MORNING NEWS CALL

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U.S. EDITION

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TOP NEWS

Oracle shares rise as AI cloud backlog beats estimates
Oracle shares rose in premarket trading after the cloud computing and software company's stronger-than-expected quarterly results eased concerns around its massive debt-driven spending spree.

Adobe beats third-quarter revenue estimates on AI product demand
Adobe beat estimates for third-quarter revenue on Thursday, helped by growing demand for its AI-integrated products and tools, but gave a fourth-quarter revenue forecast whose midpoint was slightly below expectations.

Anthropic disrupts bioweapons research efforts, Russian hacking, Chinese Claude misuse
Anthropic broke up attempts to use its Claude models to develop biological weapons and carry out a suspected Russia-linked cyber espionage campaign against Ukraine, the AI heavyweight said on Thursday.

Micron's Taiwan workers to get rewards worth up to 68 months of pay
Micron Technology said its direct labour employees in Taiwan would receive bonuses equaling 35 to 68 months of pay for fiscal 2026, with minimum cash compensation of T$1.7 million ($53,809.39), after the U.S. chipmaker enjoyed what it described as an extraordinary year.

Bayer faces pivotal test of $7.25 billion Roundup settlement in Missouri court
Bayer's Monsanto unit heads to a Missouri state court on Monday seeking approval of a $7.25 billion settlement that could resolve tens of thousands of U.S. lawsuits alleging that its popular weedkiller Roundup causes cancer.

BEFORE THE BELL

The **global bond** selloff pushed **U.S. 10-year Treasury yields** near the closely watched 5% mark as inflation concerns intensified following oil's surge above $100 a barrel and growing expectations of a near-term Federal Reserve rate hike.

Oil prices eased but remained on track for their first weekly close above $100 a barrel since mid-May. Meanwhile, **U.S. diesel** prices hit a record high as attacks on key Middle East shipping routes heightened fears of prolonged supply disruptions.

U.S. stock index futures rebounded as investors looked ahead to the consumer inflation report for clues on the interest-rate outlook. However, the benchmark **S&P 500** was on track for its biggest weekly decline since June, while the **Dow** was headed for its steepest weekly loss since March. The CPI inflation is likely to have remained steady at 3.4% in August, while core CPI likely inched down to 2.4% on an annual basis.

European shares edged higher but remained on course for their largest weekly decline in nearly two months as fears of aggressive interest-rate hikes weighed on sentiment. In Asia, Japan's **Nikkei** fell, while **Chinese** and **Hong Kong** equities also declined amid renewed concerns over energy-driven inflation and Fed rate hikes. Meanwhile, **gold** prices rose, while the **dollar** held steady.

STOCKS TO WATCH

• **Adobe Inc**: The company beat Wall Street estimates for third-quarter revenue on Thursday, helped by growing demand for its AI-integrated products and tools, but gave a fourth-quarter revenue forecast whose midpoint was slightly below expectations. The company has been adding AI features across its creative and customer-experience products to defend its position against newer rivals. Annual recurring revenue from AI-first products more than doubled year over year in the quarter. Adobe reported quarterly revenue of $6.76 billion, above analysts' average estimate of $6.70 billion, according to LSEG data.

• **Atkore Inc**: Italian cablemaker Prysmian completed an €850 million ($987 million) capital increase it had launched on Thursday to help fund its planned acquisition of U.S. electrical products maker Atkore. The world's largest cablemaker said on Friday it had placed 7 million newly-issued shares, equal to about 2.4% of its share capital, through an accelerated bookbuilding to institutional investors. The new shares, which carry regular dividends rights and the same characteristics as existing shares, were sold at €121 each, Prysmian said.

• **Bath & Body Works Inc**: Activist investment firm Barington Capital Group has taken a new stake in Bath & Body Works and is pushing the personal care brand to explore a sale, Bloomberg News reported on Thursday, citing people familiar with the matter. The fragrance maker has been navigating a challenging consumer spending environment while pursuing a turnaround under CEO Daniel Heaf, who took over last year, with a focus on product innovation and enhancing its digital platform. Bath & Body Works is undervalued, has been hampered by unstable management and should retain advisers to seek buyers, the report said, citing Barington CEO James Mitarotonda.

• **Copart Inc**: Online vehicle auctioneer Copart on Thursday agreed to acquire peer ACV Auctions in an all-cash deal of about $1.9 billion, marking its entry into dealer-to-dealer wholesale remarketing. The acquisition comes as Copart seeks to expand beyond its core auction business amid slowing vehicle volume growth, hurt by insurers retaining more vehicles and consumers cutting back on auto insurance amid inflationary pressures. Shares of ACV Auctions jumped over 40% after the bell. New York-based ACV operates a digital marketplace for wholesale vehicle transactions, connecting dealers, commercial buyers and sellers of used vehicles. The purchase price of $10.50 per share represents a premium of about 45% to ACV's last close, Copart said.

• **Intel Corp**: Silver Lake and Intel -backed chipmaker Altera is preparing for an initial public offering that could raise over $2 billion as early as 2026, according to people familiar with the matter, in one of the largest semiconductor listings in recent years. Silver Lake has tapped Barclays, Citi, JPMorgan, and Morgan Stanley as underwriters for the Altera IPO; however, the order of banks in the lineup is yet to be finalized, three of the sources said, who requested anonymity because the discussions are confidential. The San Jose, California-based company is preparing to confidentially file for the IPO in the coming weeks and a listing could come as early as this year, the sources said, cautioning the plans, including the timing and size of the offering, could still change.

• **JPMorgan Chase & Co**: The trustee overseeing the bankruptcy of disbarred New York attorney Mitchell Kossoff's law firm has sued JPMorgan Chase, alleging the bank was "complicit" in Kossoff's theft of nearly $20 million in client funds. In a lawsuit filed Wednesday in Manhattan bankruptcy court, Albert Togut, the court-appointed Chapter 7 trustee of Kossoff PLLC, said JPMorgan Chase "knew about Kossoff's commingling and misappropriation of client funds, and yet did nothing to prevent or stop it." The lawsuit alleges that JPMorgan Chase failed to report Kossoff's banking activity to the New York Lawyers' Fund for Client Protection, a state agency, as required after Kossoff bounced a check from one of his client accounts in 2015.

• **Micron Technology Inc**: The company said its direct labour employees in Taiwan would receive bonuses equaling 35 to 68 months of pay for fiscal 2026, with minimum cash compensation of T$1.7 million ($53,809.39), after the U.S. chipmaker enjoyed what it described as an extraordinary year. Micron said the payouts to the employees, including operators, technicians and shift engineers, were its strongest ever and that more than 60,000 employees globally will receive fiscal 2026 rewards. The announcement comes after unions representing around two-thirds of Micron's workforce in Taiwan signaled widespread support among members for a strike. The unions did not immediately respond to a Reuters request for comment. The rewards include a T$1 million ($31,652.58) cash bonus for Taiwan employees, who joined before August 29, 2025, for fiscal 2026, the U.S. memory maker said.

• **Microsoft Corp**: The company plans to build out its data-center capacity to about 38 gigawatts by 2032, more than triple its current footprint, Bloomberg News reported on Thursday, citing people familiar with the matter. According to the report only about 2 gigawatts of the company's current 12-gigawatt capacity is centered on AI-specific chips, a share expected to grow to about a third of the 38 gigawatts it plans to have online. Microsoft did not immediately respond to a Reuters request for comment. Technology companies have been pouring billions of dollars into data centers to power generative AI services such as ChatGPT and Copilot, which require huge amounts of computing power.

• **Oracle Corp**: The company's shares rose premarket after the cloud computing and software company's stronger-than-expected quarterly results eased concerns around its massive debt-driven spending spree. The firm booked more than $30 billion of additional AI cloud contracts in the first fiscal quarter, boosting its revenue backlog to $664 billion, above analyst estimates of $639.89 billion, according to data from Visible Alpha. Oracle's upbeat results follow a period of underperformance, as the company races to keep pace with hyperscale rivals, with mounting debt and squeezed cash flows raising doubts over when its massive AI spending will pay off.

ANALYSIS

Apple’s foldable iPhone poses a $1,999 question: Who is it for?

Apple's new foldable iPhone launched on Wednesday with impressive features and a premium price tag, starting at $1,999 in the U.S. market. But some observers in the packed room at the launch event in Cupertino, California, were left questioning its appeal beyond wealthy tech enthusiasts.

ANALYSTS' RECOMMENDATION

• **Adobe Inc**: Jefferies cuts target price to $275 from $285 on expectations of slowing growth and continued management uncertainty.

• **Atmos Energy Corporation**: JPMorgan cuts target price to $180 from $198 citing limited upside from the current valuation and a lack of AI-related load growth catalysts that could temper the long-term earnings outlook.

• **Chewy Inc**: JPMorgan cuts target price to $24 from $29, reflecting muted organic growth amid a challenging consumer environment.

• **Oracle Corporation**: Barclays raises target price to $252 from $250 as accelerating revenue growth and easing funding concerns strengthen the company’s AI growth outlook.

• **Valvoline Inc**: RBC raises target price to $49 from $46 reflecting higher 2027 earnings estimates and confidence that pricing actions will help sustain margins amid cost pressures.

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

0830 **CPI MM SA** for Aug: Expected 0.4%; Prior 0.1%
0830 **CPI YY NSA** for Aug: Expected 3.4%; Prior 3.4%
0830 **CPI MM NSA** for Aug: Prior -0.010%
0830 **CPI Index SA** for Aug: Prior 332.81
0830 **CPI Index NSA** for Aug: Expected 334.850; Prior 333.918
0830 **Core CPI MM SA** for Aug: Expected 0.2%; Prior 0.2%
0830 **Core CPI YY NSA** for Aug: Expected 2.4%; Prior 2.5%
0830 **Core CPI Index SA** for Aug: Prior 336.789
0830 **Real weekly earnings MM** for Aug: Prior 0%
0830 **CPI Wage Earner** for Aug: Prior 327.104
1000 **U Mich Sentiment Preliminary** for Sept: Expected 51.0; Prior 51.7
1000 **U Mich Conditions Preliminary** for Sept: Expected 51.3; Prior 51.9
1000 **U Mich Expectations Preliminary** for Sept: Expected 50.5; Prior 51.5
1000 **U Mich 1-year inflation Preliminary** for Sept: Prior 4.0%
1000 **U Mich 5-year inflation Preliminary** for Sept: Prior 3.3%
1400 **Federal budget** for Aug: Expected -$404.00 bln; Prior -$432.00 bln

COMPANIES REPORTING RESULTS

Kroger Co: Expected Q2 earnings of $1.06 per share

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

0800 **Kroger Co**: Q2 earnings conference call

EX-DIVIDENDS

Albemarle Corp: Amount $0.41
Automatic Data Processing Inc: Amount $1.7
Booking Holdings Inc.: Amount $0.42
Chubb Limited: Amount $1.02
Fidelity National Information Services, Inc.: Amount $0.44
Garmin Ltd.: Amount $1.05
Global Payments Inc: Amount $0.25
Nasdaq Inc: Amount $0.31

Regency Centers Corp: Amount $0.75
Textron Inc: Amount $0.02
The Williams Companies, Inc.: Amount $0.52
Waste Management Inc: Amount $0.94

(All analysts' estimates are according to LSEG IBES data)

PICTURE OF THE DAY

Members of a "Last Alarm" honor guard walk on stage during a 9/11 tribute at the Republican National Midterm Convention in Dallas, Texas, September 10. REUTERS/Callaghan O'Hare

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