DOW JONES NEWSPLUS
Web Version

Monday, February 7, 2022

TOP NEWS TODAY

News and Insight from Dow Jones and The Wall Street Journal.

THE NUMBERS

		Change
DJIA	35,091.13	1.39
S&P 500	4,483.87	-16.66
NASDAQ	14,015.67	-82.34
EUR/US	$1.1438	-$0.0011
Gold	$1,822.10	$14.30
NYMEX Crude	$91.52	-$0.79
US 10-Year Note	1.92	0.01

Powered by Dow Jones Research, FactSet, Eurostat.

MARKET WRAPS

STOCKS: U.S. stocks finished mixed ahead of key consumer-price data later in the week, as a selloff in technology stocks dragged the Nasdaq Composite into the red. The S&P 500 edged lower after waffling between small gains and losses, continuing a volatile stretch for the stock market.

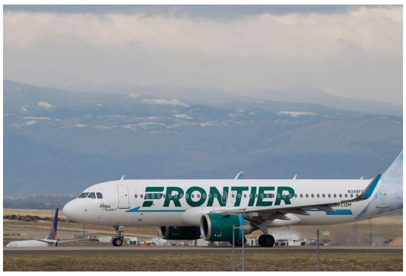
TREASURYS: Yields for government debt fell slightly, taking a breather after the 2- and 10-year rates hit their highest levels in years at the end of last week, following a better-than-expected jobs report.

FOREX: The U.S. dollar fell slightly against a basket of rivals, as traders hedged their bets ahead of inflation data later in the week.

COMMODITIES: Oil futures ticked down, snapping a six-session winning streak, but lingering near seven-year highs as French President Emmanuel Macron met with Russian President Vladimir Putin in an attemp to ease military tensions.

HEADLINES

Frontier to Buy Spirit Airlines in Cash-and-Stock Deal



Frontier Group Holdings Inc. agreed to buy Spirit Airlines Inc. for $2.9 billion in cash and stock in a deal that would create a discount-airline juggernaut.

Ultralow-cost airlines, designed around cutting costs and fares by offering a more basic flying experience, have upended the airline industry in recent years. The deal unveiled Monday would bring together two of the biggest such airlines, which the carriers said would create the fifth-largest U.S. airline and allow them to compete more aggressively against larger rivals.

“This transaction is centered around creating an aggressive ultralow fare competitor to serve our guests even better, expand career opportunities for our team members and increase competitive pressure, resulting in more consumer-friendly fares for the flying public,” Spirit President and Chief Executive Ted Christie said.

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Peter Thiel to Step Down From Facebook Parent Meta’s Board

Peter Thiel, one of Facebook’s earliest investors and its longest-serving outside board member, is planning to step down from his position at the social-media giant, parent company Meta Platforms Inc. said Monday.

Mr. Thiel intends to focus his efforts on helping Republican candidates supporting the agenda of former President Donald Trump in the 2022 midterm elections, according to a person familiar with the matter.

Mr. Thiel, who has made his fortune as one of Silicon Valley’s top venture-capital investors, has served on the tech company’s board since 2005. He became Facebook’s first outside investor in August 2004 by acquiring a stake in the company for $500,000 that earned him hundreds of millions of dollars in profits.

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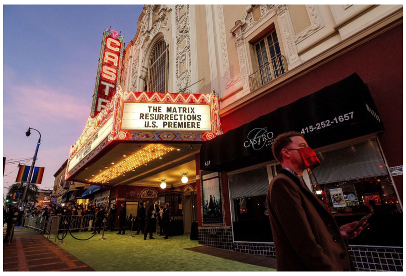
‘Matrix’ Co-Producer Sues Warner Bros. Over HBO Max Streaming Release



“The Matrix Resurrections” co-producer Village Roadshow Entertainment Group filed a lawsuit against Warner Bros., alleging the studio parent’s decision to release the movie simultaneously on HBO Max and in theaters was a breach of contract.

The suit, which was filed in Los Angeles Superior Court on Monday, is the latest indication of growing tensions between factions of the entertainment industry as major media companies give priority to direct-to-consumer streaming over traditional distribution platforms.

Warner Bros. parent WarnerMedia, a unit of AT&T Inc., put its entire 2021 slate of movies on its sister streaming service HBO Max at the same time as their theatrical release. The studio also moved the release date of “The Matrix Resurrections” to 2021 from 2022 in an effort to help HBO Max attract more subscribers, the lawsuit alleged.

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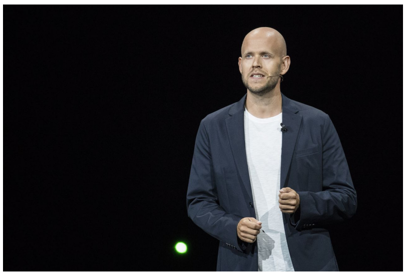
Spotify CEO Apologizes to Employees for Joe Rogan, Says He Doesn’t Believe in ‘Silencing’ Him



Spotify Technology SA Chief Executive Daniel Ek apologized to employees for the way Joe Rogan’s use of a racial slur in previous podcast episodes has impacted them, saying the situation “leaves many of you feeling drained, frustrated and unheard.”

He said in a letter shared with The Wall Street Journal by a company spokesman that he has no plans to remove the star podcaster from the streaming platform and committed to spending $100 million on music and audio content from what he called historically marginalized groups.

“There are no words I can say to adequately convey how deeply sorry I am for the way ‘The Joe Rogan Experience’ controversy continues to impact each of you,” Mr. Ek said to Spotify staffers on Sunday, referring to Mr. Rogan’s podcast. “Not only are some of Joe Rogan’s comments incredibly hurtful, I want to make clear that they do not represent the values of this company.”

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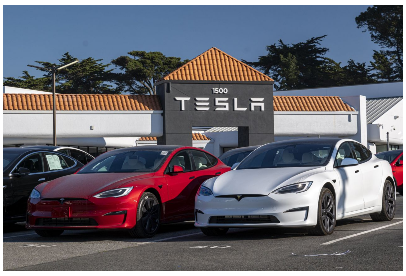
SEC Subpoenas Tesla Seeking Information Linked to Elon Musk Settlement



The Securities and Exchange Commission has subpoenaed Tesla Inc. for information about compliance with a court-ordered settlement requiring a company lawyer to preapprove certain of Elon Musk's tweets.

Tesla said in a regulatory filing made public Monday that the SEC had sought information on "governance processes around compliance" with a settlement related to Mr. Musk's 2018 tweet claiming to have secured funding to potentially take the electric-vehicle maker private.

Mr. Musk paid $20 million to settle an SEC enforcement action alleging that he committed fraud by tweeting about a potential buyout and agreed to have his social media posts and other public statements overseen by a Tesla lawyer. He also agreed to relinquish his role as company chairman.

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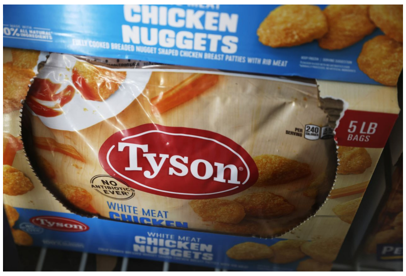
Tyson Foods Says Higher Meat Prices Haven't Cooled Demand



Escalating meat prices haven't slowed restaurant and retailer demand for meat, Tyson Foods Inc. executives said, as rising prices helped to more than double the company's quarterly profit.

Tyson, the biggest U.S. meat processor by sales, said that orders for beef, chicken and pork continue to outpace its ability to supply products, with its plants still short on workers. Raising wages and expanding benefits to recruit and retain staff is helping drive meat prices higher, Tyson said, along with transportation and other costs.

Over the three months ended Jan. 1, Tyson said its average beef prices rose by nearly one-third compared with the same period a year earlier, while pork prices increased by 13% and chicken by about 20%.

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Hasbro Stock Slips Despite Upbeat Earnings

Hasbro reported better-than-expected earnings thanks to strong consumer demand for its entertainment products and board games amid the pandemic.

Stock in the toy maker initially rose, but then moved into the red. Near midday, the stock was down 1.7% to $92.37.

Hasbro reported adjusted earnings per share of $1.21 for the fourth quarter of 2021, down from $1.27 a year earlier, but still above the FactSet consensus forecast of 88 cents.

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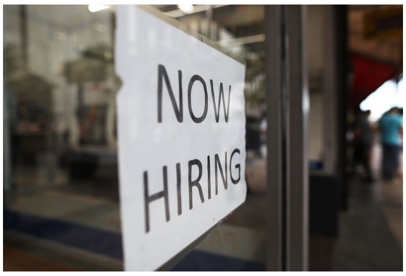
Conference Board's Employment Trends Index Decreased Slightly in January



An index that measures employment trends in the U.S. declined slightly in January, in a sign that the country's labor market recovery took a hit over the month.

The Conference Board Employment Trends Index decreased to 117.62 in January from a revised 117.94 in December, according to data released Monday.

The data suggest that the Covid-19 Omicron variant didn't affect job growth as much as initially feared, said Frank Steemers, senior economist at The Conference Board.

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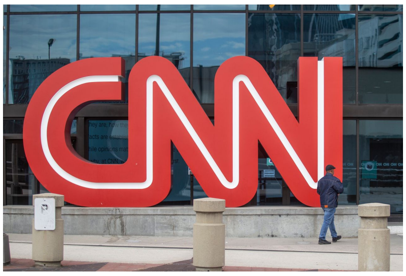
CNN Anchors Press WarnerMedia CEO for Details on Jeff Zucker's Resignation



Some of CNN's biggest on-air hosts during a meeting Monday pressed WarnerMedia Chief Executive Jason Kilar for details regarding CNN President Jeff Zucker's resignation.

Mr. Zucker resigned last week, citing his failure to disclose a consensual relationship with a close colleague. The colleague he referred to was CNN Chief Marketing Officer Allison Gollust, who remains at the company.

New York-based anchors including Don Lemon, Brian Stelter, Richard Quest and Alisyn Camerota asked Mr. Kilar a range of questions relating to Mr. Zucker's departure and its aftermath, including what to tell network viewers and employees about the executive shuffle. Mr. Kilar appeared in the meeting through a video connection.

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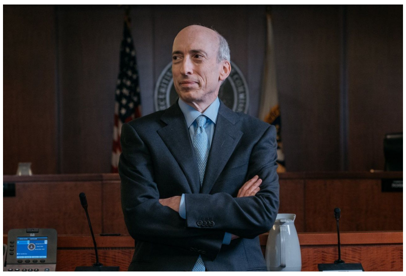
Biden’s Regulatory Drive Sparks Pushback From Business Lobbyists



WASHINGTON—The Biden administration is preparing a wave of new regulations as it embarks on its second year, sparking resistance campaigns from business lobbyists representing financial services, agribusiness, medical-device makers and others.

Lobbyists and business groups are responding to what some describe as the federal government’s most concerted regulatory push since the Obama administration. Some Democrats hope the regulatory effort will deliver some policy wins for progressives and union activists ahead of November’s midterm elections, especially now that President Biden’s congressional agenda has stalled amid infighting within the Democratic Party.

The White House’s newly installed chiefs at regulatory agencies are rolling out a lengthy list of new rules. Financial-services regulators are advancing measures seeking to address climate change and workplace diversity, crack down on Wall Street profiteering and reduce credit-card and banking fees for consumers.

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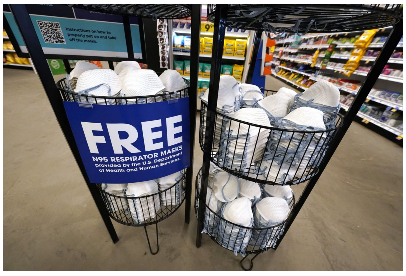
Evidence Builds That U.S. Omicron Wave Is Waning as Cases Fall



Evidence mounted that the Covid-19 wave driven by the Omicron variant is waning in the U.S. as a downturn in cases and hospitalizations continued over the weekend and deaths of people diagnosed with the disease appear to have stopped climbing.

Recorded infections have shown a sharp fall, with the seven-day average of new cases on Sunday dropping below 300,000 daily for the first time this year, data from Johns Hopkins University show. A week earlier, the seven-day daily case average was over 500,000.

The seven-day average of people in the hospital with confirmed or suspected Covid-19 fell below 120,000 on Sunday, the lowest figure since Jan. 6, according to data from the Department of Health and Human Services. The figure peaked at more than 159,000 on Jan. 20.

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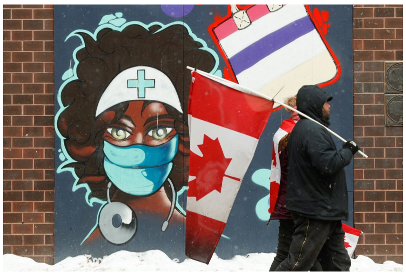
Canada Trucker Protest: Ottawa Shifts to Aggressive Gear in Policing 'Freedom Convoy'



OTTAWA—Police in the Canadian capital are trying to prevent protesters who have parked an estimated 500 heavy-duty trucks in the downtown core from obtaining fuel, food and other supplies in a stepped-up effort to end the 11-day demonstration against Covid-19 vaccine mandates.

Ottawa police were more aggressive in tactics over the weekend, as local politicians demanded an immediate end to the protest, organized by a group named Freedom Convoy 2022. The protest has clogged up traffic in the city and upended residents' day-to-day lives. Protesters have vowed to stay in the capital until all governments in Canada drop mandates related to Covid-19 vaccination, as well as other economic and social restrictions.

Among the new measures is the arrest of protesters and their supporters who attempt to ferry fuel and food into the main demonstration zone.

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TALKING POINTS

Treasury Yields Near Critical Level

By Sam Goldfarb

Friday's blockbuster jobs report has pushed the yield on the 10-year U.S. Treasury note within reach of 2%, marking a major step in the financial markets' recovery from the pandemic.

With the release of one report on Friday morning, the U.S. economy looked much stronger to investors than it did minutes earlier, not only increasing the chances that the Federal Reserve could raise interest rates at a rapid clip this year but making it likelier that the economy could withstand such a move.

Reflecting that conclusion, yields on both short- and longer-term Treasurys surged on Friday, with the two-year yield climbing 0.132 percentage point to 1.322%—its largest single-day increase in almost two years—and the 10-year yield rising 0.105 percentage point to 1.930%, according to Tradeweb, its highest close since December 2019. Yields, which rise when bond prices fall, largely held onto those gains Monday, with the 10-year yield sitting at 1.938% in recent trading.

Investors and analysts pay close attention to Treasury yields because they set a floor on interest rates across the economy and are a key input in financial models investors use to value stocks and other investments. Rising yields this year have rattled markets and hurt tech stocks in particular, since the ability to get higher risk-free returns from bonds tends to make investors less interested in companies that are valued for their more distant earnings potential.

Friday's report caught investors off-guard following a stretch of mixed economic data. A week earlier, a separate report on employee compensation had come in below analysts' expectations, contributing to a decline in yields and a rebound in tech shares.

Heading into Friday, economists surveyed by The Wall Street Journal had estimated that the economy added 150,000 jobs in January. Many investors expected a worse result, thanks to the latest wave of Covid-19 cases. Instead, the report showed that U.S. employers added 467,000 jobs, led by the hospitality and leisure sector, where analysts had expected to see particular weakness.

Adding to the surprises, average hourly earnings for workers increased 0.7% from December, which was above the consensus estimate for a 0.5% gain, despite the addition of jobs in typically lower-wage sectors. There also were significant upward revisions to the amount of jobs added in previous months.

Overall, there was enough in the report to substantially shift investors' thinking, said Thomas Simons, senior vice president and money-market economist in the Fixed Income Group at Jefferies LLC.

Before the data, "there was a lot of evidence that inflation was on the way towards sort of rolling over," and that the Fed "was going to start tightening into declining inflation and slower growth," Mr. Simons said. Then investors got "this really strong wage number, which argues for the opposite," in the form of sustained inflation and steady rate increases, he said.

There are still significant questions about how high Treasury yields will rise, according to investors and analysts. Even if the economy remains strong and inflation high, investors and Fed officials alike have said it is unclear how sensitive the economy will be to rising bond yields.

Some economists—such as Lawrence Summers, a former Treasury secretary and economic adviser to Democratic presidents, and former New York Fed President William Dudley — have said the Fed will likely have to raise rates higher than the bond market has suggested.

Many investors share that view, noting that if consumer prices keep climbing rapidly, the Fed may have to raise rates more just to get to whatever level officials think is appropriate on an inflation-adjusted basis. As it stands, the yield on the five-year Treasury inflation-protected security, a gauge of so-called real yields, has climbed this year but remains below minus 1% —indicating that the government and higher-quality companies can still borrow money at rates below the expected level of inflation.

Arguing in the other direction: The level of peak interest rates has progressively declined over each of the past four economic expansions. That has convinced many investors, economists and central bank officials that for whatever combination of longer-term economic forces, the central bank doesn't have to raise rates as high as it used to in order to slow economic activity.

In an interview with Reuters on Thursday, Richmond Fed President Thomas Barkin said it would likely make sense to raise short-term rates over time from their current level near zero to where they were just before the pandemic—in a range between 1.5% and 1.75%—before reassessing whether more tightening is necessary. Fed officials also have talked in recent weeks about how the central bank's plans to reduce its holdings of Treasurys and mortgage-backed securities could further push up bond yields.

Jim Caron, senior portfolio manager and chief strategist of global fixed income at Morgan Stanley Investment Management, said his own best guess is that the Fed will raise short-term rates to around 2%, while reducing bondholdings this year could add the equivalent of another 0.25-percentage-point rate increase.

EU's Weaning Off Russian Gas To Take Time

By Rochelle Toplensky

Europe and Russia have been gas-bound frenemies for decades. In Washington today, recently installed German Chancellor Olaf Scholz will be under serious pressure to rethink the relationship. While a quick breakup isn't likely, change is coming.

Previous Ukraine crises pushed Europe to link up its internal energy market and invest in renewable power. The current one is likely to give another boost to clean energy and improve the region's connections with the rest of the world.

About 40% of Europe's gas imports come from Russia, while 70% of state-run supplier Gazprom's gas pipeline sales are to Western Europe. The close German-Russian relationship is no accident. It was built on a Cold War-era West German policy of "pipeline diplomacy" with Moscow that tied both sides together, says Henning Gloystein of political think tank Eurasia. "This policy very much still lives on in the SPD," he said, referring to the political party that leads Germany's new government under Mr. Scholz.

In Germany and beyond, particularly in former Eastern bloc nations, many are growing more wary of this interdependence. Successive Russian-Ukrainian crises have strengthened European Union resolve for more energy security. But change will only happen slowly, given the time and huge investment required to switch fuels or build pipelines or liquefied natural gas terminals.

When Gazprom shut off gas to Ukraine for the first few weeks of 2009, the EU prioritized connecting its internal market to insulate members against a similar threat. "EU gas demand has never returned to the peak of that time, so you could argue that Gazprom shot itself in the foot back then and is at risk of making the same mistake again now," says Mr. Gloystein.

Europe has made some progress. Gazprom was forced into more flexible contracts that allow buyers to share their gas. Connections were built and upgraded to allow two-way gas flows. Investment was also fast-tracked to build renewable power generation and electricity links as well as new LNG terminals and pipelines.

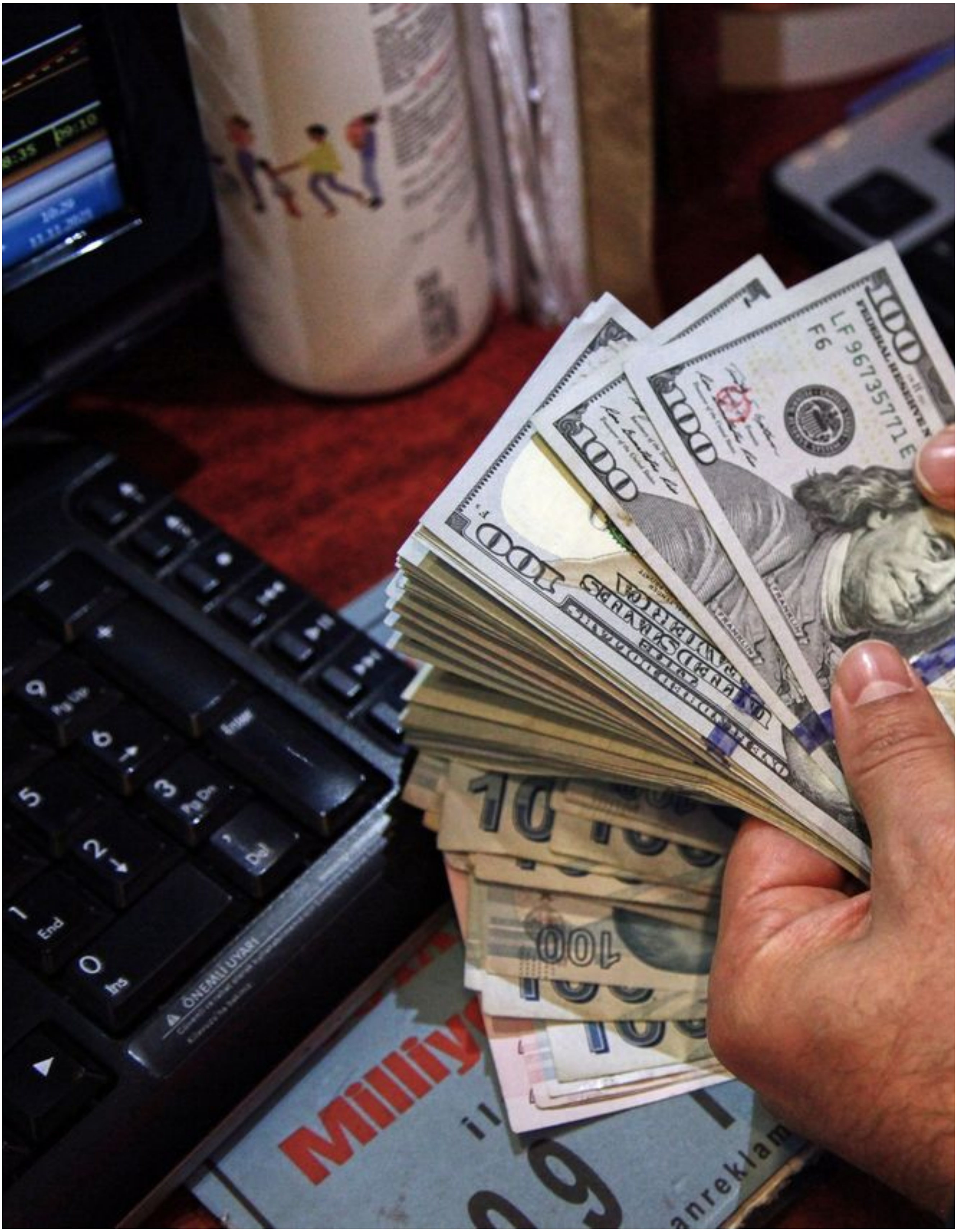
Despite all this, Europe remains very reliant on Russian gas. Switching from coal to gas-fired power and closing nuclear plants has increased gas demand. At the same time, domestic gas supply is shrinking: Local reserves are being depleted, a big Dutch field is being closed and new exploration is almost impossible due to public pressure.

This year gas in Europe has been in short supply partly because Gazprom allowed its sizable storage in the region to run unusually low and the company limited its pipeline deliveries to contractually obligated amounts. Russia said it gave priority to domestic needs, but President Vladimir Putin's comments that quick approval of the controversial Nord Stream 2 gas pipeline would help rebalance the European market exacerbated fears that Moscow might be weaponizing energy.

The gas crunch, coinciding with fresh tensions between Russia and Ukraine, has moved energy security back up the agenda. The EU has proposed new rules to improve gas storage and enable joint buying of strategic stocks. Interest in long-term supply agreements is increasing and officials are speaking to Azerbaijan, Qatar and the U.S. about additional supplies, though it is companies that sign contracts rather than the EU.

Europe’s green deal, which looks likely to include gas as a transition fuel away from more heavily polluting alternatives, also is getting a boost from this crisis. There are moves to cut permitting time for renewable developments, promote power-purchase agreements more widely and fast-track energy efficiency measures such as building renovations. Gazprom also has diversified its customer base with LNG terminals and a pipeline to China and Turkey, with plans in the works for more.

Europe and Russia are working to reduce their co-dependency, which could benefit gas exporters in the U.S. and elsewhere. Still, Germany’s persistent faith in pipeline diplomacy is likely to result in a pace of change that frustrates Washington.



Third-Party Valuations Gain Traction in Single-Asset Secondary Transactions

Private-equity firms using the secondary market to recapitalize a single portfolio company have found the pe

A growing number of private-equity firms are selling small stakes in individual companies they own to other p
market participants say. Those early stake sales help a firm set a company’s valuation that the firm then use
company and support future growth.

Secondary buyers and intermediaries say private-equity firms increasingly use such structures in connection
recapitalize assets from older funds. Warburg Pincus, Berkshire Partners and Clayton Dubilier & Rice each h

Growth investor Warburg, for example, acquired Downers Grove, Ill.-based Duravant LLC in 2017 and agree
disclose the terms of the deal, but the transaction valued Duravant, which provides engineered equipment a
Pro Private Equity reported. The deal helped Warburg set a price for Duravant as it sought to raise a $2 billic

Such transactions accounted for 30% of the total sponsor-led secondary volume in 2021, according to the la
applications as these processes were exceedingly rare when continuation funds gained relevance three to fo

Advance sales of minority stakes offer a number of advantages to firms seeking secondary deals through co
independent third party and can reduce the amount of additional capital that firms must raise from secondary
and co-head of private-capital advisory at Jefferies.

Read Full Article on NewsPlus

--Preeti Singh

Expected Major Events For Tuesday

00:01/UK: Jan BRC-KPMG Retail Sales Monitor

04:30/JPN: Jan Corporate Insolvencies

05:00/JPN: Jan Economy Watchers Survey

07:45/FRA: Dec Foreign trade

07:45/FRA: Dec Balance of payments

08:59/JPN: Dec Provisional Labour Survey - Earnings, Employment & Hours Worked

09:00/ITA: Dec Retail Sales

11:00/US: Jan NFIB Index of Small Business Optimism

11:00/FRA: Dec OECD Harmonised Unemployment Rates

12:45/US: Weekly Chain Store Sales Index

13:30/CAN: Dec Stocks of Canadian grain at Dec 31

13:30/CAN: Dec International merchandise trade

13:30/US: Dec U.S. International Trade in Goods & Services

13:55/US: 02/05 Johnson Redbook Retail Sales Index

15:00/US: Feb IBD/TIPP Economic Optimism Index

21:30/US: 02/04 API Weekly Statistical Bulletin

23:50/JPN: Jan Money Stock, Broadly-defined Liquidity

All times in GMT. Powered by Kantar Media and Dow Jones.

Expected Earnings For Tuesday

AGCO Corp (AGCO) is expected to report $1.72 for 4Q.

Aramark Corp (ARMK) is expected to report $0.14 for 1Q.

Avient Corp (AVNT) is expected to report for 4Q.

Beasley Broadcast Group (BBGI) is expected to report for 4Q.

CONSOL Energy Inc (CEIX) is expected to report $1.12 for 4Q.

CTS Corp (CTS) is expected to report $0.48 for 4Q.

Carrier Global Corp (CARR) is expected to report for 4Q.

Cenovus Energy Inc (CVE,CVE.T) is expected to report $0.53 for 4Q.

Centene Corp (CNC) is expected to report $0.67 for 4Q.

Coty Inc (COTY) is expected to report $0.06 for 2Q.

DuPont de Nemours Inc (DD) is expected to report for 4Q.

Edgewell Personal Care Co (EPC) is expected to report $0.34 for 1Q.

FTI Consulting (FCN) is expected to report $1.20 for 4Q.

First Advantage Corp (FA) is expected to report for 4Q.

Fiserv Inc (FISV) is expected to report $0.86 for 4Q.

Gartner (IT) is expected to report $2.02 for 4Q.

Haemonetics Corp (HAE) is expected to report $0.41 for 3Q.

Harley-Davidson (HOG) is expected to report $-0.37 for 4Q.

Houlihan Lokey (HLI) is expected to report $1.99 for 3Q.

Incyte Corp (INCY) is expected to report $0.57 for 4Q.

Jacobs Engineering Group Inc (J) is expected to report $1.68 for 1Q.

KKR & Co Inc (KKR) is expected to report $1.29 for 4Q.

Karyopharm Therapeutics Inc (KPTI) is expected to report $-0.45 for 4Q.

Landos Biopharma Inc (LABP) is expected to report for 4Q.

Lear Corp (LEA) is expected to report $0.95 for 4Q.

MGIC Investment (MTG) is expected to report.

Malibu Boats Inc - Class A (MBUU) is expected to report $1.26 for 2Q.

Masco Corp (MAS) is expected to report $0.68 for 4Q.

New Residential Investment Corp (NRZ) is expected to report $0.35 for 4Q.

Pfizer Inc (PFE) is expected to report $0.77 for 4Q.

Plantronics Inc (POLY) is expected to report $-0.11 for 3Q.

S&P Global Inc (SPGI) is expected to report $3.05 for 4Q.

Sun Country Airlines Holdings Inc (SNCY) is expected to report for 4Q.

Sysco Corp (SYY) is expected to report $0.70 for 2Q.

Taylor Morrison Home Corp (TMHC) is expected to report $2.07 for 4Q.

Thomson Reuters Corp (TRI,TRI.T) is expected to report for Full year.

Transdigm Group Inc (TDG) is expected to report $2.77 for 1Q.

Virtu Financial Inc (VIRT) is expected to report $0.83 for 4Q.

Vishay Intertechnology (VSH) is expected to report $0.62 for 4Q.

Warner Music Group Corp (WMG) is expected to report for 1Q.

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