

MORNING NEWS CALL

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U.S. Edition

Monday, 20 September, 2021

TOP NEWS

• **Pfizer/BioNTech say data show COVID-19 vaccine safe and protective in kids**

Pfizer and BioNTech said their COVID-19 vaccine induced a robust immune response in 5 to 11 year olds, and they plan to ask for authorization to use the vaccine in children in that age range in the United States, Europe and elsewhere as soon as possible.

• **FOCUS-High-stakes Christmas looms as surging toy demand meets supply-chain snarls**

With demand for toys at an all-time high, U.S. suppliers and retailers are racing to outrun severe air, sea and land shipping snarls so Santa has a mountain of dolls, scooters and video game consoles to deliver at Christmas.

• **CVS Health to hire 25,000 ahead of flu season, COVID-19 boosters**

CVS said it would fill as many as 25,000 clinical and retail jobs ahead of the flu season and as the United States prepares to administer booster COVID-19 vaccine shots.

• **China to Wall Street: regulatory crackdown not aimed at restricting private firms**

China's sweeping regulatory crackdown of recent months does not aim to rein in the country's private enterprises or decouple from the United States or international financial markets, a top Chinese regulatory official told Wall Street leaders last week.

• **Universal Studios Beijing draws eager throngs amid uneasy U.S.-China ties**

Universal Studios' Beijing resort opened its doors to the public after a two-decade wait, including delays because of the COVID-19 pandemic.

BEFORE THE BELL

Wall Street futures were down as rising COVID-19 cases and the pace of economic growth hurt sentiment. **European shares** fell on concerns that major central banks would start giving cues on tapering their pandemic-era stimulus at various meetings this week. **Asian equities** ended mostly lower, though Japan, China and South Korea markets were closed for holidays. The **dollar** gained on safe-haven appeal as property developer Evergrande's solvency spooked investors. **Oil** dropped as more U.S. Gulf oil output came back online in the wake of two hurricanes. **Gold** prices were in the positive territory.

STOCKS TO WATCH

• **Alphabet Inc:** Google abused the dominant position of its Android operating system in India, using its "huge financial muscle" to illegally hurt competitors, the country's antitrust authority found in a report on its two-year probe seen by Reuters. Google reduced "the ability and incentive of device manufacturers to develop and sell devices operating on alternative versions of Android," says the June report by the Competition Commission of India's (CCI) investigations unit. The U.S. tech giant told Reuters in a statement it looks forward to working with the CCI to "demonstrate how Android has led to more competition and innovation, not less."

• **Apple Inc & Netflix Inc:** Apple burnished its streaming TV credentials on Sunday as "Ted Lasso" scored the Emmy award for best comedy, and Netflix landed its biggest television award to date with a best drama win for "The Crown." Netflix also tied the all-time record for the most Emmys in a single year with 44, a mark previously reached by ViacomCBS's CBS broadcast network in 1974. "Ted Lasso" won seven awards overall for Apple TV+, the streaming service that the iPhone maker launched two years ago. Jason Sudeikis took home best comedy actor for his starring role as an upbeat American coach trying to rally a struggling soccer team in Britain.

- **Facebook Inc:** The company on Saturday slammed a Wall Street Journal series of articles about the social media company's platform as containing "deliberate mischaracterizations" and said the articles "conferred egregiously false motives to Facebook's leadership and employees." The Wall Street Journal, citing a review of internal company documents that included research reports, online employee discussions and drafts of presentations to senior management, said that although Facebook researchers have identified "the platform's ill effects," the company failed to fix them. The Wall Street Journal articles say that Facebook exempted high-profile users from some or all of its rules, played down the negative effects on young users of its Instagram app, made changes to its algorithm that made the platform "angrier," and had a weak response to alarms raised by employees over how the platform is used in developing countries by human traffickers.
- **Ford Motor Co & General Motors Co:** U.S. auto safety investigators have opened a new probe into 30 million vehicles built by nearly two dozen automakers with potentially defective Takata air bag inflators, a government document seen by Reuters shows. The National Highway Traffic Safety Administration on Friday opened an engineering analysis into an estimated 30 million U.S. vehicles from the 2001 through 2019 model years. Automakers were alerted to the investigation, which is not yet public, on Friday. The new investigation includes vehicles assembled by Honda, Ford, Toyota, General Motors, Nissan, Subaru, Tesla, Ferrari, Nissan, Mazda, Daimler, BMW, Chrysler, Porsche, Jaguar Land Rover and others.
- **Honda Motor Co:** The company's U.S. unit said it is targeting initial annual sales of 70,000 for its planned electric Prologue sport utility vehicle when it goes to market in 2024. Honda plans to add additional electric vehicle models as it aims to have sold a total of 500,000 electric vehicles in the United States by 2030, and to achieve 100% zero emission vehicles sales in North America by 2040. It comes as President Joe Biden signed an executive order last month setting a target to make half of all new passenger vehicles sold in 2030 zero-emissions vehicles. The Honda Prologue is being co-developed with General Motors and is based on the Detroit automaker's Ultium platform, a modular platform and battery system. Honda and GM are also co-developing an electric Acura-brand SUV.
- **Goldman Sachs Group Inc & GreenSky Inc:** Some well-timed trades in the options on GreenSky, in the days before Goldman Sachs announced a deal to buy the digital lender on Wednesday are raising eyebrows among options analysts. Goldman Sachs on Sept. 15 said it agreed to buy GreenSky, a fintech platform that provides home improvement loans in a deal valued at \$2.24 billion. Options trading volume for GreenSky showed 36,000 contracts changing hands over the five days before the deal was announced, up from a daily average of around 1000 contracts a day, according to Trade Alert data. The trades were reported earlier on Friday by CNBC.
- **Johnson & Johnson & Moderna Inc:** Data needed to determine the advisability of booster shots of the Moderna and Johnson & Johnson COVID-19 vaccines is just weeks away, President Joe Biden's chief medical adviser said on Sunday, as officials signaled they expected boosters would be recommended for a broad swath of Americans. "The actual data that we'll get (on) that third shot for the Moderna and second shot for the J&J is literally a couple to a few weeks away," Anthony Fauci, the U.S. government's top infectious disease expert and a Biden adviser, told NBC's "Meet the Press" program.
- **Mastercard Inc:** A senior U.S. trade official privately criticised India's July decision to ban Mastercard from issuing new cards, calling it a "draconian" move that caused "panic", according to U.S. government emails seen by Reuters. The documents show frustration within the U.S. government after India's central bank banned new card issuance by American Express and Diners Club in April, then took similar action against Mastercard in July. "We've started hearing from stakeholders about some pretty draconian measures that the RBI has taken over the past couple days," Brendan A. Lynch, the deputy assistant U.S. trade representative for South and Central Asia, wrote on July 16, two days after the Mastercard announcement. "It sounds like some others (Amex, Diners) may have been impacted by similar actions recently," wrote Lynch, asking his colleagues in India to get in touch with their central bank contacts "to see what's going on".
- **Mirati Therapeutics Inc:** A combination of Mirati's genetic mutation-targeting adagrasib and older cancer drug Erbitux shrank tumors in 39% of patients with advanced colorectal cancer treated in a small trial, the company said on Sunday. Chief Executive Officer Charles Baum told Reuters Mirati plans to meet with the U.S. Food and Drug Administration in October to discuss whether it can pursue accelerated approval based on the combination therapy data.

• **Pfizer Inc & BioNTech SE:** The companies said their COVID-19 vaccine induced a robust immune response in 5 to 11 year olds, and they plan to ask for authorization to use the vaccine in children in that age range in the United States, Europe and elsewhere as soon as possible. The companies said the vaccine generated an immune response in the 5-to-11 year olds in their Phase II/III clinical trial that matched what they had previously observed in 16-to-25 year olds. The safety profile was also generally comparable to the older age group, they said. "Since July, pediatric cases of COVID-19 have risen by about 240 percent in the U.S. – underscoring the public health need for vaccination," Pfizer Chief Executive Albert Bourla said in a news release. Separately, U.S. regulators are expected to authorize a third booster shot of the Pfizer/BioNTech SE COVID-19 vaccine for older and some high-risk Americans early this week in time for the government to roll them out by Friday as hoped.

• **Tesla Inc:** The U.S. National Transportation Safety Board said on Friday it will send a team to investigate a Tesla vehicle crash this week that killed two people in Coral Gables, Florida. Coral Gables police have said it is unclear whether the Tesla Model 3 involved in the crash in a residential area on Monday evening was using the electric vehicle company's driver-assistance system, called Autopilot. The two people killed were badly burned and have not yet been positively identified.

ANALYSIS

Why the Fed might welcome a bond market tantrum

A bond market tantrum that drives up yields can be a fearsome prospect for central banks but the U.S. Federal Reserve might just welcome a sell-off that lifts Treasury yields towards levels that better reflect the robust state of the economy.

ANALYSTS' RECOMMENDATION

• **BorgWarner Inc:** Jefferies cuts rating to hold from buy; cuts target price to \$47 from \$55 based on the elevated broader input costs and ongoing volatility.

• **BRP Group Inc:** JPMorgan raises target price to \$36 from \$33 after the company announced the acquisition of Jacobson, Goldfarb & Scott (JGS) and closed on an offering of 9.2 million shares at \$30.50.

• **Evoqua Water Technologies Corp:** Stifel raises target price to \$45 from \$41, saying the company's business opportunities are growing rapidly as customers look to drive more sustainable business models through recycle and reuse of water enabling a more circular economy for industrial water.

• **One Group Hospitality Inc:** Piper Sandler raises target price to \$17 from \$12 to factor in a rapid industry recovery alongside the company's willingness and ability to accelerate unit growth.

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

1000 **NAHB Housing Market Index** for Sep: Expected 74; Prior 75

COMPANIES REPORTING RESULTS

Lennar Corp: Expected Q3 earnings of \$3.28 per share

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

0830 **Cognyte Software Ltd:** Q2 earnings conference call

1800 **Intuitive Surgical Inc:** Shareholders Meeting

EX-DIVIDENDS

Amphenol Corp: Amount \$0.14

Kaman Corp: Amount \$0.20

Medifast Inc: Amount \$1.42

Meridian Bancorp Inc: Amount \$0.10

Omnicom Group Inc: Amount \$0.70

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

PICTURE OF THE DAY



Migrants seeking refuge in United States cross the Rio Grande river back into Acuna, Mexico from Del Rio, Texas, September 19. REUTERS/Adrees Latif

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