

MORNING NEWS CALL

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U.S. Edition

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TOP NEWS

• **AstraZeneca says COVID-19 "vaccine for the world" can be 90% effective**

AstraZeneca said its COVID-19 vaccine could be around 90% effective, giving the world another weapon to fight the global pandemic and potentially cheaper to make, easier to distribute and faster to scale-up than rivals.

• **Google under review for possible British competition inquiry**

Britain's competition regulator said it had received a complaint about Google related to its market study this year on online platforms and digital advertising.

• **As Biden marches forward with Cabinet, Trump hopes likely to fade in key states**

U.S. President Donald Trump's increasingly tenuous efforts to reverse his election loss to President-elect Joe Biden could be dealt a lethal blow on Monday, as Biden turns to the task of building his cabinet.

• **In latest China jab, U.S. drafts list of 89 firms with military ties**

The Trump administration is close to declaring that 89 Chinese aerospace and other companies have military ties, restricting them from buying a range of U.S. goods and technology, according to a draft copy of the list seen by Reuters.

• **FOCUS-Boeing 737 MAX jets undergo round-the-clock effort to clear inventory**

The future of Boeing's freshly approved 737 MAX is in the hands of nearly 700 workers toiling behind the gray doors of a three-bay hangar at a desert airport in Washington state.

BEFORE THE BELL

Wall Street futures rose, in line with **global equities**, as investors pinned hopes for economic revival on coronavirus vaccines, even as the world contended with surging infection rates and delays to new U.S. stimulus. **Gold** eased as fresh optimism in the race for a COVID-19 vaccine following AstraZeneca's update bolstered appetite for riskier assets and overshadowed support for bullion from a weaker **dollar**. **Oil** prices gained as traders eyed a recovery in demand.

STOCKS TO WATCH

Deals Of The Day

• **Merck & Co Inc (MRK)**. The company has agreed to acquire drugmaker **Oncolmmune** in a deal that will give it control of a drug that could help ease symptoms and reduce deaths in patients with severe or critical cases of COVID-19. Merck is paying \$425 million for the private company, in addition to extra payments for regulatory milestones and sales. Merck has built out its portfolio of COVID-19 medicines through a series of deals in recent months, including the acquisition of Australian drugmaker Themis and a partnership with Ridgeback Biotherapeutics LP. Oncolmmune recently announced positive interim data from a phase 3 trial of its leading therapeutic candidate, CD24F, for patients with severe and critical COVID-19. The data show that the therapy, which is administered as an injection, increased the likelihood of symptom improvement in serious COVID-19 cases and also reduced the risk of respiratory failure and death, said Roger Perlmutter, who heads research at Merck.

In Other News

• **Alibaba Group Holding Ltd (BABA)**. China's increasing oversight of internet platforms is both "timely and necessary", the company's CEO Daniel Zhang told the World Internet Conference on Monday. Zhang said Chinese internet companies had moved to the forefront of the global industry with the help of government policies, but regulations need to evolve. "To ensure a more orderly and healthy development of the internet and the digital

economy, relevant state departments are seeking opinions on policies and regulations for the internet platforms ... this is very timely and necessary," he said.

- **Alphabet Inc (GOOGL).** Britain's competition regulator said it had received a complaint about Google related to its market study this year on online platforms and digital advertising. The complaint from a coalition of technology and publishing called Marketers for an Open Web (MOW) said they wanted the Competition and Markets Authority (CMA) to delay the launch of Google's so-called Privacy Sandbox technology. MOW said this would remove features such as login and advertising from the open web and put them under Google control. "We take the matters raised in the complaint very seriously, and will assess them carefully with a view to deciding whether to open a formal investigation under the Competition Act," the CMA said in a statement. "If the urgency of the concerns requires us to intervene swiftly, we will also assess whether to impose interim measures to order the suspension of any suspected anti-competitive conduct pending the outcome of a full investigation." MOW said Google's Chrome browser and Chromium developer tools were being modified to give it greater control over how publishers, advertisers and other digital businesses can operate.

- **AMC Networks Inc (AMCX).** The cable channels operator said on Friday it would restructure its operations by reducing its domestic workforce and centralizing some functional areas. The company did not disclose how many employees would be impacted by the move, which is expected to result in severance costs of between \$20 million and \$25 million in the fourth quarter. The majority of the severance payments will be made next year, it said in a regulatory filing.

- **Apple Inc (AAPL) & Alphabet Inc (GOOGL).** Apple, advertising giant GroupM and others asked the judge hearing the Justice Department's lawsuit against Google on Friday to allow them to designate certain data used by the government as "highly confidential," to ensure that no-one from Google could see it. The Justice Department put at the core of its antitrust case the billions of dollars that Google paid to be the default search engine on Apple's iPhones, and Apple noted in its filing that sensitive data was used to write the complaint. Like Apple, companies including AT&T, Microsoft and Amazon.com which assisted the government asked Judge Amit Mehta of the U.S. District Court for the District of Columbia to create a tier of data deemed "highly confidential" and to prohibit any Google employee from having access to it. GroupM further asked that the information be "disclosed only on an 'outside attorneys' eyes only' basis."

- **AstraZeneca PLC (AZN).** The British drugmaker said its COVID-19 vaccine could be around 90% effective, giving the world another weapon to fight the global pandemic and potentially cheaper to make, easier to distribute and faster to scale-up than rivals. The company said it will have as many as 200 million doses by the end of 2020 - around four times as many as U.S. competitor Pfizer. Seven hundred million doses could be ready globally as soon as the end of the first quarter of 2021. The vaccine was 90% effective in preventing COVID-19 when it was administered as a half dose followed by a full dose at least a month later, according to data from late-stage trials in Britain and Brazil. No serious safety events were confirmed, the company said. "This means we have a vaccine for the world," said Andrew Pollard, director of the Oxford University vaccine group that developed the drug. The effectiveness of AstraZeneca's vaccine depended on the dosing, and fell to just 62% when given as two full doses rather than a half-dose first. But scientists cautioned against seeing this as evidence that it would be less useful than rivals. Vaccines from Pfizer and Moderna each prevented about 95% of cases according to interim data from their late-stage trials.

- **Blackstone Group Inc (BX).** The private equity firm is seeking to raise about \$5 billion for its second private equity fund focused on Asia, according to a person familiar with the matter. The company could also increase the size of the fund in the coming months, depending on the level of demand for it, the person said. Blackstone plans to launch the fund in the first quarter of 2021, according to the source. The new vehicle, like Blackstone's first Asia private equity fund, will focus on India, Japan, Korea and Australia, the person added.

- **Boeing Co (BA).** Europe is set to lift its flight ban on the Boeing 737 MAX passenger jetliner in January after U.S. regulators last week ended a 20-month grounding triggered by two fatal crashes. The head of the European Union Aviation Safety Agency (EASA) said in remarks aired on Saturday that the 737 MAX was safe to fly after changes to the design of the jet that crashed twice in five months in 2018 and 2019, killing 346 people. "We wanted to carry out a totally independent analysis of the safety of this aircraft, so we performed our own checks and flight tests," Executive Director Patrick Ky told the Paris Air Forum, an online aviation conference hosted by La Tribune. "All these studies tell us that the 737 MAX can return to service. We have started to put in place all the measures," he said. "It is likely that in our case we will adopt the decisions, allowing it to return to service, some time in January."

- **Broadridge Financial Solutions Inc (BR).** The company, which makes the software behind many virtual shareholder meetings, said it will support competitors so the events can run more smoothly after some rocky moments in the early months of the COVID-19 pandemic. While the move may help rivals, Broadridge, as the

largest recordkeeper of shareholder information, has more to gain if online meetings gain wider acceptance, Cathy Conlon, vice president of strategy, said in a recent interview. "From our perspective those considerations are more important than maintaining a competitive advantage," she said. Technology updates will give investors more options to speak or view executives, if client companies use those settings, to address concerns that some "are hiding behind the technology," Conlon said.

• **Delta Air Lines Inc (DAL) & Boeing Co (BA).** The airline's Chief Executive Ed Bastian hinted at the possibility of purchasing Boeing's 737 MAX, which was recently approved to fly again by U.S. regulators, in an interview to the Financial Times on Sunday. "We're talking to Boeing about lots of different things, the Max included," Delta's chief executive told the Financial Times. "If there is an opportunity where we would feel comfortable acquiring the MAX we'd have no hesitation doing that," Bastian added. Bastian also cast doubts on travel corridor between New York and London calling it "complicated" and said it would be easier to relaunch transatlantic flights to "just about any" other European capital.

• **Eli Lilly & Co (LLY).** Canada has granted interim authorization to Eli Lilly's antibody drug for treating COVID-19 in patients who are not hospitalized, but are at risk of serious illness because of their age or other conditions, the drugmaker said on Friday. The news comes weeks after the treatment, bamlanivimab, was given U.S. emergency use authorization (EUA) by the Food and Drug Administration for helping newly-diagnosed, high-risk patients avoid hospitalization. Bamlanivimab was developed in partnership with the Canadian biotech company AbCellera. The Health Canada authorization was based on a clinical study in patients with mild-to-moderate COVID-19, where patients treated with bamlanivimab showed reduced viral load and rates of symptoms and hospitalization.

• **General Electric Co (GE).** GE and a Vietnamese company on Saturday signed a memorandum of understanding to develop a liquified natural gas power plant, according to GE and a senior Trump administration official. The signing took place during an event in Hanoi attended by Robert O'Brien, U.S. President Donald Trump's national security adviser, who was on a three-day visit to Vietnam, said the official, who requested anonymity in order to discuss the issue. Under the MOU signed with Vietnam's EVNGenco3, the Massachusetts-based U.S. firm will endeavor to provide its "best-in-class" gas turbine technology, other equipment and services estimated at more than \$1 billion over the lifetime of the project to be built near Ho Chi Minh City, GE said in a statement.

• **General Motors Co (GM) & Toyota Motor Corp (TM).** A group representing GM, Toyota, Volkswagen and other major automakers filed suit on Friday to block a Massachusetts state ballot initiative that seeks to dramatically expand access to vehicle data. Earlier this month, voters in Massachusetts overwhelmingly approved an initiative to revise the state's 2013 "Right to Repair" law to require automakers to provide expanded access to mechanical and electronic repair data and allow independent shops to repair increasingly sophisticated technology. The Alliance for Automotive Innovation trade group said if the law takes effect "years of manufacturers' work and billions of dollars in investment to protect and secure vehicle data will effectively be obliterated."

• **GigCapital2 Inc (GIX).** The blank-check acquisition company has agreed to merge with UpHealth Holdings Inc and Cloudbreak Health LLC to create a digital healthcare company valued at \$1.35 billion, people familiar with the matter said. By combining UpHealth Holdings and Cloudbreak, GigCapital2 plans to create a company focused on digital care management, telehealth, digital pharmacy and technology-enabled behavioral health, the sources said, adding that the merged company expects to generate approximately \$115 million in revenue in 2020. The sources requested anonymity ahead of the deal's expected announcement later on Monday. GigCapital2, which raised \$150 million in an IPO in June 2019, plans to raise \$160 million in form of a private investment in public equity, or PIPE transaction, to help finance the new deal, the sources said.

• **Moderna Inc (MRNA).** The drugmaker will charge governments between \$25 and \$37 per dose of its COVID-19 vaccine candidate, depending on the amount ordered, Chief Executive Stephane Bancel told German weekly Welt am Sonntag (WamS). "Our vaccine therefore costs about the same as a flu shot, which is between \$10 and \$50," he was quoted as saying. "Nothing is signed yet, but we're close to a deal with the EU Commission. We want to deliver to Europe and are in constructive talks," Bancel told WamS, adding it was just a "matter of days" until a contract would be ready.

• **Pfizer Inc (PFE) & BioNTech SE (BNTX).** Britain could give regulatory approval to Pfizer-BioNTech's COVID-19 vaccine this week, even before the United States authorises it, the Telegraph news site reported on Sunday. Citing government sources, it said British regulators were about to start a formal appraisal of the vaccine, made by Pfizer and BioNTech, and that the National Health Service had been told to be ready to administer it by Dec. 1. A spokesman said the authorisation process by the medical regulator Medicines and Healthcare Products Regulatory Agency (MHRA) is independent of the government and will take as long as they need to review the final data from Pfizer. "An enormous amount of planning has taken place to ensure our health service stands ready

to roll out a COVID-19 vaccine," the spokesman added. Separately, The U.S. Food and Drug Administration's outside advisers will meet on Dec. 10 to discuss whether to authorize the COVID-19 vaccine developed by Pfizer and BioNTech for emergency use, the agency said on Friday.

• **Regeneron Pharmaceuticals Inc (REGN).** The U.S. Food and Drug Administration on Saturday issued emergency use authorization for Regeneron's COVID-19 antibody therapy, an experimental treatment given to U.S. President Donald Trump that he said helped cure him of the disease. The FDA said the monoclonal antibodies, casirivimab and imdevimab, should be administered together for the treatment of mild to moderate COVID-19 in adults and pediatric patients with positive results of direct SARS-CoV-2 viral testing and who are at high risk for progressing to severe COVID-19. This includes those who are 65 years of age or older or who have certain chronic medical conditions. Regeneron said on Saturday the clinical evidence from outpatient trial suggests that monoclonal antibodies such as REGEN-COV2 have the greatest benefit when given early after diagnosis and in patients who have not yet mounted their own immune response or who have high viral load.

• **Tesla Inc (TSLA).** Workers at Tesla's California vehicle factory are deemed essential and are not impacted by the state's latest restrictions to curb a new surge in coronavirus infections, the California health department said on Friday. The stay-at-home order prohibits non-essential business from 10 p.m. until 5 a.m. each day and applies in the majority of the state's counties, including Alameda County, where Tesla's factory is located. Asked whether the order applied to workers at Tesla's Fremont factory, the California Department of Public Health in a statement said it did not apply to employees deemed essential workers, with manufacturing listed as an essential workforce. "The Critical Manufacturing Sector identifies several industries to serve as the core of the sector including Transportation Equipment Manufacturing Products," the office said.

• **Twitter Inc (TWTR) & Facebook Inc (FB).** The social media companies will transfer control of the @POTUS account to the Joe Biden administration on Jan. 20, the companies said on Saturday. "Twitter is actively preparing to support the transition of White House institutional Twitter accounts on January 20th, 2021. As we did for the presidential transition in 2017, this process is being done in close consultation with the National Archives and Records," the company confirmed to Reuters on Saturday. "In 2017, we worked with both the Obama Administration and incoming Trump Administration to make sure the transition of their Facebook and Instagram accounts was seamless on January 20th, and we expect to do the same here," Facebook said in response to a query from Reuters.

• **Yandex NV (YNDX).** The Russian internet giant announced further expansion in Israel with the launch of its online grocery delivery, a service that has capitalised on demand in Russia during the COVID-19 pandemic. Yango, the international arm of Yandex Go, the firm's taxi aggregator and food tech business, said the service would operate in Israel under a new brand, Deli, and would initially deliver goods within 10-15 minutes from small warehouses around three cities, Tel Aviv, Gamat Ran and Givatayim, before expanding to other areas. The service works using 'dark stores', dedicated warehouses that cater only to online clients, allowing for swift delivery and cheaper rental costs, Yango said. It generated 2.5 billion roubles in revenue in the third quarter, Yandex said.

ANALYSIS

With end of crisis programs, Fed faces tricky post-pandemic transition

The possible arrival of a coronavirus vaccine in the coming weeks means the Federal Reserve may soon have to lay out its plans for helping the economy navigate the potentially choppy transition to a post-pandemic world.

ANALYSTS' RECOMMENDATION

• **Advanced Micro Devices Inc (AMD).** RBC raises target price to \$100 from \$92, saying gaming will be a steadier secular growth business for the company.

• **Foot Locker Inc (FL).** JPMorgan raises target price to \$44 from \$34, citing that the company's trajectory is back on track with its double-digit EPS growth.

• **Home Depot Inc (HD).** JPMorgan cuts target price to \$296 from \$310, reflecting that the company faces headwinds with the duration of the housing downturn, sluggish macro recovery, limited payroll growth, and pullback of discretionary, big-ticket purchasing.

• **HP Inc (HPQ).** Evercore ISI raises target price to \$24 from \$22, saying the company results should come in above consensus given the combination of continued momentum in the PC market and improving print market fundamentals.

• **L Brands Inc (LB)**. Barclays raises target price to \$44 from \$34, citing the company's impressive third-quarter performance.

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

0830 **National Activity Index** for Oct: Prior 0.27

0945 **Markit Composite Flash PMI** for Nov: Prior 56.3

0945 **Markit Manufacturing PMI Flash** for Nov: Expected 53; Prior 53.4

0945 **Markit Services PMI Flash** for Nov: Expected 55.3; Prior 56.9

COMPANIES REPORTING RESULTS

Agilent Technologies Inc (A). Expected Q4 earnings of 93 cents per share

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

0800 **Twist Bioscience Corp (TWST)**. Q4 earnings conference call

0830 **Warner Music Group Corp (WMG)**. Q4 earnings conference call

1630 **Agilent Technologies Inc (A)**. Q4 earnings conference call

1630 **Arrowhead Pharmaceuticals Inc (ARWR)**. Q4 earnings conference call

1630 **Nutanix Inc (NTNX)**. Q1 earnings conference call

EXDIVIDENDS

Amcor PLC (AMCR). Amount \$0.11

Brunswick Corp (BC). Amount \$0.27

Cable One Inc (CABO). Amount \$2.50

Dolby Laboratories Inc (DLB). Amount \$0.22

Equifax Inc (EFX). Amount \$0.39

Johnson & Johnson (JNJ). Amount \$1.01

Prudential Financial Inc (PRU). Amount \$1.10

Steris plc (STE). Amount \$0.40

Timken Co (TKR). Amount \$0.29

Warner Music Group Corp (WMG). Amount \$0.12

Westlake Chemical Corp (WLK). Amount \$0.27

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

PICTURE OF THE DAY



*U.S. President Donald Trump drives a golf cart at the Trump National Golf Club in Sterling, Virginia, November 22.
REUTERS/Hannah McKay*

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(Compiled by Benny Thomas and Nidhi C Sai in Bengaluru)

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