

MORNING NEWS CALL

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U.S. Edition

Friday, September 17, 2021

TOP NEWS

• **Kremlin foes accuse Google and Apple of bowing to censorship**

Opposition activists in Russia accused Alphabet's Google and Apple of caving in to Kremlin pressure after they removed an anti-government tactical voting app from their stores on the first day of a parliamentary election.

• **FOCUS-Ford wakes up badly burnt from its India dream**

Ford's retreat marks the end of an Indian dream for U.S. carmakers. It also follows its exit from Brazil announced in January, reflecting an industry pivot from emerging markets to what is now widely seen as make-or-break investment in electric vehicles.

• **Teamsters organizing workers' unions at 9 Amazon.com facilities in Canada**

The Teamsters workers' union has launched campaigns to organize employees in at least nine Canadian facilities of U.S. e-commerce company Amazon.com, according to Reuters interviews with union officials.

• **U.S. COVID-19 booster debate moves to FDA vaccine advisory committee**

The debate over whether Americans should receive a booster dose of the Pfizer/BioNTech COVID-19 vaccine moves to a panel of independent expert advisers to the U.S. Food and Drug Administration.

• **Tesla to work with global regulators on data security - Musk**

Electric vehicle maker Tesla will work with global regulators to ensure data security, Chief Executive Elon Musk told an industry event in China.

BEFORE THE BELL

U.S. stock index futures were lower, mirroring **European equities**, as economic growth concerns dented investor sentiment. **Japanese shares** closed higher as heavyweight chipmakers jumped. The **dollar index** fell, but held near three-week highs, while **gold** prices gained. **Oil** prices edged down, amid the slow recovery in output after two hurricanes in the U.S. Gulf of Mexico.

STOCKS TO WATCH

Moves

• **Royal Bank of Canada:** Canada's biggest lender appointed Nadine Ahn as its new finance chief, taking over from Rod Bolger, who will leave after a decade-long stint at the lender. The move comes as major banks globally are forced to bring about change in an industry that has few women or people of color in its top ranks. Ahn, who is currently senior vice-president, head of investor relations and RBC Capital Markets Finance, will take on the role of CFO on Nov. 1, the bank said. Ahn joined RBC in 1999 and has held senior finance roles, including in Corporate Treasury.

In Other News

• **Amazon.com Inc:** The Teamsters workers' union has launched campaigns to organize employees in at least nine Canadian facilities of e-commerce company Amazon.com, according to Reuters interviews with union officials. The influential union took the first step earlier this week to organize employees at one of Amazon's Canadian facilities, and the interviews reveal it is widening such efforts across the country, where the e-commerce company employs about 25,000 workers and plans to add 15,000 more. The campaigns could be seen as a bet by the Teamsters that early success unionizing employees in a more labor-friendly market such as Canada will inspire similar results south of the border, where Amazon has so far fended off unionization attempts. Interviews with Teamsters units in other cities and provinces show that the union's efforts stretch from the Pacific coastal

province of British Columbia to the Canadian economic heartland in southern Ontario.

• **Apple Inc & Alphabet Inc:** Opposition activists in Russia accused Google and Apple of caving in to Kremlin pressure after they removed an anti-government tactical voting app from their stores on the first day of a parliamentary election. The app, devised by allies of jailed Kremlin critic Alexei Navalny, gives people detailed recommendations on who to vote for in an effort to thwart the electoral chances of the ruling United Russia party which supports President Vladimir Putin. Members of the upper house of parliament met Google and Apple representatives in the run-up to the election to tell them to remove the app or face serious consequences including fines and criminal prosecution. John Sullivan, the U.S. ambassador to Russia, was also called into the foreign ministry before the vote to hear complaints that the companies' behaviour amounted to U.S. meddling in Russia's internal affairs.

• **Exxon Mobil Corp & Chevron Corp:** Democratic lawmakers asked the chiefs of four major fossil fuel companies and two lobbying groups to testify next month on whether the industry led an effort to mislead the public and prevent action to fight climate change. House Oversight Committee Chairwoman Carolyn Maloney and Ro Khanna, chairman of the Subcommittee on Environment, sent letters to the chief executives of Exxon Mobil, Chevron Corp, BP USA and Royal Dutch Shell Oil, asking them to appear before a hearing on Oct. 28 and provide emails and documents. They also sent the requests, first reported by the New York Times, to the heads of two lobbying groups: the American Petroleum Institute (API) and the Chamber of Commerce. The letter cited a study in the peer-reviewed journal Climatic Change that said 91 think tanks and advocacy organizations that downplayed global warming were funded by Exxon and industry groups. A spokesperson for the Chamber of Commerce said the group believes that inaction on climate change is not an option and that it has been working with lawmakers on solutions, "most notably" in the bipartisan infrastructure bill.

• **Gap Inc:** British clothing retailer Next has struck a deal with Gap, to run the U.S. brand's business in the UK and Ireland, bolstering its market reach after showing its resilience during the COVID-19 pandemic. The deal will allow the U.S. firm to retain a presence in the UK and Ireland having closed its shops in those markets earlier this year. Under the plan the two groups will form a joint venture to operate Gap's e-commerce business across the NEXT Total Platform, host Gap-branded Shop-in-Shops and offer click-and-collect options for online customers beginning in 2022. Gap will be able to benefit from Next's UK and Ireland store network of around 500 stores. "Gap is partnering with Next ... to amplify our omnichannel business and meet our customers in (the) UK & Ireland where they are shopping now," said Mark Breitbard, CEO and President of Gap Global.

• **General Motors Co:** The company said on Thursday it will extend a shutdown of a Michigan assembly plant to mid-October following a new recall of its Chevrolet Bolt electric vehicles over battery issues after 12 reported fires. GM said the extension of the production halt at its Orion Assembly plant will go through at least Oct. 15. GM also said it was cutting production at six other North American assembly plants because of the ongoing semiconductor chips shortage. It also said it will not resume Bolt production or sales until it is satisfied that the recall remedy will address the fire risk issue. It said Thursday it had reports of 12 fires and three injuries. It is not clear how long it will take GM to obtain replacement battery modules for recalled vehicles and whether it will have diagnostic software that will allow it to certify some modules do not need replacing.

• **Invesco Ltd:** The investment management firm is in talks to merge with State Street Corp's asset-management business, a source familiar with the matter told Reuters on Thursday. The discussions between both the companies are at an early stage, the source added. It isn't clear what the terms of a potential deal would look like, but it would be one of the industry's biggest in recent memory, given that State Street's asset-management unit manages nearly \$4 trillion in assets, according to the Wall Street Journal that first reported the development.

• **JPMorgan & Chase Co:** The bank is set to launch its big assault on British high street banks and online lenders from next week, with the launch of its long-planned digital retail bank Chase. The venture - JPMorgan's first overseas retail business - is set to launch its smartphone app initially offering current accounts on Tuesday, a JPMorgan spokesperson confirmed. Sanoke Viswanathan, head of the online venture, told the Times and Financial Times newspapers on Friday the bank planned to expand into lending and investments as well as expand in other countries if successful, starting with Continental Europe. It will also compete with a crowded field of relative newcomers including Monzo and Starling.

• **Pfizer Inc & BioNTech SE:** The debate over whether Americans should receive a booster dose of the Pfizer/BioNTech COVID-19 vaccine moves to a panel of independent expert advisers to the U.S. Food and Drug Administration. While U.S. health officials, some other countries and vaccine makers have said boosters are needed, many scientists and vaccine experts disagree. The FDA staff said in documents prepared for the committee this week that the vaccine Pfizer developed with Germany's BioNTech SE is still very effective at preventing severe illness and death and that the evidence is mixed on whether its efficacy declines over time. The

FDA's Vaccines and Related Biological Products Advisory Committee will also consider data from Israel, which has been administering booster doses of the Pfizer/BioNTech vaccine. An FDA decision on a booster will come after the committee recommendation. Advisers to CDC will meet next Wednesday and Thursday after which the agency's director, Rochelle Walensky, will decide whether to follow their advice.

- **Scientific Games Corp:** The maker of slot machines is seeking to list its predominantly North American and European lotteries unit in Australia in a \$5 billion IPO, the country's biggest in at least seven years, two sources told Reuters. The Las Vegas-based company has made an initial pitch for the IPO to fund managers, seeking to value the lotteries unit at more than \$10 billion, the sources said on condition of anonymity as the deal has not yet been finalised. The company had said in June it would divest its lottery and other non-core sports betting businesses to pay down part of its \$8.2 billion net debt. It has hired five investment banks, including Macquarie Group, to explore a listing in the stock exchange ASX, the people said. Management will hold meetings with a select group of fund managers in Australia next week to seek a cornerstone investor for the listing, one of the people with knowledge added.

- **Tesla Inc:** The electric vehicle maker will work with global regulators to ensure data security, Chief Executive Elon Musk told the World New Energy Vehicle Congress in China. Cars are being fitted with an ever-increasing array of sensors and cameras to assist drivers but the data such equipment generates has also raised questions about privacy and security. "With the rapid growth of autonomous driving technologies, data security of vehicles is drawing more public concerns than ever before," Musk said, adding data security is not only the responsibility of a single company. Tesla later said it had established a site in China to store car data locally.

- **Unum Group:** The insurer said on Thursday it will launch a new digital product to help companies verify vaccination status of employees, days after the Biden administration mandated large employers should have their workers inoculated against COVID-19. Unum will provide a self-service portal for employees to report vaccination status and upload documentation. The portal will also manage test result documentation for employees who are not vaccinated, sending weekly reminders and employer notification. The new product, which is called Unum Vaccine Verifier, will also help companies manage employee vaccine exemptions, including medical and non-medical exemption requests.

INSIGHT

November? December? Fed's 'taper' timeline tied to volatile jobs data

The Federal Reserve, facing a labor market that may be stalling or on the cusp of a surge, is expected next week to open the door to reducing its monthly bond purchases while tying any actual change to U.S. job growth in September and beyond.

ANALYSTS' RECOMMENDATION

- **Alphabet Inc:** Jefferies raises target price to \$3,325 from \$3,150 to reflect continued search strength, aided by increasing contribution from mobile, YouTube and international expansion.

- **Facebook Inc:** Jefferies raises target price to \$440 from \$425, saying new ad dollars are pouring into mobile ad campaigns and the company is the primary beneficiary of that trend.

- **Goldman Sachs Group Inc:** JPMorgan raises target price to \$458 from \$455, saying the bank is ticking all the right boxes on revenue growth initiatives, returning material capital to shareholders and with management showing good progress on its targets in 2020.

- **National Retail Properties Inc:** RBC initiates coverage with sector perform rating and \$48 target price, saying the company has one of the longest value creation track records in the net lease space, and COVID-related weakness is largely in the rear-view mirror.

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

1000 **U Mich Sentiment Preliminary** for Sep: Expected 72.0; Prior 70.3

1000 **U Mich Conditions Preliminary** for Sep: Prior 78.5

1000 **U Mich Expectations Preliminary** for Sep: Prior 65.1

1000 (approx.) **U Mich 1-year Inflation Preliminary** for Sep: Prior 4.6%

1000 (approx.) **U Mich 5-year Inflation Preliminary** for Sep: Prior 2.9%

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)

0900 **W R Grace & Co**: Shareholders Meeting

EX-DIVIDENDS

DT Midstream Inc: Amount \$0.60

DTE Energy Co: Amount \$0.82

Hudson Pacific Properties Inc: Amount \$0.25

J & J Snack Foods Corp: Amount \$0.63

Lamar Advertising Co: Amount \$1.00

Marten Transport Ltd: Amount \$0.04

New Jersey Resources Corp: Amount \$0.36

Pultegroup Inc: Amount \$0.14

RPT Realty: Amount \$0.12

Stock Yards Bancorp Inc: Amount \$0.28

Utz Brands Inc: Amount \$0.05

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

PICTURE OF THE DAY



Migrants seeking asylum in the U.S. rest near the International Bridge between Mexico and the U.S. as they wait to be processed, in Del Rio, Texas, September 16. REUTERS/Go Nakamura

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(Compiled by Pooja Kesavan and Benny Thomas in Bengaluru)

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Refinitiv
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