TOP NEWS

• U.S. Congress to reconvene with no end in sight for federal shutdown
Congress was set to reconvene with no signs of a workable plan to end a 12-day-old partial shutdown of about a quarter of the U.S. government, and President Donald Trump not budging on his demand for $5 billion in border wall funding.

• Big claims strain senior living market for U.S. insurers
As the U.S. society ages, senior living communities are on the rise. So are claims and lawsuits against them. And when they lose, it is usually down to insurers to pay up.

• Google wins U.S. approval for radar-based hand motion sensor
Alphabet's Google unit won approval from U.S. regulators to deploy a radar-based motion sensing device known as Project Soli.

• Netflix poaches CFO from Activision Blizzard -source
Netflix is expected to announce in the next few days that it has poached media finance veteran Spencer Neumann from Activision Blizzard to be its chief financial officer, a source familiar with the matter told Reuters.

• U.S.-China trade war takes toll on global manufacturing
Factory activity weakened across much of Europe and Asia in December as the U.S.-led trade war and a slowdown in demand hit production in many economies, offering little reason for optimism as the new year begins.

BEFORE THE BELL

U.S. stock futures started 2019 on a downbeat note, tracking global equities, as weak economic data from China to Europe confirmed the picture of a global economic slowdown. Oil prices also fell on concerns of increasing output and weak demand. The Japanese yen and gold prices rose as investors took a cautious approach. U.S. Markit manufacturing PMI data for December is expected later in the day.

STOCKS TO WATCH

• Alphabet Inc (GOOGL). The company’s Google unit won approval from U.S. regulators to deploy a radar-based motion sensing device known as Project Soli. The Federal Communications Commission said in an order late on Monday that it would grant Google a waiver to operate the Soli sensors at higher power levels than currently allowed. The FCC said the sensors can also be operated aboard aircraft. The FCC said the decision "will serve the public interest by providing for innovative device control features using touchless hand gesture technology."

• Hertz Global Holdings Inc (HTZ). The company has agreed to pay a $16 million fine to settle a case over accounting misstatement, the U.S. Securities and Exchange Commission said in an order filed on Monday. Beginning in 2012, "Hertz's public filings materially misstated pretax income because of accounting errors made in a number of business units, and over multiple reporting periods," the regulator said in its cease and desist order.

• JP Morgan Chase & Co (JPM), Citigroup Inc (C) & American Express Co (AXP). Large financial institutions including JP Morgan, Citigroup and American Express are cutting back or altering some of the rewards plans that their credit card businesses offer borrowers, the Wall Street Journal reported on Tuesday. The financial institutions don't plan to end rewards entirely, but want to alter them in ways that boost credit card usage and reduce upfront rewards bonuses, people familiar with the matter told the Journal.

• Netflix Inc (NFLX) & Activision Blizzard Inc (ATVI). The online streaming giant is expected to announce in the next few days that it has poached media finance veteran Spencer Neumann from Activision Blizzard to be its chief financial officer, a source familiar with the matter told Reuters. Neumann will start at Netflix in early 2019, the source said. Earlier on Monday, Activision Blizzard said in a regulatory filing that it intended to fire Neumann for an unspecified reason. Separately, Netflix pulled an episode of the comedy show "Patriot Act with Hasan Minhaj" from its Internet streaming service in Saudi Arabia after kingdom officials complained, multiple media outlets reported Tuesday.

• Tesla Inc (TSLA). The company had over 3,000 Model 3s left in inventory in the United States as of Sunday, automotive news website Electrek reported on Monday, citing people familiar with the matter. The electric-car maker has been urging buyers to make use of the federal tax credit, with Chief Executive Officer Elon Musk reminding them on Twitter on Saturday that the benefit would drop to
half beginning 2019. On Monday, Musk tweeted a list of Tesla stores open until midnight. The report, citing sources, said while the automaker is expected to deliver some vehicles on the last day of the year, it is not possible for Tesla to go through the whole inventory.

**GRAPHIC**

**US companies repatriate over half a trillion dollars in 2018, but pace slows**

U.S. companies have sent home over half a trillion dollars of cash they held overseas in 2018 to take advantage of tax changes, but data suggest the pace is slowing, potentially removing a key source of support for Wall Street.

**ANALYSTS’ RECOMMENDATION**

- **CVS Health Corp** (CVS). Jefferies cuts price target to $75 from $76, saying increasing competitiveness in the pharmacy benefit managers (PBM) space will cause margin degradation.
- **Baxter International Inc** (BAX). Morgan Stanley raises rating to overweight from underweight, saying medication delivery and nutrition headwinds have stabilized and can contribute low-single digit growth in coming years.

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

- 0945 **Markit Manufacturing PMI Final** for Dec: Prior 53.9
- 1030 **Texas Service Sector Outlook** for Dec: Prior 11.4
- 1030 **Dallas Fed Services Revenues** for Dec: Prior 21.4

**COMPANIES REPORTING RESULTS**

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

**CORPORATE EVENTS**

No major events are scheduled for the day.

**EXDIVIDENDS**

- **ABM Industries Inc** (ABM). Amount $0.18
- **ESCO Technologies Inc** (ESE). Amount $0.08
- **HEICO Corp** (HEI). Amount $0.07
- **Mack-Cali Realty Corp** (CLI). Amount $0.20
- **Owens Corning** (OC). Amount $0.22
- **Raymond James Financial Inc** (RJF). Amount $0.34
- **Simpson Manufacturing Co Inc** (SSD). Amount $0.22

*(All analysts’ estimates are according to Thomson Reuters I/B/E/S)*
A swimmer runs into the water of the Atlantic Ocean during the Coney Island Polar Bear Club New Year’s Day Plunge on Coney Island Beach in the Brooklyn borough of New York, U.S., January 1. REUTERS/Caitlin Ochs