

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

- **Philip Morris seals deal for UK's Vectura despite health group concerns**

Cigarette maker Philip Morris clinched its 1.1 billion-pound takeover of asthma inhaler maker Vectura, winning the support of the British company's shareholders despite the concerns of health professionals.

- **Amazon to more than double payroll in Spain to 25,000 by 2025**

Online retail giant Amazon will more than double its payroll in Spain to 25,000 workers by 2025 from 12,000 last year, Mariangela Marseglia, Amazon's vice president and general manager for Spain and Italy, said.

- **Court win for EU regulators over crackdown on \$825 million Belgium tax scheme**

EU competition regulators secured a big win when Europe's top court backed their crackdown on Belgium's \$825-million tax scheme for Magnetrol, BP and more than 30 other multinationals.

- **Ryanair lifts growth target, says no need for new Boeing order**

Ryanair hiked its five-year passenger forecast, saying the delivery of an existing Boeing order and increased use of older planes would allow it to grow faster without the need for an additional large deal.

- **Hong Kong COVID testing firm Prenetics to go public via \$1.7 billion SPAC deal**

Hong Kong-based COVID-19 testing company Prenetics will go public via a merger agreement with Artisan Acquisition, in a deal that will value the pairing at \$1.7 billion.

BEFORE THE BELL

Wall Street futures were slightly lower after a strong rally in the previous session, with investors awaiting jobless claims and retail sales data later in the day for a better reading on the economic recovery. **European shares** were up, supported by a rebound in travel stocks. **Asian equities** ended mostly in the red. A stronger **dollar** hurt **gold** prices. **Oil** was down as energy companies resumed recovery efforts in the U.S. Gulf Coast after Hurricane Nicholas.

STOCKS TO WATCH

Deals Of The Day

- **Artisan Acquisition Corp:** Hong Kong-based COVID-19 testing company **Prenetics** will go public via a merger agreement with Artisan Acquisition, in a deal that will value the pairing at \$1.7 billion. The companies announced the deal with the transaction valuing Prenetics at an enterprise value of \$1.25 billion with a combined equity value of around \$1.7 billion. The biotech will be the "first unicorn from Hong Kong to be publicly listed in any market", the

companies said in their statement, riding a boom in COVID-19 testing globally. The deal highlights strong investor interest in Asian biotech startups with technology that has global applications amid the pandemic. Chinese biotech companies have been rushing to raise funds in the stock market as well, encouraged by the government's push to introduce more innovative treatments.

In Other News

- **Amazon.com Inc:** The online retail giant will more than double its payroll in Spain to 25,000 workers by 2025 from 12,000 last year, Mariangela Marseglia, Amazon's vice president and general manager for Spain and Italy, said. She added that Amazon will raise the number of its logistics centres in the country to 40 by the end of this year from 31 now. The retail and logistics giant also said it will train 50,000 small and medium businesses and entrepreneurs to sell their products online by the end of 2025.
- **AMC Entertainment Holdings Inc:** The company's CEO Adam Aron said on Wednesday AMC Theatres will accept Bitcoin for online ticket and concession payments, and similarly accept other cryptocurrencies like Ethereum, Litecoin and Bitcoin Cash. "Cryptocurrency enthusiasts: you likely know @AMCTheatres has announced we will accept Bitcoin for online ticket and concession payments by year-end 2021. I can confirm today that when we do so, we also expect that we similarly will accept Ethereum, Litecoin and Bitcoin Cash," Aron tweeted.
- **BioNTech SE:** A panel of health experts advising the Hong Kong government has recommended children aged 12-17 should get only one dose of BioNTech's COVID-19 vaccine after reports of heart inflammation as a side effect. Professor Lau Yu-lung, who chairs the health committee advising the government on its vaccination programme, told public broadcaster RTHK the side effect was more prevalent than originally thought. Regulators in the United States, the European Union and the World Health Organization have said that mRNA vaccines from BioNTech/Pfizer and by Moderna are associated with rare cases of myocarditis or pericarditis, but that the benefits of the shots outweigh the risks.
- **Chevron Corp:** Chevron Corp Chief Executive Mike Wirth said on Wednesday the company prefers to return money to its shareholders rather than use it to invest in solar and wind power projects. The two renewable sources of energy generate low financial return for stockholders, Wirth said in an interview on CNBC. Investors could use dividend payments from Chevron instead to invest directly in renewable projects, he added. "We rather dividend it back to shareholders and let them plant trees," Chevron's chief said.
- **Cisco Systems Inc:** The biggest maker of networking gear on Wednesday forecast that within four years, about half its revenue will come from software and other recurring sales, but its chief financial officer told Reuters high chip prices in its hardware business will keep pressuring overall profits. At an event with Wall Street analysts, Cisco said it believes the portion of its revenue coming from subscriptions will rise from 44% notched for its fiscal 2021 ended July 31 to 50% by fiscal 2025. The company gave a fiscal 2025 revenue forecast with a midpoint of \$62.9 billion, saying it expects a compound annual growth rate of 5% to 7%. Cisco predicted the same growth rate for adjusted profits, targeting a midpoint of \$4.07 per share in fiscal 2025.
- **Electronic Arts Inc:** The videogame publisher has pushed the worldwide launch of its "Battlefield 2042" by a month to Nov. 19, blaming the pandemic's impact on game developers, the videogame publisher said on Wednesday. The company said the COVID-19 pandemic had created unforeseen challenges for the game's developers in building the next generation of Battlefield, causing the delay in launch. "With the ongoing conditions not allowing that to happen safely, and with all the hard work the teams are doing from home, we feel it is important to take the extra time to deliver on the vision of Battlefield 2042 for our players," the company added. In August, the company had said it expected annual net bookings to be about \$7.40 billion.
- **General Motors Co:** The company on Wednesday recommended that Chevrolet Bolt electric vehicle owners parking in decks do so on the top floor or on an open level, at least 50 feet away from other vehicles, citing potential fire risks. The precaution would "reduce potential damage to structures and nearby vehicles in the rare event of a potential fire," a company spokesman said in an email. GM sent a notice to consumers who had asked about parking issues, he added. GM had previously asked owners to park Bolt vehicles outdoors, away from structures, and to not charge them overnight. GM also urged owners to not leave Bolt EVs charging unattended, even if using a charging station in a parking deck.
- **Microsoft Corp:** Former Amazon.com cloud executive Charlie Bell said he has joined Microsoft to lead a newly formed role overseeing cybersecurity operations. Bell, who will start as an executive vice president, indicated in a LinkedIn post that his role will include dealing with digital fraud, ransomware attacks and with public exposure of private data. Bell's appointment comes at a time when Microsoft has been hit hard in terms of cybersecurity shortcomings. Bell, who long reported to former Amazon Web Services chief Andy Jassy and oversaw the

engineering teams working on AWS's main software services, will report directly to Microsoft Chief Executive Officer Satya Nadella, Bloomberg News said.

- **Moderna Inc:** New data from the company's large COVID-19 vaccine trial shows that the protection it offers wanes over time, supporting the case for booster doses, the company said in a news release on Wednesday. "This is only one estimate, but we do believe this means as you look toward the fall and winter, at minimum we expect the estimated impact of waning immunity would be 600,000 additional cases of COVID-19," Moderna President Stephen Hoge said on a conference call with investors. Hoge did not project how many of the cases would be severe, but said some would require hospitalization. The data stands in stark contrast with data from several recent studies that suggested Moderna's vaccine protection lasts longer than a similar shot from Pfizer and German partner BioNTech SE.

- **Philip Morris International Inc.** The cigarette maker clinched its 1.1 billion-pound takeover of asthma inhaler maker, winning the support of the British company's shareholders despite the concerns of health professionals. Vectura's shareholders decided to take the 165 pence-per-share offer from PMI, with nearly 75% backing the deal. PMI Chief Executive Jacek Olczak said PMI would provide Vectura's scientists with the resources and expertise to reach its goal of generating at least \$1 billion in net revenue from "Beyond Nicotine" products by 2025. PMI has received regulatory clearances for the deal and following the public tender process, its offer cannot now be withdrawn. While the company received the 50% threshold to make its offer unconditional, it has not yet reached the 75% of shares it needs to delist Vectura.

- **Raytheon Technologies Corp:** The maker of Tomahawk missiles, will require all U.S. employees to have a COVID-19 vaccination, the company said in a Wednesday statement. The employees need to get shots by mid-December in order to meet a Jan. 1 deadline for immunization, a source familiar with policy said. "In keeping with our ongoing commitment to maintain employee health and safety, Raytheon Technologies will require its U.S. employees to be fully vaccinated to further protect employees and communities from the risks and uncertainty of COVID-19 and its variants," the statement said.

Ryanair Holdings PLC: Ryanair hiked its five-year passenger forecast, saying the delivery of an existing Boeing order and increased use of older planes would allow it to grow faster without the need for an additional large deal. Europe's largest low cost carrier last week abruptly ended talks with the U.S. planemaker over a new order of the larger 737 MAX 10 jets, worth tens of billions of dollars, due to differences over price. Ryanair now expects to fly 225 million passengers a year by 2026, up from 200 million previously. Chief Executive Michael O'Leary told Reuters it would sell fewer second-hand planes to meet that target on top of the planned delivery of 210 of Boeing's 197-seat MAX 200 model over the next five years. It may also buy current generation planes in small numbers or lease them, he added.

COLUMN

Social Security doomsayers are wrong again, but reform choices loom

The U.S. government recently released its annual report on the health of Social Security. Not surprisingly, that was met with a slew of doomsday forecasts from pundits and media.

ANALYSTS' RECOMMENDATION

- **Beyond Meat Inc:** Piper Sandler cuts target price to \$95 from \$120 on a weaker growth outlook.
- **Cisco Systems Inc:** Piper Sandler raises target price to \$57 from \$53, saying transformation remains ongoing at the company and are encouraged to see the 5-7% CAGR come in above its historical low-single digit growth.
- **Continental Resources Inc:** Keybank raises target price to \$46 from \$41 to reflect higher oil prices.
- **Theravance Biopharma Inc:** Needham cuts rating to hold from buy after the company announced negative results from its Ph3 trial evaluating ampreloxtine in Neurogenic Orthostatic Hypotension (nOH).

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

0830 (approx.) **Initial jobless claims:** Expected 330,000; Prior 310,000
 0830 (approx.) **Jobless claims 4-week average:** Prior 339,500
 0830 (approx.) **Continued jobless claims:** Expected 2.785 mln; Prior 2.783 mln
 0830 (approx.) **Philly Fed Business Index** for Sep: Expected 18.8; Prior 19.4
 0830 (approx.) **Philly Fed 6M Index** for Sep: Prior 33.70

0830 (approx.) **Philly Fed Capex Index** for Sep: Prior 33.70
 0830 (approx.) **Philly Fed Employment** for Sep: Prior 32.60
 0830 (approx.) **Philly Fed Prices Paid** for Sep: Prior 71.20
 0830 (approx.) **Philly Fed New Orders** for Sep: Prior 22.80
 0830 (approx.) **Retail sales mm** for Aug: Expected -0.8%; Prior -1.1%
 0830 (approx.) **Retail sales ex-autos mm** for Aug: Expected -0.001; Prior -0.4%
 0830 (approx.) **Retail ex gas/autos** for Aug: Prior -0.7%
 0830 (approx.) **Retail control** for Aug: Expected -0.1%; Prior -1.0%
 0830 (approx.) **Retail sales yoy** for Aug: Prior 15.78%
 1000 (approx.) **Business inventories mm** for July: Expected 0.5%; Prior 0.8%
 1000 (approx.) **Retail inventories ex-auto revised** for July: Prior 0.5%

COMPANIES REPORTING RESULTS

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

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

0800 **ePlus Inc**: Annual Shareholders Meeting

EX-DIVIDENDS

Advance Auto Parts Inc: Amount \$1.00
Albemarle Corp: Amount \$0.39
Alexander & Baldwin Inc (Hawaii): Amount \$0.18
Altra Industrial Motion Corp: Amount \$0.08
Avient Corp: Amount \$0.21
Eagle Materials Inc: Amount \$0.25
Greif Inc: Amount \$0.46
Hill-Rom Holdings Inc: Amount \$0.24
Huntington Bancshares Inc: Amount \$0.15
Prologis Inc: Amount \$0.63
Republic Bancorp Inc: Amount \$0.30
Retail Opportunity Investments Corp: Amount \$0.11
Steven Madden Ltd: Amount \$0.15
Uniti Group Inc: Amount \$0.15
World Fuel Services Corp: Amount \$0.12

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

PICTURE OF THE DAY



The Inspiration 4 civilian crew aboard a Crew Dragon capsule and SpaceX Falcon 9 rocket launches from Pad 39A at the Kennedy Space Center in Cape Canaveral, as seen from near Vero Beach, Florida, September 15.

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