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Bloomberg



Good afternoon. Here's what you need to know to end your day.

- The retail mood turned sour on dreary earnings.
- People listening in on Trump's Ukraine call said things weren't right.
- Want a raise? Move to Texas.

Home Depot and Kohl's posted disappointing results, raising doubts about whether American consumers can keep up the spending as the holiday season approaches.

- **Home Depot's weak performance**—comp sales grew 3.6% last quarter versus the 4.6% consensus—was all the more surprising since the company had told investors that the second half of the year would be better. Same-store sales have now trailed projections for three straight quarters.
- **At Kohl's, that metric** increased 0.4% in the third quarter, half of what analysts expected. The retailer now says profit ex-items will be \$4.75 to \$4.95—with the new top of the range 50 cents below the previous outlook.
- **Urban Outfitters reported** same-store sales of 3%, which topped the Consensus Metrix estimate but was down from 8% a year ago. Comparable sales at its chains—Urban Outfitters, Free People and Anthropologie—all missed. Shares fell more than 10% in late trading.
- **And then there was Macy's**, which doesn't report until Thursday. It fell 11% after confirming some customers were exposed to a data hack while shopping on its website last month.
- **TJX had a better day**. Shares rose on what MKM's Roxanne Meyer called a "high quality" quarter. She believes the T.J. Maxx and HomeGoods owner will continue to benefit from exceptional products, effective marketing and new customer growth.

- **Stocks ended the day mixed** as investors weighed the retail data against new developments in the trade saga.



The second week of public impeachment hearings began with two witnesses saying that Trump's Ukraine call was inappropriate.

- **Lieutenant Colonel Alexander Vindman** said the July 25 call between Donald Trump and Ukrainian President Volodymyr Zelenskiy, which he listened in on, so alarmed him that he reported it to the White House counsel. "It was inappropriate, it was improper for the president to request, to demand an investigation into a political opponent," he said.
- **Jennifer Williams**, a State Department employee assigned to VP Mike Pence's office who also listened in, said the call was outside the bounds of typical presidential interactions since "it involved discussion of what appeared to be a domestic political matter."
- **Under questioning from Republican** staff lawyer Steve Castor, Vindman said he was offered the job as Ukraine's defense minister while on an official trip to that country. Vindman, an immigrant from Ukraine, called the offer "comical," and said he reported it to his superiors. Democrat Jim Himes accused Republicans of seeking to question Vindman's loyalty to the U.S. by raising the matter.
- **There sure are a lot** of ribbons and badges on Lieutenant Colonel Vindman's chest. Here's what they mean.
- **The afternoon session** is underway, with testimony from Kurt Volker, former special envoy to Ukraine, and Timothy Morrison, NSC senior director for Europe and Russia.
- **Volker said that he wasn't aware** of and didn't knowingly take part in any effort to urge Ukraine to investigate Trump's political rival, Joe Biden. Follow along with our Impeachment Update.

What Else is Happening

The U.S.-China trade deal that fell apart six months ago has become the benchmark to decide how much tariffs should be reduced in the initial phase of an agreement, people familiar said. The White House is debating the precise rollback, ranging from 35% to 60%. Beijing is demanding that all levies imposed after May be removed immediately and those before

then be lifted gradually. Pence said that it would be "very hard" to sign a deal if protests in Hong Kong are met with violence.

Speaking of which, the Senate is expected to pass bipartisan legislation to support Hong Kong's protesters by unanimous consent later today. If it passes, the bill would need to be reconciled with a slightly different House version before going to Trump for his signature, who's yet to indicate whether he will sign.

America's big banks are getting further relief from capital demands as regulators set up a new approach for measuring risk in derivatives trades. The revision will result in banks being considered to have about 9% less exposure in their derivatives contracts, according to regulators' estimates. It's the latest of a series of rollbacks coordinated by Trump appointees.

Opinion

The scaling back of Saudi Aramco's IPO—despite nearly every major investment bank being involved— raises awkward questions about the effectiveness of mammoth syndicates of advisers and bookrunners, Chris Hughes writes for Bloomberg Opinion. Diluted accountability makes it unlikely that anyone will deliver an unpopular message, like that the deal isn't worth \$2 trillion. And many, many banks may not add much in terms of selling shares given that there's probably huge overlap between their investment fund clients. More appears to be less.

The merger party may be coming to an end, Bloomberg Opinion's Joe Nocera writes. One of the FTC's two Democratic commissioners, Rohit Chopra, has written that there's some evidence drug mergers "have choked off innovation, creating harms that are immeasurable for those waiting for a cure." He also believes that the FTC can block mergers on antitrust grounds. Since some senators who are also presidential candidates have called for greater M&A scrutiny, it's a pretty good bet that a new administration will view takeovers in a different light.

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Businessweek Today

Warby Parker wants to be the Warby Parker of contact lenses. The retailer is introducing Scout, a line of daily contacts. It's the first time the company has expanded beyond eyeglasses since its founding almost a decade ago. At \$440 for a year's supply, they'll be **slightly cheaper** than many daily lenses but will be sold with what Warby says will be a much improved ordering process.

The Haredim have long been isolated from secular Israeli society. Programs like the Pardes Project seek to better integrate these ultra-Orthodox scholars into the economy. That's **caught the attention of Mossad**, the nation's intelligence agency, which wants to attract more Haredim in a tight labor market. "These people are geniuses, and they have no opportunities," says Pardes founder Moshe Kahan.



Ultra-Orthodox men fill out registration sheets at an employment center in Jerusalem. Photographer: Corina Kern/Laif/Redux

What Everybody's Talking About

Two guards at a Manhattan jail who were supposed to keep watch on financier Jeffrey Epstein when he killed himself were **charged with six counts** of falsifying documents and conspiracy to defraud the U.S. The guards never checked on Epstein after 10:30 p.m. on Aug. 9 until he was discovered the next morning, according to the indictment. Instead, they searched the internet for furniture and motorcycle sales and sports news, prosecutors alleged, and "appeared to have been asleep" for two hours.

Tyler and Cameron Winklevoss just made their first-ever acquisition, and the duo behind the company they bought couldn't be more similar. Duncan and Griffin Cock Foster are **also identical twins**. Their company, Nifty

Gateway, lets users buy crypto collectibles with a credit card instead of digital currency. Yes, we're confused about it, too.

By the Way

If you want a fat salary, move to Midland, Texas. According to Commerce Department data, the oil boom city's per capita personal income was **\$122,247 last year**, higher than San Jose, San Francisco, Boston or New York. Not surprisingly, the riches drew people: The city led all metro areas in 2018 population growth with a 4.4% gain. But—fair warning—the good times may not last. A recent drop in local energy rigs has coincided with slower job growth, Federal Reserve Bank of Dallas data shows.



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