

# WALL STREET

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## US stocks gain, financials lead on deregulation, Macy's could have a Canadian owner

Financials led the gains on the benchmark S&P 500 on Friday after US President Donald Trump signed off on two executive actions to make good his promise to reform financial regulation, while the Dow landed back over the 20,000 level.

One of the orders took aim at the 2010 Dodd-Frank law passed in response to the financial crisis and another concerning financial professionals' advice to clients on their retirement savings.

The latter, the so-called fiduciary rule called for financial advisors to act in their clients' best interests when giving advice on retirement investments. The executive action calls for the US Labour Department to review the rule, which was slated to take effect starting in April.

Stocks were also higher after a surprisingly strong January non-farm payrolls report, as well confirmation of a major retailing takeover development.

S&P Financials sector jumped by 2% to 393 on Friday, as rumours swirled early in the day that a dent in financial regulation was on the cards.

Among the top gainers on the S&P 500, which closed up 0.7% at 2297, were Morgan Stanley (NYSE:MS) up 5.5% at \$44.43 - and the third-best performing stock in the index, Visa Inc (NYSE:V) up 4.6% at \$86.08, but which also enjoyed positive coverage of its results by brokers such as Wedbush.

Invesco (NYSE:IVZ) gained 4.5% to \$30.89, while Goldman Sachs (NYSE:GS), worth a quarter of the upside of the Dow Jones Industrial Average, closed up 4.5% at \$240.87. The Dow itself ended up 0.9% at 20,071.

Citigroup (NYSE:C) closed up 3.2% at \$57.75, JP Morgan (NYSE:JPM) up 3% at \$87.15, and Wells Fargo (NYSE:WFC) up 2.7% at \$57.26.

But one of the joint top gainers on the S&P 500 was retail group Macy's (NYSE:M), which gained 6.5% to \$32.73 after it was confirmed that the largest US department chain had received a takeover approach from Hudson's Bay, as the Canadian retailer seeks to further expand its collection of American-based fashion shops.

For Hudson's Bay, which has been aggressively expanding its footprint in the US, including the 2013 takeover of high-end chain Saks Fifth Avenue, the acquisition of Macy's would transform it from a niche upmarket player to a giant retailer.

But there were some doubts cast as the market cap of Hudson's is \$2bn to Macy's \$10bn, so the Canadian player would have to take on a heavy debt burden.

Hudson's Bay Co (TSE:HBC) closed up 3.9% at C\$10.39 and the TSX Composite in Toronto finished up 0.5% at 15,476.

Elsewhere, the tech-heavy Nasdaq Composite had to nurse a slew of poorly-performing stocks after earnings setbacks. Amazon (NASDAQ:AMZN) was one of them, down 3.5% at \$810.20, and GoPro another down a hefty 12.7% to \$9.58. The Nasdaq itself ended up 0.5% at 5666.

### Share Information

#### MarketTopic Synopsis:

*A look at the US markets.*

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The S&P Midcap 400 index closed solidly up by 1.3% at 1706 and was led by Fortinet Inc (NASDAQ:FTNT) up 13.7% at \$37.72 after beating fourth-quarter earnings and offering a robust outlook.

The S&P Smallcap 600 was also soaring, by 1.6% to 841 and led by Ciber Inc (NYSE:CBR) up 31.8% at \$0.29. The stock bounced back from an oversold position the previous session when it was demoted from the S&P 400 to the S&P 600. It began trading in the smallcap eco-system on Friday.

#### Pre-Open

US equities will open higher on Friday, spurred on by surprisingly strong non-farm payroll data and cancelling out a setback for several tech stocks reporting their earnings overnight.

If GDP is the mother of all data, non-farm payrolls are the father. January saw 227,000 jobs created. That was well above a forecast 175,000 and markedly better than 157,000 in December.

The data will offer a tonic to new President Donald Trump who has vowed to protect US jobs over the next four years of his administration, especially as he gears up to meet with his cherry-picked group of influential CEOs he's tapped to share their views on the economy later on Friday.

The group, dubbed the Strategic and Policy Forum, is led by Blackstone (NYSE:BX) boss Stephen Schwarzman and includes JPMorgan Chase (NYSE:JPM) CEO Jamie Dimon and Tesla (NASDAQ:TSLA) founder Elon Musk.

But there was one fly in the ointment. Economists forecast the unemployment rate remained steady at 4.7% but it rose to 4.8% in January.

The data may also provide the Federal Reserve with the direction it needs if it wants to get off the fence from this week's non-event rate meeting and press on with monetary tightening in 2017 as it proposed late last year.

The S&P 500 market bellwether was indicated up 0.2%, the Dow Jones Industrial Average up 0.3% and the tech-heavy Nasdaq Composite up a modest 0.06%.

But investors were unimpressed with overnight earnings from online retailer Amazon (NASDAQ:AMZN), activity camera maker GoPro (NASDAQ:GPRO), cybersecurity firm FireEye (NASDAQ:FEYE) and clothes group HanesBrands (NYSE:HBI). FireEye shares are down by 20% at \$10.38 pre-market.

Amazon shares were 4.2% lower at \$805.00 pre-market, while GoPro shed 11.6% to \$9.70. HanesBrands was down 9.8% at \$20.49 pre-market.

Meanwhile, record shipments of disinfecting wipes and toilet bowl cleaners helped Clorox (NYSE:CLX) deliver better-than-expected earnings during the last three months of last year.

The maker of a range of consumer products, including liquid bleach, Glad trash bags and Burt's Bee products saw net sales rise 4.5 per cent to \$1.4bn during its fiscal second quarter. Net earnings was flat at \$149m, or \$1.14 per diluted share as the sales gains were offset by a \$21m impairment charge Clorox had to take on Aplicare - the antiseptics business it acquired five years ago.

Clorox shares were up 1.7% at \$122.26 pre-market.

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