to be sprayed with the chemical during the summer growing season. Monsanto is banking on its dicamba-based herbicide and soybean seeds engineered to tolerate it, called Xtend, to dominate soybean production in the United States, the world's second-largest exporter.

Regions, SunTrust top profit estimates on higher interest rates

Regions Financial and SunTrust Banks reported quarterly earnings that topped Wall Street expectations, benefiting from higher interest rates amid sluggish lending. In the latest quarter, Alabama-based Regions reported a 5.6 percent increase in net interest income. Atlanta-headquartered SunTrust's net interest income climbed 6.8 percent. Regions reported a fall in average loans, while SunTrust lent at the slowest rate in at least two years. The banks posted higher expenses as they put out more money to cover benefits for employees. Several banks this quarter took huge charges for the new tax overhaul. Regions recorded a charge of \$52 million, while SunTrust reported a gain of \$172 million. Regions earned 27 cents per share in the fourth quarter, while SunTrust earned \$1.09 per share, excluding the tax gain and other one-time items. Regions earned 36 cents after adjusting for one-time items. Analysts had expected earnings of 26 cents at Regions and \$1.05 at SunTrust.



Russian President Vladimir Putin takes a dip in the water during Orthodox Epiphany celebrations at lake Seliger, Tver region, Russia January 19. Sputnik/Alexei Druzhinin/Kremlin via REUTERS

Insight and Analysis

Wall Street traders brace for meager paychecks as bonus season approaches

Some traders at the largest Wall Street banks are about to get big, fat zeroes for bonuses while they watch markets thrive. Trading revenue was down significantly across the industry during the fourth quarter, wrapping up a year in which clients around the globe sat idle as market volatility hovered near historic lows. As a result, bonuses could be 10 percent to 20 percent lower than the prior year, and traders who sit on desks that posted losses could get nothing at all, consultants and recruiters said in interviews.

U.S. workforce shortages bolster case for Fed rate hikes

HydraForce Inc is going to almost desperate lengths, including offering to bus in out-of-town workers, to find the muscle it needs to meet growing demand for hydraulic valves from its three factories north of Chicago. Even higher wages have not enticed enough would-be workers. HydraForce's story is an increasingly common one that backs up a broad range of economic data showing a tightening of the job market even in states like Illinois where unemployment, at 4.9 percent, exceeds the 4.1 percent national average.

Weaker dollar adds to optimism over U.S. earnings

The dollar's drop to three-year lows this week after prolonged weakness in 2017 is expected to further boost profits at big U.S. companies when investor optimism is already high over corporate tax cuts. Investors are keeping an eye out for signs of the dollar's impact on earnings as fourth quarter reporting ramps up next week. U.S. multinationals, especially energy and technology companies that have a significant portion of their sales overseas, could benefit the most from the currency effect, while other sectors like telecommunications benefit less.

CANADA

Market Monitor

Canada's **main stock index** rose in a broad-based rally that was led by financial and industrial shares, while lower oil prices weighed on energy stocks. **Canadian Pacific Railway** was up 2.75 percent. **Barrick Gold** climbed 1.58 percent. The **Toronto Stock Exchange's S&P/TSX composite index** rose 0.42 percent to 16353.46.

The **dollar** ended 0.63 percent higher against its **Canadian counterpart** at C\$1.2494.

COMING UP - ON MONDAY

The value of **Canadian wholesale trade** is expected to have increased in November, but at a slower pace than its October reading. Economists forecast for a gain of 1.0 percent in November. It jumped 1.5 percent in the month before.

TSE's S&P/TSX composite	Price	\$ chng	% chng
GAINERS			
Kinder Morgan	17.91	1.17	6.99
Precision Drilling	4.69	0.20	4.45
Turquoise Hill Resources	4.19	0.16	3.97
LOSERS			
Tahoe Resources	5.56	-0.18	-3.14
Crew Energy	2.47	-0.05	-1.98
Cenovus Energy	12.79	-0.25	-1.92

Top News

Canada PM to boost support for NAFTA in U.S. as talks intensify

Canadian Prime Minister Justin Trudeau will visit three major U.S. cities next month to bolster support for NAFTA as negotiators revising the trade pact tackle major differences, officials said. The timing of Trudeau's Feb. 7-10 trip is significant, since it comes after a sixth and penultimate round of talks in Montreal from Jan. 23-29 that Canadian insiders are billing as critical. Trudeau's office said the prime minister would visit Chicago, San Francisco and Los Angeles "to further strengthen the deep bonds" between the two nations. One Canadian source familiar with the planned trip said it had been in the works for many months and described it as a continuation of Canada's outreach campaign in the United States to sell the merits of free trade.

Canadian cannabis firm Aurora in talks to buy both CanniMed and Newstrike - sources

Canadian marijuana producer Aurora Cannabis is in talks with rivals CanniMed

Therapeutics and Newstrike Resources to acquire both companies in a friendly deal, people familiar with the situation told Reuters. The move comes after an attempt by Aurora to buy CanniMed in an all-stock bid capped at C\$24, was met with resistance from the target. Separately, CanniMed has been pushing ahead with plans to buy Newstrike, with the latter's shareholders voting overwhelmingly in favour of the deal on Wednesday. With this latest development, both those bids would be scrapped and replaced with a new friendly agreement, according to the people. The new transaction could be announced as early as Monday, the people said, cautioning there is no certainty an agreement would be reached.

Foreigners maintain large-scale purchases of Canada securities

Foreign investment in Canadian securities, particularly bonds, remained strong in November and was on track to hit an annual record, Statistics Canada data indicated. International investors bought a net C\$19.56 billion in Canadian securities

after acquiring C\$20.77 billion in October. In the first 11 months of 2017, foreign investors snapped up C\$190.35 billion in Canadian securities, up from C\$161.10 billion over the same time frame in 2016. Non-residents bought C\$17.75 billion worth of Canadian bonds and C\$2.32 billion in money market paper. They sold C\$507 million in stocks.

Canada Nov manufacturing sales post biggest gain in 2-1/2 years

Canadian manufacturing sales jumped 3.4 percent in November, their biggest increase in 2-1/2 years, on strength in transportation equipment and petroleum and coal products, Statistics Canada said. Sales set a record high of C\$55.47 billion on improved performances in 12 of 21 industries, representing 81 percent of the manufacturing sector. Volumes grew by 2.5 percent. The month-on-month jump was the biggest since the 3.4 percent advance in March 2015.



WEALTH NEWS

COAL JOBS IN 2017

Trump's coal job push stumbles in most states -data

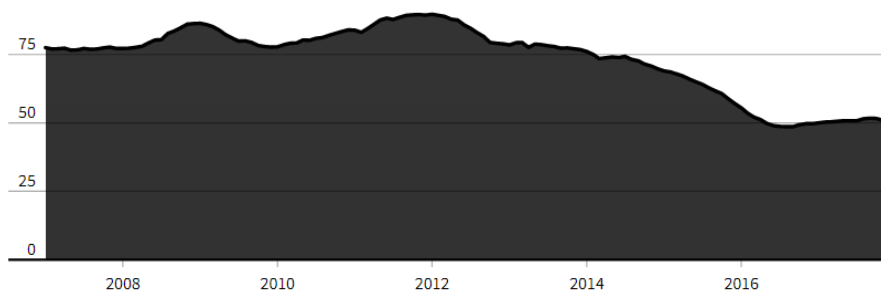
President Donald Trump's effort to put coal miners back to work stumbled in most coal producing states last year, even as overall employment in the downtrodden sector grew modestly, according to preliminary government data obtained by Reuters. Unreleased full-year coal employment data from the Mining Health and Safety Administration shows total U.S. coal mining jobs grew by 771 to 54,819 during Trump's first year in office, led by Central Appalachian states like West Virginia, Virginia, and Pennsylvania. But the industry also lost jobs in other states like Ohio, Kentucky, and Maryland; the western Powder River Basin states Montana and Wyoming; as well as in several other states like Indiana, New Mexico, and Texas.

U.S. COAL MINING JOBS UP IN 2017

NUMBER OF PEOPLE EMPLOYED IN COAL MINING JOBS

U.S. total, seasonally adjusted

100 thousand employees



Sources: U.S. Department of Labor's Mine Safety and Health Administration; U.S. Bureau of Labor Statistics

By Richard Valdmanis and Christine Chan | REUTERS GRAPHICS

Click on the chart for a detailed and interactive graphic

TRUMP AT DAVOS

Trump to tout U.S. economy, urge fair trade at elite Davos forum

U.S. President Donald Trump will be entering something of a lion's den when he visits the elitist enclave of Davos next week, rubbing shoulders with the same "globalists" that he campaigned against in winning the 2016 election.

WALL STREET WEEK AHEAD

Where Netflix goes, Big Tech may follow

Netflix's quarterly report on Monday may offer an advanced preview of whether Facebook, Amazon.com and other heavyweights behind much of the U.S. stock market's record-breaking rally can keep delivering.

FED'S WILLIAMS ON RATE HIKE

Fed's Williams says three rate hikes 'good starting point'

The Federal Reserve should continue to raise rates at a gradual pace during 2018, San Francisco Federal Reserve Bank President John Williams said, saying he expects the recent tax cuts and other tailwinds to boost economic growth this year.

THE VOLCKER RULE

Fed's Quarles says regulators have begun work to 'streamline' Volcker Rule

U.S. financial regulators have begun work on a proposal to "streamline" the Volcker Rule banning banks from making risky bets with their own money, the country's top banking regulator said on Friday, in a development that will be cheered by banks that have long complained the rule is too onerous.

EXPLAINER ON U.S. DOLLAR'S SLIDE

The U.S. dollar's slide and what lies ahead

The U.S. dollar took a harsh beating in 2017, on the way to its nearly 10 percent fall, its worst annual performance since 2003. The currency is still reeling this year.

CRYPTOCURRENCY CRACKDOWN

U.S. CFTC sues three virtual currency operators for fraud

The U.S. derivatives watchdog said that it has filed charges against three separate virtual currency operators alleging the defendants had defrauded customers and broken other commodity trading rules.



ON THE RADAR

Events	ET	Poll	Prior
Tue: Rich Fed Composite Index for Jan	1000	--	20
Rich Fed, Services Index for Jan	1000	--	25
Rich Fed Manufacturing Shipments for Jan	1000	--	24
Wed: Monthly home price mm for Nov	0900	--	0.5 pct
Monthly home price yy for Nov	0900	--	6.6 pct
Monthly Home Price Index MM for Nov	0900	--	254.7
Markit Composite Flash PMI for Jan	0945	--	54.1
Markit Manufacturing PMI Flash for Jan	0945	55.0	55.1
Markit Services PMI Flash for Jan	0945	54.0	53.7
Existing home sales for Dec	1000	5.70 mln	5.81 mln
Existing home sales percentage change for Dec	1000	-1.9 pct	5.6 pct
Thu: Build permits R number mm for Dec	0800	--	1.303 mln
Build permits R change mm for Dec	0800	--	-1.0 pct
Advanced goods trade balance for Dec	0830	--	-70.00 bln
Wholesale inventories advanced for Dec	0830	--	1
US retail inventories advance for Dec	0830	--	0.2 pct
Initial jobless claims	0830	240,000	220,000
Jobless claims 4-week average	0830	--	244,500
Continued jobless claims	0830	1.928 mln	1.952 mln
Leading index change mm for Dec	1000	0.5 pct	0.4 pct
New home Sales-Units for Dec	1000	0.68 mln	0.733 mln
New home sales change mm for Dec	1000	-7.2 pct	17.5 pct
KC Fed Manufacturing for Jan	1100	--	21
KC Fed Composite Index for Jan	1100	--	14
Fri: Durable goods for Dec	0830	0.8 pct	1.3 pct
Durables Ex-Transport for Dec	0830	0.6 pct	-0.1 pct
Durables ex-defense mm for Dec	0830	--	1 pct
Nondefense cap ex-air for Dec	0830	0.3 pct	-0.2 pct
GDP advance for Q4	0830	3.0 pct	3.2 pct
GDP sales advance for Q4	0830	--	2.4 pct
GDP cons spending advance for Q4	0830	--	2.2 pct
GDP deflator advance for Q4	0830	2.3 pct	2.1 pct
Core PCE prices advance for Q4	0830	1.7 pct	1.3 pct
PCE prices advance for Q4	0830	1.8 pct	1.5 pct
ECRI Weekly Index	1030	--	147.6
ECRI weekly annualized	1030	--	3.3 pct

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Halliburton Co	Q4	BMO	\$0.46	\$0.46	\$0.04	\$5,626.86
Netflix	Q4	16:05	\$0.41	\$0.41	\$0.15	\$3,281.96
Zions Bancorp	Q4	AMC	\$0.73	\$0.73	\$0.60	\$668.27

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

EPS and Revenue estimates are according to Thomson Reuters I/B/E/S. Smart Estimates are according to Thomson Reuters StarMine.

The Day Ahead - North America is compiled by Nayyar Rasheed and Sourav Bose in Bengaluru.

For questions or comments about this report, email us at: TheDay.Ahead@thomsonreuters.com. Visit the Thomson Reuters Equities Community Site at: <http://customers.reuters.com/community/equities/>

For more information about our products: <https://www.thomsonreuters.com/en/products-services.html>

Send us a sales enquiry at: <https://www.thomsonreuters.com/en/products-services.html>

© 2018 Thomson Reuters. All rights reserved. This content is the intellectual property of Thomson Reuters and its affiliates. Any copying, distribution or redistribution of this content is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters shall not be liable for any errors or delays in content, or for any actions taken in reliance thereon. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.