

**DAILY MARKET RECAP**
**Daily Market Recap**
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**US Equities**

Today, the Dow Jones climbed 43 bps, the S&P 500 rallied 49 bps and the Nasdaq closed 55 bps higher where volumes were over 25% higher than the twenty day average. Most sectors finished in the green with industrials climbing 212 bps while telecommunications underperformed sliding 77 bps. This morning, Bloomberg cited people familiar with the matter said the US and China are trying to restart trade talks to avert a full-blown trade war which the market liked, sending shares higher. In terms of economic data, core PCE inflation increased 0.1% month over month in June, in line with expectations, leaving year over year unchanged at 1.9% for a third straight month. Personal spending up 0.4%, but already reflected in Q2 GDP data. ECI increased 0.6% in second quarter following an 0.8% gain in the prior quarter. Chicago PMI increased to 65.5 from 64.1, ahead of consensus. Consumer confidence up to 127.4 in July from downwardly revised 126.4 in June. Tomorrow, the Fed will host an FOMC meeting which is widely anticipated to be a non-event. In terms of M&A, Brookfield confirms deal to buy FCE/A (8.5%) for \$25.35/shr in a cash deal. Earnings continue to trickle in where CGNX (+20%) reported second quarter results where revenues and EPS beat. ALSN (+11%) reported second quarter results where EBITDA was well above estimates. ILMN (+10%) reported second quarter results where revenues and EPS beat. KLAC (+10%) reported fiscal fourth quarter results where revenues and EPS beat. IGT (+7%) reported second quarter results where earnings and revenues beat. CHTR (+4%) reported second quarter results where revenues were in line while EBITDA beat. IPGP (-25%) reported second quarter results where earnings and revenues missed. LL (-17%) reported second quarter results where earnings missed. VRNS (-16%) reported second quarter results where revenues were in line while EPS missed. AKS (-13%) fell after second quarter EBITDA missed estimates. TXRH (-5%) reported second quarter results where revenues and EPS missed. In other news, QCOM (+4%) commenced a modified Dutch auction tender offer to purchase up to \$10bn of its shares.

**What To Expect Tomorrow Wednesday 8/1:**
*Economic Calendar*

- 7:00 AM EST MBA Mortgage Applications Data
- 8:15 AM EST ADP Employment Change in July
- 9:45 AM EST Markit US Manufacturing PMI
- 10:00 AM EST Construction Spending MoM for June, ISM Manufacturing for July
- 10:30 AM EST Weekly DOE Inventory Data
- 2:00 PM EST FOMC Rate Decision
- Monthly auto sales data for July

*Earnings Calendar*

- Earnings Before the Open: ADP, AMC, AN, BAESY, BDC, BNP, CG, DBD, ENR, FLOW, GRMN, H, HUM, LYG, MT, PBI, RDC, S, SODA, SSYS, TAP, TEX, VG, VW

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• Earnings After the Close: ALL, APTI, ARRS, CBL, CENX, CF, CLVS, CONE, CRUS, CSGS, DVA, DXCM, FEYE, FIT, FTNT, HLF, HUBG, HUBS, LNC, LPSN, MAC, MET, MRO, MUSA, PRU, SQ, TDOC, THG, TRIP, TSLA, TTMI, VOYA, WMB, WYNN, X, XPO, YUMC, ZNGA

*Other Key Events*

- Monthly auto sales for July
- China Caixin manufacturing PMI for July
- Eurozone manufacturing PMI for July
- Brazil Central Bank rate decision

**Weeden & Co. Top Advertisements:**

- FCE/A: 5,135,000 shares
- WMIH: 1,150,000 shares
- SUM: 520,000 shares
- LNC: 465,000 shares
- BLL: 445,000 shares

**Bonds**

Treasury yield curve is lower and flatter, off session lows reached during Asia session, led by JGB yields after Bank of Japan maintained its zero percent 10-year yield target and introduced forward guidance with a pledge to keep rates very low for an “extended period of time.” UST 10-year yield lower by 1.5bp at 2.958% after declining as much as 4.3bp to lowest level since July 25; 2s10s curve flatter by ~2bp, vs ~4bp flattening in JGB 2s10s as Japanese 10-year yield shed ~4bp to 0.06%

**Europe**

**FTSE 100 +0.62% to 7748.76, DAX +0.06% to 12805.50, CAC40 +0.37% to 5511.30, STOXX 600 +0.18% to 391.63**

European markets ended mostly higher today, as headlines relating to possible moves towards restarting US/China trade talks hit the wires. Sentiment was also aided by better than expected US Chicago PMI and US consumer confidence data. The firmer performance for shares led to bond yields turning more mixed after initially edging lower across much of the region. Italy led the general outperformance, though Greece lagged, in part due to the IMF's post-bailout program monitoring update, which also weighed on the Euro. The slew of European economic data was not as constructive as

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that in the US, notably Eurozone Q2 preliminary GDP fell short of estimates, while inflation was higher than anticipated AFP reported, citing the Elysée Palace, that President Macron is to meet UK PM May in France on Friday, this meeting being scheduled quickly on the heels of today's meeting in Paris between UK Foreign Secretary Hunt and French Foreign Minister Le Drian. Earnings remained in focus, as BP, Credit Suisse, Erste Bank, HeidelbergCement, Leonardo, Lufthansa, Rexel, Taylor Wimpey, Thomas Cook Group and Vivendi all ended higher after reporting numbers. To the downside were Centrica, Fresenius Medical Care, Fresenius SE, Legrand, Standard Chartered, The Weir Group and Travis Perkins.

**Canada**

In Canada, the S&P/TSX rallied 41 bps where volumes were over 20% higher than the twenty day average. All but one sector finished in the green with materials climbing 117 bps while information technology slid 7 bps. Canada's economy grew at the fastest pace in a year, further evidence of a solid expansion even as trade tensions with the U.S. remain a threat. Gross domestic product increased by 0.5 percent in May, Statistics Canada said Tuesday from Ottawa, exceeding expectations for a 0.3 percent gain in a Bloomberg survey of economists. Oil was a key driver, with non-conventional crude output jumping 5.3 percent as more production came back online after shutdowns. Nineteen of 20 industries showed gains, including retail sales rising 2 percent on the heels of weakness in April linked to cold weather. Canada GDP rose 0.5% m/m in May, according to Statistics Canada; change was 0.1% in previous month.

**South America**

**Mexico:** In Mexico, the Mexbol index fell just 5 bps where volumes were 15% better than the twenty day average. Sectors were mixed with consumer staples outperformed climbing 34 bps while utilities underperformed sliding 120 bps. Mexico's economy unexpectedly stalled in the second quarter amid a drop in oil and industrial output and a slowdown in services activity. Gross domestic product declined 0.1 percent from the previous quarter in seasonally adjusted terms, Mexico's national statistics institute said on its website Tuesday, compared with a 1.1 percent expansion in the first quarter. The median forecast of economists in a Bloomberg survey was for a rise of 0.3 percent. Non-seasonally adjusted GDP rose 2.7 percent from a year earlier. **Brazil:** In Brazil, the Bovespa index fell 138 bps where volumes were in line with the twenty day average. Most sectors finished in the red with materials climbing 74 bps while information technology underperformed sliding 900 bps. Brazil's unemployment rate fell more than expected in the three months through June as Latin America's largest economy added informal jobs. The jobless rate fell to 12.4 percent in the period, the national statistics institute reported Tuesday. The result was below all but two estimates from analysts, whose median forecast was for the rate to drop to 12.6 percent.

**Asia**

**Nikkei +0.04%, Hang Seng (0.52%), Shanghai Composite +0.26%**

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Asian benchmarks were largely little changed following the BoJ rate decision to keep monetary policy unchanged. Gauges in the region pared early losses as Japan's Nikkei 225 index and Australia's ASX 200 index finished flat. Taiwan's TAIEX and So. Korea's KOSPI index rose a modest 0.1% to 0.2% while greater China markets traded mixed with the Hang Seng falling 0.5% and Shanghai Composite up 0.2%. The BoJ left key interest rates unchanged while announcing policy tweaks, including a shift in purchases of exchange-traded funds toward assets linked to the Topix equities index and flexibility in bond operations. Gains in technology and consumer discretionary shares were offset by declines in utilities and financials. Shares of major shipping line Mitsui OSK rallied 4.3% after FY oper. Income forecasts topped estimates. Peers including Nippon Yusen and Kawasaki Kisen added 0.5% and 1.7%, respectively. Shares of Fast Retailing rallied 2.1% while exporters ended mixed including auto maker Toyota Motor, lower by 2.5% while consumer electronics Sharp and Panasonic added 0.4% apiece. Tech giant TDK Corp rallied 4% after a Q1 earnings beat. Stocks in Hong Kong fell as technology continued to weigh the most on the metric. Shares of internet giant Tencent Holdings slumped 2.7%, tracking declines in U.S. peers overnight. HK consumer shares also dragged stocks lower as food makers WH Group and Want Want China sank 1.3% and 1.8%, respectively. Australian stocks traded mixed after gains in resources and telecommunications were pared by declines in technology, healthcare and consumer discretionary shares. Gains in financials helped boost stocks in Taiwan while in Korea, gains in consumer discretionary, telecommunications and transportation stocks outweighed declines in financials and technology. Market volumes in Japan surged nearly 65% while remaining flat in Taiwan and Australia. Turnover fell 30% to 40% in Hong Kong and Korea.

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