

MORNING NEWS CALL

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REUTERS WEALTH NEWSMAKER

with Philipp Rickenbacher,
Chief Executive Officer, Julius Baer Group

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TOP NEWS

- **White House seeks to address semiconductor chips crisis harming automakers**

The White House will discuss ways to overcome a semiconductor chip supply crisis that is cutting auto production around the world in a new round of meetings with major companies.

- **EU regulator to decide on Pfizer booster at the start of October**

The European Medicines Agency expects to decide in early October on the possible use of a booster dose of the Pfizer-BioNTech COVID-19 vaccine, a source with direct knowledge of the matter told Reuters.

- **Honeywell, Wood to launch solution to make sustainable aviation fuel cleaner**

Honeywell International and consulting and engineering company Wood are set to launch a technology solution to help companies reduce carbon intensity when making sustainable aviation fuel, the partners said.

- **Google suing India antitrust watchdog for investigation report leak**

Google said it was suing the Competition Commission of India (CCI) following the leak of a confidential CCI report into an antitrust investigation of the U.S. tech giant.

- **China tells Evergrande to avoid dollar bond defaults, Bloomberg reports**

Chinese regulators have asked China Evergrande Group to avoid a near-term default on its dollar bonds, Bloomberg Law reported, the day the troubled property developer is due to make a much-awaited interest payment on its offshore debt.

BEFORE THE BELL

U.S. stock index futures were higher, ahead of the jobless claims data, as investors largely shrugged off concerns over the Federal Reserve's plans for future tapering. **European shares** were up and **Asian equities** ended in the green as worries about Evergrande eased. **Norway's crown** led currencies against the **dollar** after the Norges Bank became the first central bank in the developed world to raise interest rates in the post-COVID era, while **spot gold** prices gained. **Oil** prices were slightly lower.

STOCKS TO WATCH**Results**

• **Accenture plc:** The IT consulting firm forecast first-quarter revenue above analysts' estimates, expecting stronger demand for its cloud and security services. Accenture said it expects current-quarter revenue to come in between \$13.90 billion and \$14.35 billion, topping Wall Street estimates of \$13.51 billion. Net income attributable to shareholders rose to \$1.42 billion, or \$2.20 per share, for the quarter ended Aug. 31, from \$1.29 billion or \$1.99 per share a year earlier.

• **BlackBerry Ltd:** The company beat Wall Street estimates for second-quarter revenue on Wednesday amid strong demand for its cybersecurity and Internet of Things software products. Firms such as BlackBerry are benefiting from an uptick in demand for cybersecurity and IoT products as more businesses and government organizations shift their operations to the cloud in order to support hybrid working. As a result, the company was able to offset weakness from sluggish demand for its QNX software from automakers like Volkswagen, BMW and Ford, as the auto industry struggled to maintain production amid a persistent chip shortage crisis. The company's revenue fell to \$175 million for the quarter ended Aug. 31, from \$259 million a year earlier, but beat analysts' expectation of \$163.5 million. Excluding items, the company posted a loss of 6 cents per share, nudging past analysts' expectations of loss of 7 cents.

Moves

• **Cigna Corp:** The U.S. health insurer named company veteran Eric Palmer as president and chief executive officer of its Evernorth health services unit that primarily houses its pharmacy benefit management business. The appointment comes as the health services unit, which was rebranded last September to Evernorth, has shown resilient growth in the last few quarters. Palmer, who has been with Cigna for 23 years and most recently served as the chief operating office of Evernorth, will start in his new role from January.

In Other News

• **Alphabet Inc:** Google said it was suing the Competition Commission of India (CCI) following the leak of a confidential CCI report into an antitrust investigation of the U.S. tech giant. The Times of India newspaper, and then Reuters, reported on Saturday that a CCI investigation had found Google abused the dominant position of its Android operating system in India, using its "huge financial muscle" to illegally hurt competitors. Google said last week it looked forward to working with the CCI to "demonstrate how Android has led to more competition and innovation, not less." In a statement the company said it had filed a legal challenge against the CCI at the Delhi High Court "to prevent any further unlawful disclosures of confidential findings."

• **Amazon.com Inc:** California Governor Gavin Newsom on Wednesday signed a bill that limits warehouse employers like Amazon.com from setting productivity quotas, the first legislation of its kind in the United States. The new provisions require all companies using warehouse labour to disclose productivity quotas to employees and government agencies and bar use of algorithms that prevent employees from taking rests and bathroom breaks, thereby endangering their health and safety, the governor's office said. Separately, the company's cloud computing unit said on Wednesday it will launch data centres in New Zealand in 2024 and create about 1,000 jobs in the country over 15 years.

• **Apollo Global Management Inc:** The U.S. private equity firm has signed an agreement to sell all of Italy's Amissima Vita to Bermuda-based Athora Holding Ltd, the Italian insurance company said. The deal is subject to regulatory approval and its closing is expected in the first half of 2022, Amissima said in a statement, without giving financial details.

• **Apple Inc:** Commonwealth Bank of Australia accused Apple of uncompetitive behaviour over control of payments on its phones, which have grown to about a third of all in-person payments the country's largest lender processes. Matt Comyn, chief executive at the Sydney-based bank, urged lawmakers to boost scrutiny of technology giants, saying payments through digital wallets developed by Apple and Alphabet's Google GOOGL.O made up about 45% of all physical consumer payments, as distinct from other payments such as online or direct debits. Separately, the company will pay one-time bonuses of as much as \$1,000 to store employees next month, Bloomberg News reported on Wednesday, citing people familiar with the matter. The company will give out \$1,000 to retail staff hired before Mar. 31, while those who joined later will get \$500, the report said.

- **Facebook Inc:** The company said it reduces the distribution of certain content including clickbait, posts with "sensationalist" or exaggerated health claims or low-quality videos on its news feed, and outlined its content guidelines as the social media platform faces increased scrutiny over how it displays content to users. In a blog post, Facebook said it sought to provide clarity on the content it down-ranks in the news feed, which the company said is based in part on feedback from users. Separately, longtime Facebook executive Mike Schroepfer said on Wednesday that he was stepping down as the company's chief technology officer. Schroepfer said in a Facebook post that veteran leader Andrew Bosworth, who heads up the social media company's augmented reality and virtual reality efforts, including products like its Oculus Quest VR headset, will take over the role in 2022.
- **General Motors Co:** The automaker said it will invest \$300 million in Chinese autonomous driving startup Momenta to develop self-driving technologies for future models in China, its first such tie-up in the world's biggest car market. Momenta is among the few companies that hold a permit for gathering high-definition maps in China, a key tool in autonomous driving technologies. It is working with automakers to develop mass-production vehicles with self-driving functions to gather real-time data.
- **Honeywell International Inc:** Honeywell, along with consulting and engineering company Wood, is set to launch a technology solution to help companies reduce carbon intensity when making sustainable aviation fuel, the partners said. The solution could benefit producers of sustainable aviation fuel, or SAF, as they could be eligible for greater subsidies for making the fuel if they can limit carbon intensity during production. The development - shared with Reuters before its official launch - comes as the Biden administration is setting targets to help boost SAF production to shift the aviation industry away from using traditional petroleum-based jet fuel to cut emissions.
- **Intel Corp, Apple Inc, Ford Motor Co, General Motors Co & Microsoft Corp:** Intel Chief Executive Pat Gelsinger plans to attend a virtual White House meeting on the global chip shortage, along with representatives from companies including Apple, Microsoft, Samsung, GM, Ford and Stellantis, people familiar with the matter said. The meeting will be hosted by Secretary of Commerce Gina Raimondo and National Economic Council Director Brian Deese, the Commerce Department said earlier this month. Topics will include the impact of the coronavirus Delta variant on chip supplies and how to better coordinate between chip producers and consumers.
- **Moderna Inc:** The company's Chief Executive Stéphane Bancel thinks the coronavirus pandemic could be over in a year as increased vaccine production ensures global supplies, he told the Swiss newspaper Neue Zuercher Zeitung. "If you look at the industry-wide expansion of production capacities over the past six months, enough doses should be available by the middle of next year so that everyone on this earth can be vaccinated. Boosters should also be possible to the extent required," he told the newspaper in an interview. Vaccinations would soon be available even for infants, he said.
- **Pfizer Inc:** The European Medicines Agency expects to decide in early October on the possible use of a booster dose of the Pfizer-BioNTech COVID-19 vaccine, a source with direct knowledge of the matter told Reuters. Separately, the U.S. Food and Drug Administration on Wednesday authorized a booster dose of the Pfizer and BioNTech COVID-19 vaccine for those 65 and older, all people at high risk of severe disease, and others who are regularly exposed to the virus. The decision paves the way for a quick rollout of the booster shots as soon as this week for millions of people who had their second dose of the vaccine at least six months ago.
- **Tesla Inc:** The company is pressing President Joe Biden's administration and a U.S. appeals court to move quickly to hike civil penalties for automakers failing to meet fuel economy requirements. Electric vehicle maker Tesla sells credits to other automakers to help them meet government vehicle emissions requirements, and says those credits are less valuable due to changes in rules made by former President Donald Trump's administration.

INSIGHT

Investors look ahead to rate hikes with Fed tapering plan all but certain

Investors are grappling with how an unwind of the Federal Reserve's easy money policies could affect asset prices, after the central bank signaled that a taper of its bond-buying program was closer than ever and suggested it may raise rates at a faster-than-expected pace.

ANALYSTS' RECOMMENDATION

- **American International Group Inc:** RBC raises price target to \$65 from \$60, saying a \$6 billion buyback authorization and the upcoming L&R exit are the next catalysts that can unlock value and move the company back toward its historical position as a leading global specialty underwriter.
- **Biogen Inc:** Needham starts coverage with buy rating; price target of \$400 on expectation of big sales for Aduhelm after a slow ramp.
- **Eargo Inc:** JPMorgan cuts rating to underweight from overweight after the company filed an 8K disclosing that the DOJ had formally initiated a criminal investigation into insurance reimbursement claims submitted for customers on federal employee health plans.
- **KB Home:** Evercore ISI cuts price target to \$63 from \$65 after the company gave a disappointing fourth-quarter margin guidance.
- **Liberty Global Plc:** Jefferies raises rating to buy from hold to reflect the full modelling of the implications of the UK and Swiss deals, with the post-merger UK accounts available only recently.

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

- 0830 (approx.) **Initial jobless claims:** Expected 320,000; Prior 332,000
- 0830 (approx.) **Jobless claims 4-week average:** Prior 335,750
- 0830 (approx.) **Continued jobless claims:** Expected 2.650 mln; Prior 2.665 mln
- 0830 (approx.) **National Activity Index** for Aug: Prior 0.53
- 0945 **Markit Manufacturing PMI Flash** for Sep: Expected 61.5; Prior 61.1
- 0945 **Markit Services PMI Flash** for Sep: Expected 55.0; Prior 55.1
- 0945 **Markit Composite Flash PMI** for Sep: Prior 55.4
- 1000 (approx.) **Leading index change mm** for Aug: Expected 0.7%; Prior 0.9%
- 1100 (approx.) **KC Fed Manufacturing** for Sep: Prior 22
- 1100 (approx.) **KC Fed Composite Index** for Sep: Prior 29

COMPANIES REPORTING RESULTS

- Costco Wholesale Corp:** Expected Q4 earnings of \$3.57 per share
- Nike Inc:** Expected Q1 earnings of \$1.11 per share

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

- 0830 **Darden Restaurants Inc:** Q1 earnings conference call
- 0830 **Freshpet Inc:** Annual Shareholders Meeting
- 0830 **Steelcase Inc:** Q2 earnings conference call
- 1000 **Lamb Weston Holdings Inc:** Annual Shareholders Meeting
- 1030 **HB Fuller Co:** Q3 earnings conference call
- 1630 **Scholastic Corp:** Q1 earnings conference call
- 1645 **AAR Corp:** Q1 earnings conference call
- 1700 **Costco Wholesale Corp:** Q4 earnings conference call
- 1700 **Nike Inc:** Q1 earnings conference call
- 1700 **Progress Software Corp:** Q3 earnings conference call
- 1700 **Vail Resorts Inc:** Q4 earnings conference call

EX-DIVIDENDS**CyrusOne Inc:** Amount \$0.52**Dentsply Sirona Inc:** Amount \$0.11**Equity LifeStyle Properties Inc:** Amount \$0.36**First Midwest Bancorp Inc:** Amount \$0.14**Flowserve Corp:** Amount \$0.20**International Flavors & Fragrances Inc:** Amount \$0.79**Mcafee Corp:** Amount \$0.11**ProAssurance Corp:** Amount \$0.05**Ralph Lauren Corp:** Amount \$0.68**Sempra Energy:** Amount \$1.10**Site Centers Corp:** Amount \$0.12**Valmont Industries Inc:** Amount \$0.50**VICI Properties Inc:** Amount \$0.36

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

PICTURE OF THE DAY



The Emancipation and Freedom Monument designed by Thomas Jay Warren is shown on the day it was unveiled in Richmond, Virginia, September 22. REUTERS/Jay Paul

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(Compiled by Anvesh Reddy and Benny Thomas in Bengaluru)

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