

THE DAY AHEAD

MARKET RECAP at 4 pm ET

A surge in energy stocks following higher **oil** prices helped **indexes** recover losses in the previous session fueled by the Italian political crisis, while **Treasuries** dropped. The **euro** rebounded versus the **dollar**, while **gold** prices edged higher.

STOCKS	Close	Chng	%Chng	Yr-high	Yr-low
DJIA	24668.33	306.88	1.26	26616.71	20942.57
Nasdaq	7462.45	65.86	0.89	7637.27	6630.67
S&P 500	2724.07	34.21	1.27	2872.87	2532.69
Toronto	16048.66	126.05	0.79	16421.42	14785.78
FTSE	7689.57	56.93	0.75	7903.50	6866.94
Eurofirst	1508.79	3.46	0.23	1587.95	1415.80
Nikkei	22018.52	-339.91	-1.52	24129.34	20347.49
Hang Seng	30056.79	-427.79	-1.40	33484.08	29129.26

TREASURIES	Yield	Price
10-year	2.8387	-20 /32
2-year	2.4114	-6 /32
5-year	2.6711	-14 /32
30-year	3.0065	-26 /32

FOREX	Last	% Chng
Euro/Dollar	1.1658	1.04
Dollar/Yen	108.89	0.13
Sterling/Dollar	1.3279	0.21
Dollar/CAD	1.2878	-1.06
TR/HKEX RMB	98.20	0.03

COMMODITIES (\$)	Price	Chng	% chng
Front Month Crude /barrel	68.36	1.63	2.44
Spot gold (NY/oz)	1301.81	3.85	0.30
Copper U.S. (front month/lb)	0.0306	0.0001	0.13

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Monster Beverage Corp	51.96	2.67	5.42
Newfield Exploration Co	29.39	1.49	5.34
Anadarko Petroleum Corp	70.49	3.19	4.74
Apache Corp	40.71	1.71	4.38
LOSERS			
Michael Kors Holdings Ltd	60.41	-7.81	-11.45
Cboe Global Markets Inc	99.02	-2.97	-2.91
Discovery Inc	19.94	-0.47	-2.30
D.R. Horton Inc	42.39	-0.64	-1.49

Coming Up



A file photo of a Costco shopping cart at a Costco Wholesale store in Carlsbad, California September 11, 2013. REUTERS/Mike Blake

Costco Wholesale, the membership-only grocer, is expected to report a rise in third-quarter revenue and same-store sales, helped by growth in memberships and increased footfall in the United States. Investors will also watch for signs of improvement in its e-commerce platforms and the company's gross margins.

Facebook Inc is scheduled to hold its annual shareholder meeting. The company plans votes that will serve as referendums on its internal controls and the leadership of Mark Zuckerberg, amid pressure from U.S. and European regulators over a data leak that affected up to 87 million users.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Challenger layoffs for May	0730	--	36,081
Personal income mm for Apr	0830	0.3 pct	0.3 pct
Consumption, adjusted mm for Apr	0830	0.400 pct	0.400 pct
Core PCE price index mm for Apr	0830	0.100 pct	0.200 pct
Core PCE price index yy for Apr	0830	1.800 pct	1.900 pct
PCE price index mm for Apr	0830	--	0.000 pct
PCE price index yy for Apr	0830	--	2.000 pct
Initial jobless claims	0830	228,000	234,000
Continued jobless claims	0830	1.749 mln	1.741 mln
Chicago PMI for May	0945	58.0	57.6
Pending Homes Index for Apr	1000	--	107.6
Pending sales change mm for Apr	1000	0.4 pct	0.4 pct





A file photo of shoppers entering the American Eagle Outfitters store in Broomfield, Colorado August 20, 2014. REUTERS/Rick Wilking

Apparel maker **American Eagle Outfitters Inc** is expected to report a rise in first-quarter sales, helped again by its Aerie line of lingerie, although the company's profit margins may be under pressure due to a step-up in promotional spending.

St. Louis Fed President **James Bullard** is expected to participate in Market News International Connect Roundtable in Tokyo. Federal Reserve Board Governor **Lael Brainard** is likely to speak at the Forecaster's Club of New York luncheon in New York.

GameStop Corp, the world's largest retailer of videogames and gaming consoles, is expected to report a fall in first-quarter sales and profit, hurt by lower sales of new gaming software and hardware. The company's videogame retail business continues to fall as players increasingly buy games online by downloading them rather than visiting stores to buy game disks.

Network equipment maker **Ciena Corp** is expected to report a rise in second-quarter revenue as its telecom customers upgrade their wireless and wireline networks.

Personal consumption expenditure index data is due. The **core PCE index** is expected to fall to 0.1 percent from a previous 0.2 percent increase. **Consumer spending** is expected to have remained steady at 0.40 percent in April. Meanwhile, seasonally adjusted **initial jobless claims** numbers for the week ended May 26 are expected to have slipped to 228,000 from 234,000 the week before.

Discount retailer **Dollar General Corp** is expected to report an increase in first-quarter revenue, helped by higher customer traffic. However, margins may continue to be under pressure due to the company's aggressive pricing in the highly competitive grocery space. Investors and analysts will be looking out for any updates on the company's full-year targets.

Virtualization software maker **VMware Inc** is expected to report a rise in revenue and profit as it sells more licenses for its software products. Analysts and investors will be on the lookout for any commentary on its merger with Dell Technologies Inc.

Dollar store chain operator **Dollar Tree Inc** is expected to report higher revenue for the first quarter as high consumer confidence spurs spending. However, Dollar Tree's ability to keep its expenses in check will be something analysts and investors will be looking out for.

LIVECHAT- BONDS UPDATE

Reuters interest rate reporter Dhara Ranasinghe delves into government bond markets. (0830 ET/1230 GMT) To join the Global Markets Forum, [click here](#)

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Costco Wholesale	Q3	16:15	\$1.70	\$1.68	\$1.40	\$31,876.16
Dollar General	Q1	BMO	\$1.40	\$1.40	\$1.03	\$6,197.30
Dollar Tree	Q1	BMO	\$1.23	\$1.23	\$0.98	\$5,561.46
Ulta Beauty	Q1	NTS	\$2.48	\$2.48	\$1.91	\$1,517.80

*Includes companies on S&P 500 index. **Estimates may be updated or revised; release times based on company guidance or past practice.

EPS and Revenue estimates are according to Thomson Reuters I/B/E/S. Smart Estimates are according to Thomson Reuters StarMine.

Market Monitor

Stocks ended higher, with the S&P 500 and Dow registering their biggest daily percentage gains since May 4, as signs emerged of an easing of political turmoil in Italy and a surge in oil prices boosted energy stocks. Italy's 5-Star Movement party made a renewed attempt to form a coalition government and called for eurosceptic economist Paolo Savona to withdraw his candidacy as economy minister. The Italian government's successful auction of five- and 10-year bonds also assuaged concerns about the country's ability to finance itself after a sell-off in Italian bonds on Tuesday resulted in the biggest one-day surge for two-year yields in 26 years. Traders also said the political uncertainty in Italy also led to a drop in the expectations for U.S. interest rate hikes for the year, helping the stock markets gain momentum. "In essence, investors perceived the mounting risks in Europe to warrant almost one less rate hike this year than just one week ago, a meaningful shift in investor sentiment," John Lynch, chief equity strategist at LPL

Financial in Charlotte, North Carolina, wrote in a note. The **S&P energy index** jumped 3.12 percent to 563.02. Bank stocks, which were the worst hit on Tuesday, recovered with the **S&P financial index** rising 1.94 percent to 454.33. Cloud-based business software maker **Salesforce.com** rose 1.91 percent, while computer and printer maker **HP** jumped 4.04 percent after raising full-year profit forecasts. The **Dow Jones Industrial Average** was up 1.26 percent, at 24,668.33, the **S&P 500** was up 1.27 percent, at 2,724.07 and the **Nasdaq Composite** was up 0.89 percent, at 7,462.45.

Treasury yields rose, reversing sharp losses the previous session fueled by the Italian political crisis, as financial markets stabilized after Italy sought to end its turmoil with a plan for a new government. "This was a significant reversal," said Justine Lederer, Treasury analyst at Cantor Fitzgerald in New York. "I just think the moves yesterday based on Italy were a

little overdone." The **10-year notes** fell 20/32 to a yield of 2.84 percent and the **30-year bonds** were last down at 26/32, yielding 3.01 percent.

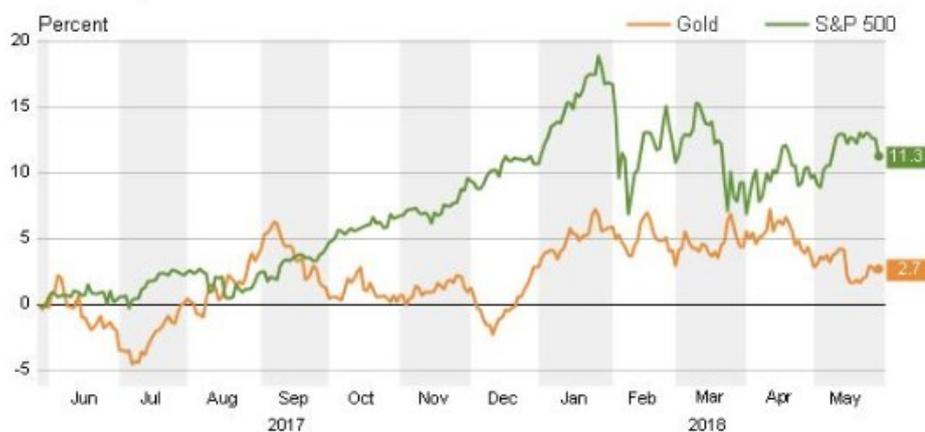
The **dollar** fell as the **euro** rebounded after reports that Italy's biggest party would make a renewed attempt to form a coalition government and end months of political turmoil. The **euro** rose 1.07 percent to \$1.1661. The **dollar index** was down 0.76 percent to 94.11. The **dollar** edged higher 0.14 percent against the yen at 108.90 **yen**. "We're seeing a relief trade today. Markets passed through the panic from yesterday so everything that sold off hard is climbing back, the euro in particular," said Greg Anderson, global head of FX strategy at BMO Capital Markets in New York.

Oil prices climbed as Russia's central bank expressed caution on plans to boost oil supply and analysts forecast a drawdown in U.S. crude inventories. **Brent** rose 3.09 percent, to \$77.72 a barrel. **U.S. crude** gained 2.46 percent, to \$68.37 a barrel. On May 25, sources told Reuters that Saudi Arabia and Russia are discussing raising oil output from OPEC and allied non-OPEC countries by around 1 million bpd. However, the Russian central bank said falling oil prices would pose a risk to the country's financial sector.

Gold prices edged higher as the dollar wilted after U.S. data showed the U.S. economy slowed slightly more than initially expected in the first quarter while political uncertainty lingered in Italy. **Spot gold** was up 0.33 percent at \$1,302.18 per ounce, while **gold futures for June delivery** were up 0.21 percent, at \$1,301.70 per ounce. Though gold prices edged higher, easing concerns of political strife in Italy dented the appeal for safe haven gold purchases, said Rob Haworth, senior investment strategist for US Bank Wealth Management.

Gold vs. the S&P 500

12-Month performance



Source: Thomson Reuters Datastream — Reuters graphic/Stephen Culp 30-05-2018

[Click on the chart for a full-size image](#)



Top News

Michael Kors says higher spending on Jimmy Choo will hit earnings

Michael Kors Holdings said higher spending to expand its upscale footwear brand Jimmy Choo will weigh on earnings this year. Kors' shares have soared some 90 percent over the past year as the company has steadily boosted profit margins by scrapping discounts on its pricey Mercer and Hamilton handbags. But Jimmy Choo, which New York-based Kors bought last year for \$1.2 billion, has seen its popularity wane among younger consumers. Kors plans to open some 30 new Jimmy Choo stores in the year ending March 2019, it said, adding that it had already signed supermodels Lily Aldridge and Rosie Huntington-Whiteley for the brand's fall marketing campaigns. Kors expects fiscal 2019 earnings of \$4.65 to \$4.75 per share, reflecting what it said was a 5- to 10-cent hit from investments in Jimmy Choo. Net income attributable to Kors was \$44.1 million in the fourth quarter, compared with a net loss of \$26.8 million a year earlier. Revenue rose to \$1.18 billion, exceeding analysts' estimate of \$1.15 billion.

Consumer Reports recommends Tesla's Model 3 after braking fix

Influential U.S. magazine Consumer Reports said that it now recommended Tesla's Model 3 sedan after its latest tests showed that a firmware update improved the car's braking distance by nearly 20 feet. The magazine last week flagged "big flaws" in the car, including braking slower than a full-sized pickup truck, while also highlighting many positives. The Model 3 sedan is seen as crucial to Tesla's profitability at a time when it is battling to reverse production shortfalls, confronting reports of crashes involving its vehicles and facing increased skepticism over its finances. The update improved the Model 3's overall score enough for a recommendation, said Consumer Reports, which had also raised other concerns such as the car's wind noise, stiff ride and uncomfortable rear seat. "Really appreciate the high quality critical feedback from @ConsumerReports. Road

noise & ride comfort already addressed too. UI improvements coming via remote software update later this month," Tesla Chief Executive Officer Elon Musk said in a tweet in response to the report.

Exxon shareholders reject proposal to split CEO, chair roles

Exxon Mobil shareholders rejected a proposal that would have split the roles of chairman and chief executive, securing CEO Darren Woods's role as he looks to improve results at the world's largest publicly traded oil producer. Woods, who became chairman and CEO in January 2017, has struggled to recover from failed bets taken by his predecessor Rex Tillerson, the former U.S. secretary of state, that resulted in billions of dollars in write-downs and a stock price that has lagged peers. Exxon under Woods has moved aggressively to launch major expansion programs to find and produce new reserves of oil and natural gas, as well as expand the company's refining and chemical footprint. Woods in March told Wall Street investors that the expansions

should help double Exxon's earnings by 2025 to about \$31 billion. Still, Exxon's first-quarter earnings fell short of expectations as weakness in its chemical and refining operations offset a boost from higher crude prices.

Trump weighs in on furor over racist Roseanne Barr tweet

U.S. President Donald Trump waded into the uproar over Roseanne Barr's racist tweet, complaining that an ABC TV executive who apologized for the comments had turned a deaf ear to criticism of him broadcast by the network. Barr sparked widespread anger with a tweet comparing Valerie Jarrett, an adviser to President Barack Obama, to an ape. Barr wrote in a now-deleted message that if the Islamist political movement "muslim brotherhood & planet of the apes had a baby = vj." The tweet led Walt Disney's ABC network to cancel its hit revival of her "Roseanne" sitcom, whose popularity Trump has cited as evidence his supporters, who include Barr, want shows that speak to their concerns. Jarrett said on



A Tesla Model 3 car is displayed during a media preview at the Auto China 2018 motor show in Beijing, China April 25. REUTERS/Jason Lee

Tuesday that Disney Chief Executive Bob Iger called her before ABC revealed the show's cancellation. "Gee, he never called President Donald J. Trump to apologize for the HORRIBLE statements made and said about me on ABC. Maybe I just didn't get the call?" Trump said on Twitter. Trump has been a persistent critic of the news media throughout his campaign and presidency. Barr blamed her late-night message on the sleep aid Ambien.

Dick's Sporting Goods raises profit forecast, shares soar

Dick's Sporting Goods topped analysts' estimates for quarterly results and raised its full-year profit forecast, sending its shares surging and on track for their best day since the 2002 initial public offering. The retailer of camping supplies, sporting goods and guns reiterated that its tighter gun sales policy would pressure its hunt business, but said the decision was attracting more customers to stores. Dick's raised its full-year profit forecast by 12 cents to \$2.92 to \$3.12 per share, betting on higher margins from selling more goods at full price and cutting back on inventories. The company maintained its annual same-store sales growth target of between flat to a low single-digit decline. Dick's reported first-quarter earnings of 59 cents per share, above analysts' average estimate of 45 cents. Sales of \$1.91 billion in the three months ended May 5 also exceeded estimate of \$1.88 billion, despite a 2.5 percent decline in same-store sales due to colder weather that hurt purchases of hunting gear and electronics. The company's shares closed higher 25.82 percent at \$38.35.

NXP shares fall as China's warning revives concerns over Qualcomm deal

Shares of NXP Semiconductors fell after China's latest warning against U.S. trade threats dulled hopes of an early approval by Beijing for Qualcomm's \$44 billion acquisition of the chipmaker. The company's shares gained about 9 percent since May 18 on media reports that the chances of the deal winning approval were looking "optimistic" as a U.S.-China trade spat cooled. Also helping was a deal the U.S. government reached to put ZTE Corp

back in business. Qualcomm lawyers were expected to meet this week in Beijing with China's antitrust regulators in a final push to secure clearance, three sources told Reuters on Sunday. The meeting was expected before U.S. Commerce Secretary Wilbur Ross arrived in China on Saturday, the sources briefed on Qualcomm's discussions had said. Shares of NXP were last down 0.60 percent at \$115.58.



Allergan plans sales of women's health, infectious disease units

Allergan plans to sell off its women's health and infectious disease businesses as Chief Executive Brent Saunders works to end the steep slide in its share price over the last year. Saunders said that after the sales, the company would focus on four core businesses: medical aesthetics, central nervous system, eye care and gastrointestinal products. Saunders said the decision by the board to shed just those two businesses was unanimous. Investors hoping for a dramatic shift in the Botox maker's strategy may be disappointed. Some analysts have suggested a breakup of the company could create value, but Allergan's executives have argued the process would be difficult, lengthy and costly, limiting its benefits.

Fox sets Disney deal vote for July 10

Twenty-First Century Fox will hold a special meeting on July 10th for its stockholders to vote on a proposed merger with Walt Disney, the company said. The Fox board also recommended backing the deal but said that it was aware of Comcast's moves to make an offer for certain assets of the company. Comcast said last week it was preparing a higher, all-cash offer for most of the media assets of

Fox, but sources say it will only proceed if a federal judge next month allows AT&T's planned \$85-billion acquisition of Time Warner. The announcement of the special meeting date comes after the largest U.S. cable operator Comcast put pressure on Fox and its shareholders to not rush into approving the Disney deal by going public with its plans of a "superior" offer.

Blast damages Kentucky UPS facility, hurts 2 workers

Two United Parcel Service employees were injured in an explosion that caused significant damage to one of the package delivery company's freight facilities in Lexington, Kentucky, a UPS spokesman said. UPS said a gas leak from propane tanks inside a trailer may have caused the morning blast, some 80 miles east of Louisville. The company said the employees received minor injuries and that it shut down operations. UPS spokesman Glenn Zaccara said he did not know when operations were expected to resume or how much freight volume was disrupted by the blast. The Lexington Fire Department said six people were taken to a local hospital for observation after the blast. Fire officials said the explosion caused significant structural damage to a maintenance facility, with the walls and roof hardest hit.

FDA clears Pfizer's Xeljanz for inflammatory bowel disease

The U.S. Food and Drug Administration said that it had approved Pfizer's drug, Xeljanz, to treat adults with moderate-to-severe active ulcerative colitis. The effectiveness of Xeljanz in treating ulcerative colitis was shown in three controlled clinical trials, including two trials that showed the drug caused disease remission in about 17-18 percent of the patients. The drug is already approved by the FDA to treat rheumatoid arthritis and psoriatic arthritis. Xeljanz is expected to bring in sales of \$2.16 billion in 2019, according to Thomson Reuters I/B/E/S. It had generated sales of \$1.35 billion in 2017. Ulcerative colitis is a chronic, inflammatory bowel disease that affects the colon and causes recurrent flares of abdominal pain and bloody diarrhea.



Russian journalist Arkady Babchenko (C), who was reported murdered in the Ukrainian capital on May 29, Ukrainian Prosecutor General Yuriy Lutsenko (R) and head of the state security service (SBU) Vasily Gritsak attend a news briefing in Kiev, Ukraine May 30, 2018. REUTERS/Valentyn Ogirenko

Insight and Analysis

How Kinder Morgan won a billion-dollar bailout on Canada pipeline

U.S. energy firm Kinder Morgan's C\$4.5 billion sale of an oil pipeline to Canada's government marked an extraordinary escape from months of fraught negotiations among warring camps of Canadian officials. But even before the bailout, the company had little to lose - despite the C\$1.1 billion it has spent so far on a plan to add a second pipeline from Alberta's oil sands to British Columbia's coast, according to a Reuters review of the project's bank financing and oil-shipping contracts with producers reserving space on the proposed line.

Trump's auto tariff plan threatens GM's \$7 billion South Korea rescue

Fresh off a \$7 billion rescue for its loss-making South Korean operation, General Motors faces a new threat as U.S. President Donald Trump considers higher vehicle import tariffs that could "make or break" its Asian subsidiary. Earlier this month GM agreed on the bailout package with the South Korean government in return for a pledge to stay in the country for at least 10 years, purchase more Korean-made parts and produce two new models popular in the U.S. market. But less than two weeks later, the Trump administration launched a national security investigation into car and component imports that could lead to new U.S. tariffs similar to those imposed on imported steel and aluminum in March.

COLUMN-Saudis can take action on crude prices, US exports ahead of OPEC words: Russell

Next month's meeting of the Organization of the Petroleum Exporting Countries (OPEC) is being touted as key to the outlook for crude oil prices, but a strong indication of what's likely will come next week. Saudi Aramco, the state-owned producer of the world's largest crude exporter, will release its official selling prices (OSPs) for July-loading cargoes, and these in turn largely set the prices for much of the exports from the Middle East. The problem with set-piece meetings like the OPEC gathering on June 22 in Vienna is that they focus tremendously on what is said, rather than what is actually done.

CANADA

Coming Up

The Canadian **economy** is expected to have grown at an annualized 1.8 percent pace in the first quarter, largely in line with the previous quarter as growth was likely restrained by weak exports and a slowdown in housing amid tougher mortgage rules. Investors will also look at March's figures to see if the economy had stronger momentum heading into the second quarter.

Bank of Canada Deputy Governor **Sylvain Leduc** will give an economic progress report the day after the central bank's interest rate decision. The speech will be followed by a press conference and investors will be looking for clues of how fast policymakers expect rates to move higher.

TSE's S&P/TSX composite	Price	\$ chng	% chng
GAINERS			
MEG Energy Corp	9.52	0.65	7.33
Ivanhoe Mines Ltd	3.26	0.18	5.84
LOSERS			
Laurentian Bank of Canada	45.38	-2.22	-4.66
Alacer Gold Corp	2.38	-0.09	-3.64

MARKET MONITOR

Canada's **main stock index** rose as energy shares gained from a rise in oil price. The Toronto Stock Exchange's **S&P/TSX composite index** was up 0.79 percent, at 16,048.66. Shares of **Suncor Energy** were up 1.97 percent and **Canadian Natural Resources** rose 1.61 percent. The **financials sector** gained 0.44 percent to 297.86. **Bank of Montreal** rose 0.17 percent. **Laurentian Bank of Canada** fell 4.66 percent after it said it had to buy back inadvertently insured mortgages from Canada Mortgage and Housing Corp. **Canadian Pacific Railway** was last up 1.82 percent.

The **U.S. dollar** fell 1.06 percent against the **Canadian dollar** to C\$1.2878.

Top News

Bank of Canada holds rates but signals more hikes ahead

The Bank of Canada held interest rates steady but dropped cautious language about future rate moves in a signal that higher borrowing costs could come as soon as its next meeting in July, sending the Canadian dollar higher. While the central bank noted uncertainty about trade policy and stresses in emerging market economies, it dropped oft-repeated language pledging a cautious approach to setting monetary policy, suggesting gradual rate hikes will soon resume.

Canadian Pacific reaches tentative agreement with striking workers

Canadian Pacific Railway said a strike by more than 3,000 workers over employment terms ended after the railroad operator reached tentative agreements with labor union Teamsters. About a quarter of Canadian Pacific workers staged a walk-out on Tuesday night, throwing industries dependent on its transportation into disarray. The railroad operator said it had reached four- and five-

year agreements with its employees. The company did not provide further details on the agreements but Teamsters Canada in a statement said operations at the company's affected facilities would resume on Thursday.

Bank of Montreal follows rivals with forecast-beating results

Bank of Montreal reported second quarter results which were ahead of market expectations, helped by strong performances at its retail and wealth management businesses in Canada and the United States. The lender said earnings per share, excluding exceptional items, rose by 15 percent to C\$2.20 in the quarter. Analysts had on average forecast earnings of C\$2.12 per share, according to Thomson Reuters I/B/E/S data. Bank of Montreal's net income, excluding one-off items, rose 13 percent to C\$1.5 billion.

Canada's current account deficit widens as trade gap grows

Current account deficit widened to C\$19.50 billion in the first quarter, the

third largest ever, thanks to a growing international trade gap in goods, Statistics Canada said. The trade deficit in goods jumped to C\$8.97 billion from C\$7.49 billion as imports grew at a faster rate than exports. Imports rose to C\$148.23 billion from C\$145.25 billion on higher shipments of motor vehicles and parts as well as energy products. Exports edged up to C\$139.26 billion from C\$137.75 billion on greater demand for energy products.

Canada producer prices rise by 0.5 percent in April on energy

Producer prices rose by 0.5 percent in April from March, the fourth consecutive increase, on higher prices for energy and petroleum products, Statistics Canada said. Energy and petroleum products prices posted a 4.5 percent gain as members of the OPEC cut production levels, putting pressure on supplies. Prices for electronic and telecommunications products, as well as pulp and paper products, both fell by 0.5 percent thanks to a 1.6 percent increase in the value of the Canadian dollar against the greenback in April.



WEALTH NEWS

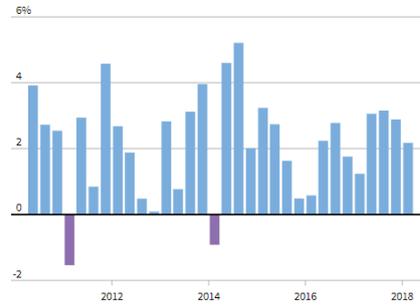
GDP REVISED DOWN

U.S. first-quarter growth trimmed on weak consumer spending

U.S. economic growth slowed slightly more than initially thought in the first quarter as consumer spending rose at its weakest pace in nearly five years, but activity is already picking up against the backdrop of a tightening labor market and tax cuts. Gross domestic product increased at a 2.2 percent annual rate, the Commerce Department said in its second estimate of first-quarter GDP, instead of the previously reported 2.3 percent pace. Separately, the ADP national employment report showed private sector payrolls increased by 178,000 jobs in May after rising 163,000 in April.

U.S. GDP

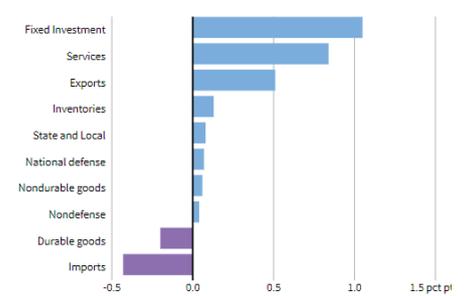
ANNUALIZED CHANGE



Source: Thomson Reuters Datastream
By Jiachuan Wu and Stephen Culp | REUTERS GRAPHICS

Click on the chart for an interactive graphic

COMPONENTS - LATEST QUARTER



OIL SUPPLIES DEAL

OPEC, non-OPEC sticking to oil pact but may raise output if needed - Gulf source

Saudi Arabia, other OPEC states and non-OPEC allies aim to stick to a global pact on cutting oil supplies until the end of 2018 but are ready to make gradual adjustments to offset any supply shortage, a Gulf source familiar with Saudi thinking said.

CHINA WARNS

China vows to protect its interests from "reckless" U.S. trade threats

China lashed out at renewed threats from the White House on trade, warning that it was ready to fight back if Washington was looking for a trade war, days ahead of a planned visit by U.S. Commerce Secretary Wilbur Ross.

REVISION OF BANK RULES

Fed, U.S. regulators unveil first 'Volcker Rule' rewrite

U.S. regulators unveiled a proposal to ease rules reining in banks' risky trading, outlining changes that will cut compliance costs but stopping far short of allowing firms to return to their gambling days seen before the 2007-2009 financial crisis.

FUND SLIPS

Bill Gross' Janus bond fund drops to last in peer group

Billionaire Bill Gross' bond fund dropped more than 3 percent in one day - its worst single-day performance since launching in 2014 - and plunged to last in its peer category, Lipper data showed.

ARCA CAPITAL BACKS ICAHN

Arca Capital urges AmTrust shareholders to vote against go-private plan

Arca Capital, a top shareholder in AmTrust Financial, joined activist investor Carl Icahn in opposing the U.S. insurer's deal to be taken private.

KEMP'S COLUMN

Over-extended oil prices were primed for a fall

Pay attention to what traders actually do, not what they say, is one of the most important principles for successful oil market analysis. Despite all the bullish commentary around oil prices in recent weeks, there was plenty of forewarning prices were primed for a setback.



A gust of wind blows the Pope's mantle as he greets the Carabinieri after the Wednesday general audience in Saint Peter's square at the Vatican, May 30. REUTERS/Max Rossi

The Day Ahead - North America is compiled by Shradha Singh and Sourav Bose in Bengaluru.

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