

MORNING NEWS CALL

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U.S. Edition

Monday, October 18, 2021



Earnings Roundup

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TOP NEWS

- **'Enough's enough': tight U.S. job market triggers strikes for more pay**

Thousands of workers remain on strike across the United States demanding higher pay and better conditions despite Hollywood make-up artists and camera operators reaching a deal over the weekend to avoid a walkout, and the tight jobs market has only emboldened them.

- **U.S. refiners set for higher earnings on fuel demand strength**

U.S. refiners are expected to show higher earnings for the third quarter as margins to sell gasoline and diesel have improved despite the surging cost of crude oil, analysts said.

- **Five U.S. lawmakers accuse Amazon of possibly lying to Congress following Reuters report**

Five members of the U.S. House Judiciary committee wrote to Amazon.com's chief executive on Sunday, and accused the company's top executives, including founder Jeff Bezos, of either misleading Congress or possibly lying to it about Amazon's business practices.

- **Apple expected to unveil new Macs with more powerful chips**

Analysts expect Apple Inc to unveil new Mac laptop computers with more powerful processor chips at an event that will be streamed later. The expected MacBook Pro introduction comes weeks after Apple overhauled its iPhone, Apple Watch and iPad lineup.

- **Exxon tells Texas refinery workers lockout will end if contract approved or union removed**

Exxon Mobil on Sunday told workers at its Beaumont, Texas, refinery their six-month lockout will end if they ratify the company's contract offer or remove the United Steelworkers union (USW) as their representative.

BEFORE THE BELL

U.S. stock index futures were lower, tracking world shares, after data showed slower-than-expected growth in China's economy last quarter and surging oil prices fed inflation concerns. Rising inflation expectations and higher **U.S. bond yields** boosted the **dollar's** appeal against its rivals, while dulling demand for **gold**, which inched lower. **Oil** prices rose, buoyed by recovering demand and high natural gas and coal prices encouraging users to switch to fuel oil and diesel for power generation.

STOCKS TO WATCH

- **Amazon.com Inc:** Five members of the U.S. House Judiciary committee wrote to Amazon.com's chief executive on Sunday, and accused the company's top executives, including founder Jeff Bezos, of either misleading Congress or possibly lying to it about Amazon's business practices. The letter states that "credible reporting" in the

Reuters story and recent articles in several other news outlets "directly contradicts the sworn testimony and representations of Amazon's top executives – including former CEO Jeffrey Bezos." "At best, this reporting confirms that Amazon's representatives misled the Committee. At worst, it demonstrates that they may have lied to Congress in possible violation of federal criminal law," the letter states. Reuters reviewed a copy of the letter.

- **Apple Inc:** An employee who led fellow workers in publicly sharing instances of what they called harassment and discrimination at the company said that she had been fired. Janneke Parrish, an Apple program manager, said the iPhone maker informed her on Thursday that she had been terminated for deleting material on company equipment while she was under investigation over the leaking of a company town hall to media. She told Reuters she denies leaking. Parrish said she believes she was fired for her activism in the workplace. "To me, this seems clearly retaliatory for the fact that I was speaking out about abuses that have happened at my employer, pay equity and, generally, about our workplace conditions," she said. Separately, analysts expect the company to unveil new Mac laptop computers with more powerful processor chips at an event that will be streamed.

- **Biogen Inc:** A late-stage trial of the firm's experimental treatment for an inherited form of amyotrophic lateral sclerosis (ALS) failed to reach its main goal, but secondary measures and biomarkers showed favorable trends, the company said on Sunday. Biogen will engage with regulators and other stakeholders "to understand the meaningfulness of this data and potential paths forward," Toby Ferguson, head of the neuromuscular development unit at Biogen, told Reuters. The company is treating trial patients in a follow-on study and recently launched a Phase 3 trial of the drug, tofersen, in patients who are not yet experiencing ALS symptoms.

- **Boeing Co:** Waving signs like "coercion is not consent," and "stop the mandate," some 200 employees and others staged a protest on Friday over the planemaker's COVID-19 vaccine requirement for U.S. workers. "It's my choice and it's my body," one avionics engineer said, his voice nearly drowned out by anti-Biden chants and trucks honking to show support along the busy street outside Boeing's factory in Everett, north of Seattle. "It's an experimental drug given under a pseudo-emergency," he added. "Boeing is committed to maintaining a safe working environment for our employees," a spokesperson said. "Advancing the health and safety of our global workforce is fundamental to our values and a core priority every day."

- **Exxon Mobil Corp:** The company on Sunday told workers at its Beaumont, Texas, refinery their six-month lockout will end if they ratify the company's contract offer or remove the United Steelworkers union (USW) as their representative. "As we have told the Union, the conditions which would end the lockout remain the same: the company will end the lockout when we have a signed, ratified agreement," Exxon said in a message posted online. "This has not changed, and anything said to the contrary is untrue. Additionally, if employees were to decertify, the company would return employees to work."

- **Facebook Inc:** The company plans to create 10,000 jobs in the European Union over the next five years, the social media giant said, to help build the so-called metaverse - an online world where people can use different devices to move and communicate in a virtual environment. "No one company will own and operate the metaverse," Nick Clegg, Facebook's vice president of global affairs, wrote in a blog post. "Bringing this to life will take collaboration and cooperation across companies, developers, creators and policymakers." While Facebook did not say what roles it would hire for and where they would be based, the company has been facing antitrust probes in the region, and is often criticised over online safety and hate speech on its platform.

- **Ford Motor Co:** The automaker said it would invest up to 230 million pounds to build electric car components at its Halewood factory in northern England. The plant will produce around 250,000 power units a year from mid-2024, the first European in-house location to make electric vehicle parts for Ford, which has pledged that its car line-up for the continent will be all-electric by 2030. "This is an important step, marking Ford's first in-house investment in all-electric vehicle component manufacturing in Europe," said Ford's Europe President Stuart Rowley. "In this highly competitive, global race to secure electric vehicle manufacturing, our priority is to ensure the UK reaps the benefits," said business minister Kwasi Kwarteng.

- **Goldman Sachs Group Inc:** The company said on Sunday it received approval from China's securities regulator to take full control of its mainland securities business. The U.S. bank said it would buy the remainder of Goldman Sachs Gao Hua Securities Company Ltd (GSGH), and rename it as Goldman Sachs (China) Securities Company Ltd. The migration of its onshore business units to GSGH from Beijing Gao Hua Securities was underway, it added. "This marks the start of a new chapter for our China business following a successful 17-year joint venture," Goldman Sachs said in a statement.

- **Mannkind Corp & United Therapeutics Corp:** The U.S. Food and Drug Administration has declined to approve a lung disease therapy developed by United Therapeutics and Mannkind Corp, citing an inspection issue at a third-party facility. United said the health regulator's draft label for the drug, Tyvaso DPI, includes its use as a treatment

for pulmonary arterial hypertension (PAH), as well as PAH associated with interstitial lung disease (PH-ILD). In its complete response letter, the agency did not cite any deficiencies related to operations at MannKind's device manufacturing and testing facility for Tyvaso DPI.

- **Marathon Petroleum Corp & Phillips 66:** California's Contra Costa County said on Friday that both oil refiners may need to reduce capacity of proposed renewable plants by about 50% and 20% respectively to mitigate environmental impact. The two petroleum refiners are planning to convert oil refineries in the San Francisco-area county to produce transportation fuel from feedstocks such as soybean oil and animal fats that produce less greenhouse gas emissions. Contra Costa is required to identify an environmentally superior option to the projects under the California Environmental Quality Act. The county said it would be an "environmentally superior option" for Marathon to process 23,000 barrels per day of fuel instead of the planned 48,000 barrels per day in a draft environmental impact report (EIR) released Friday.
- **Oyster Point Pharma Inc:** Drug developer Oyster Point Pharma Inc said the U.S. Food and Drug Administration had approved its nasal spray treatment for dry eye disease. The company said the spray, Tyrvaya, will be available from next month to patients with a prescription. The regulator's decision was based on safety and efficacy results from a late-stage and two mid-stage trials covering over 1,000 patients with mild, moderate or severe symptoms of dry eye disease (DED). "A product that provides clinically meaningful production of basal tear film as early as four weeks is incredible for the dry eye patient," Ed Holland, director of cornea services at Cincinnati Eye Institute and professor of ophthalmology at University of Cincinnati said in the company's statement.
- **Square Inc:** The company's Chief Executive Officer Jack Dorsey said on Friday the fintech firm is looking to build a bitcoin mining system based on custom silicon and open source for individuals as well as businesses. This would add to Square's existing bitcoin-focused projects including a business to build an open developer platform, as well as a hardware wallet for the cryptocurrency. "If we do this, we'd follow our hardware wallet model: build in the open in collaboration with the community," Dorsey said in a tweet. A team led by Square's hardware lead, Jesse Dorogusker, will investigate requisites for Square to take on the project to build a bitcoin mining system.
- **Stellantis NV:** The automaker entered a preliminary agreement with battery maker LG Energy Solution to produce battery cells and modules for North America, as the world's No. 4 automaker rolls out its 30 billion euro electrification plan. Stellantis and LG Energy Solution will form a joint venture to produce battery cells and modules at a new facility which will have an annual production capacity of 40 gigawatt-hours (GWh), the two companies said. The new north American plant is targeted to start by the first quarter of 2024. Separately, Stellantis' luxury brand Maserati said the launch of its new SUV Grecale would be delayed to the spring of next year due to a global chip shortage.
- **Toyota Motor Corp:** The automaker's North American unit said it will invest about \$3.4 billion on U.S. automotive battery development and production in the United States through 2030. The world's largest automaker by volume also said it plans to establish a new company and build a new U.S. automotive battery plant together with Toyota Tsusho, the automaker's metals trading arm and a unit of the Toyota Group. The new plant, which includes a planned \$1.29 billion Toyota investment through 2031, aims to start production in 2025 and is expected to create 1,750 new U.S. jobs.

INSIGHT

Wall Street banks set to profit again when Fed withdraws pandemic stimulus

Wall Street banks have been among the biggest beneficiaries of the pandemic-era trading boom, fueled by the Federal Reserve's massive injection of cash into financial markets. With the central bank nearing the time when it will start winding down its asset purchases, banks are set to profit again as increased volatility encourages clients to buy and sell more stocks and bonds, analysts, investors and executives say.

ANALYSTS' RECOMMENDATION

- **Baozun Inc:** Jefferies cuts price target to \$22.3 from \$25, to factor in the impact from macro headwinds on the company's earnings in the second half of the year.
- **Corsair Gaming Inc:** Cowen and Company cuts price target to \$32 from \$37, after the company announced that ongoing global logistics and supply issues are estimated to reduce third-quarter revenues.

- **Delta Air Lines Inc:** Jefferies cuts price target to \$50 from \$60, as higher fuel costs and rebuild expenses offset any seasonal improvement in revenues.
- **Goldman Sachs Group Inc:** RBC raises price target to \$435 from \$370, after the company reported strong third-quarter earnings which showed it continues to benefit from strong trading and investment banking conditions.
- **Procter & Gamble Co:** Jefferies raises price target to \$163 from \$162, highlighting U.S. consumption trends which accelerated in the first-quarter and should also help drive earnings higher.

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

0915 (approx.) **Industrial production mm** for Sep: Expected 0.2%; Prior 0.4%
0915 (approx.) **Capacity utilization SA** for Sep: Expected 76.5%; Prior 76.4%
0915 (approx.) **Manufacturing output mm** for Sep: Expected 0.1%; Prior 0.2%
0915 (approx.) **Industrial production YoY** for Sep: Prior 5.95%
1000 **NAHB Housing Market Index** for Oct: Expected 76; Prior 76

COMPANIES REPORTING RESULTS

State Street Corp: Expected Q3 earnings of \$1.92 per share

CORPORATE EVENTS (All timings in U.S. Eastern Time)

0830 **Albertsons Companies Inc:** Q2 earnings conference call
1000 **State Street Corp:** Q3 earnings conference call
1730 **Zions Bancorporation NA:** Q3 earnings conference call

EX-DIVIDENDS

Morningstar Inc: Amount \$0.31

(All analysts' estimates are according to I/B/E/S Refinitiv data)

PICTURE OF THE DAY



NASA's Lucy spacecraft, atop a United Launch Alliance Atlas 5 rocket for a mission to study the Trojan asteroids in the outer solar system, launches from Pad-41 at Cape Canaveral Space Force Station, in Cape Canaveral, Florida, October 16. REUTERS/Thom Baur

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