

Business Acutities



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INTERNATIONAL BUSINESS

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SHARE MARKET

Stock Market News For Sep 20, 2018

U.S. stock markets closed mostly higher on Wednesday lifted by the financial sector on the back of record high yields in U.S. government bonds. However, lukewarm performance by the technology sector somehow marred the market rally. The Dow and S&P 500 closed in the green while Nasdaq Composite ended in red.



The Dow Jones Industrial Average (DJI) closed at 26,405.76, climbing 0.7% or 158.80 points. The S&P 500 Index (INX) was up 0.1% to close at 2,907.95. However, the Nasdaq Composite Index (IXIC)

closed at 7,950.04, declining 0.1%. A total of 6.52 billion shares were traded on Wednesday, higher than the last 20-session average of 6.23 billion shares.



Decliners outnumbered advancers on the NYSE by 1.17-to-1 ratio. On the Nasdaq, decliners had an edge over advancers by 1.17-to-1 ratio. The CBOE VIX decreased 8.1% to close at 11.75.

How Did the Benchmarks Perform?

The Dow closed in positive territory for the second straight day, posting its highest close since Jan 26. Notably, 20 components of the 30-stock blue-chip index closing in the

green while nine finished in the red and one remained unchanged. The tech-heavy Nasdaq Composite ended in the red reversing its previous day's gains due to lukewarm showing by large-cap tech giants.

The S&P 500 finished in the green for the second straight day led by an increase of 1.7% in Financials Select Sector SPDR (XLF) and a 1.1% rise in Materials Select Sector SPDR (XLB). However, Utilities Select Sector SPDR (XLU) and Real Estate Select Sector SPDR (XLRE) lost 2.2% and 1%, respectively. Notably, 5 out of 11 sectors of the benchmark index finished in the green while six ended in the red.

Financial Sector Lifts the Dow and S&P 500

Financial stocks were the best performer on Wednesday. On Sep 19, the yield on benchmark 10-year U.S.

Treasury Note reached 3.081%, its highest since May 17. Moreover, yield on short term 2-year U.S. Treasury Note crossed 2.8%, its highest level since 2008.

The increase in government bond yields was primarily attributed to expectations of higher economic growth in the third quarter of 2018.



Moreover, despite lingering trade related tensions between United States and China, it seems that investors are gradually getting confident that the situation may not be as worse as was earlier believed to be.

A hike in interest rate will raise the cost of funds, which in turn will

enable the financial sector, especially banks, to widen the spread between longer-term assets, such as loans, with shorter-term liabilities, thus bolstering the sector's profits.

Consequently, shares of banking behemoths such as The Goldman Sachs Group Inc. GS, JPMorgan Chase & Co. JPM, Citigroup Inc. C and Bank of America Corp. BAC were up 2.9%, 2.9%, 3.3% and 2.6%, respectively.

Technology Sector Pulls Down Nasdaq Composite

The technology sector finished in negative territory on Wednesday with Technology Select Sector SPDR (XLK) losing 0.3%. Several large-cap tech stocks lost value pulling down the Nasdaq Composite in the red. Notable among them are Microsoft Corp. MSFT and Amazon.com Inc. AMZN.

ELON MUSK TESLA

Tesla shares crash after Elon Musk smokes joint on live web show

Tesla shares crashed 6% on Friday as two of its senior executives quit, just hours after the electric carmaker's chief executive Elon Musk sparked concern by smoking marijuana on a live web show.

The company's head of accounting, Dave Morton, and head of human resources, Gaby Toledano, said they were leaving the company, which has been placed at the centre of a string of controversies by its maverick CEO.



Morton, who joined the company just one month ago, said he was leaving because “the level of public attention placed on the company, as well as the pace within



the company, have exceeded my expectations”.

“This caused me to reconsider my future. I want to be clear that I believe strongly in Tesla, its mission and its future prospects, and I have no disagreements with Tesla’s leadership or its financial reporting.”

Morton joined the company one day before Musk tweeted that he was considering taking the company private with “funding secured”. The

plan was abandoned 17 days later, but not after drawing a subpoena from the Securities and Exchange Commission and a series of lawsuits alleging market manipulation.

Toledano, who has been on leave of absence from the company, told Bloomberg she would not be



returning to the firm. The pair quit a day after Musk provoked fresh concern after smoking marijuana on a live web show with US comedian Joe Rogan.

Musk, 47, spent two-and-half hours on the streamed podcast late on Thursday discussing everything from artificial intelligence and its impact on

humankind to flame throwers and social media.

NAFTA

U.S. and Canada Reach Trade Deal to Salvage NAFTA

WASHINGTON — The United States and Canada reached a last-minute deal to salvage the North



American Free Trade Agreement on Sunday, overcoming deep divisions to keep the 25-year-old trilateral pact intact.

The deal came after a weekend of frantic talks to try and preserve a

trade agreement that has stitched together the economies of Mexico,



Canada and the United States but that was on the verge of collapsing. After more than a year of tense talks and strained relations between President Trump and Prime Minister Justin Trudeau of Canada, negotiators from both sides came to a resolution just ahead of a midnight deadline set by the White House.

The 11th-hour agreement was punctuated by a frenetic Sunday, with Canada's leaders teleconferencing throughout the day with top American officials in Washington. Mr. Trudeau

convened a 10 p.m. cabinet meeting in Ottawa to brief officials on the deal, as Jared Kushner, one of Mr. Trump's closest advisers, and Robert E. Lighthizer, the president's top trade negotiator, hashed out the final details. Mexico's under secretary of foreign trade, Juan Carlos Baker, was expected to present the texts of the agreement to the Mexican senate just before midnight. In a joint statement, Mr. Lighthizer and Canada's foreign affairs minister, Chrystia Freeland, said the new deal "will give our workers, farmers, ranchers and businesses a high-standard trade agreement that will result in freer markets, fairer trade and robust economic growth in our region."

The trilateral deal will no longer be called Nafta, they said, but will be named the "United States-Mexico-Canada Agreement."

The deal represents a win for President Trump, who has derided Nafta for years and threatened to pull the United States from the pact if it was not rewritten in America's favor.



Overhauling trade deals has been one of Mr. Trump's top priorities as president and he has used tariffs and other threats to try and force trading partners to rewrite agreements in America's favor. The Trump administration struck a deal with Mexico last month to rewrite Nafta and had threatened to jettison Canada from the pact if it did not agree to concessions like opening its dairy market to United States farmers. The White House had set a Sept. 30

deadline to release the text of its new trade agreement with Mexico.

The agreement reached on Sunday includes changes to several provisions in NAFTA.

AMAZON

Amazon reaches \$1 trillion market cap for the first time

Amazon stock briefly hit a \$1 trillion market cap Tuesday before falling off and leaving Apple as the only publicly traded U.S. company above the benchmark.

Shares of the e-commerce giant rose 1.9 percent to a high of \$2,050.50 in morning trading. The stock needed a price of \$2,050.27 to reach the \$1 trillion mark, based on an outstanding count of 487,741,189 shares in the

company's most recent quarterly report in July.

By Tuesday's close, the stock had fallen to \$2,039.51 and a market value of roughly \$995 billion.



Analysts cite the company's ever-diversifying portfolio as a value driver. Last year, Amazon launched into the grocery industry with its purchase of Whole Foods Markets. It is rounding out its hardware and logistics segments with last-mile deliveries, and it's pushing forward in advertising to challenge Facebook and Google. "They have given investors confidence that they can go and disrupt markets just like they've done with retail,"

Loup Ventures' Gene Munster told CNBC's "Squawk Alley" after the milestone stock move.

Amazon has posted particularly impressive growth in Amazon Web Services. The business segment grew nearly 50 percent in the second quarter.

"Yes, Amazon did really well in online retail, but then the stock gapped up when they showed that they could become successful in cloud," RBC Capital Markets analyst Mark

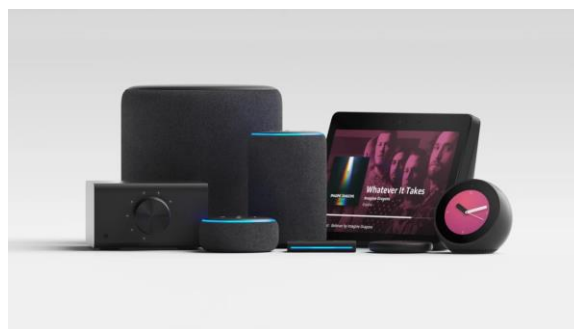


Mahaney told CNBC. "It's almost like the ticker changed from AMZN to AWS."

Amazon crossed the mark five weeks after Apple reached \$1 trillion

in early August after posting a strong quarterly report.

Apple had a pretty significant head start, surpassing \$900 billion in



market value eight months before Amazon, which reached \$900 billion in July on the heels of its biggest Prime Day ever.

Despite falling from session highs, Amazon posted its seventh straight day of gains. At its peak Tuesday, the stock had picked up \$72 billion in market value in the last seven days of trading. That increase is larger than the market value of more than 80 percent of S&P 500 constituents, and is roughly the size of Starbucks.

Amazon stock has gained more than 70 percent in 2018 and has more than doubled in the last 12 months. That dwarfs gains by the overall market, with the index gaining 8 percent this year and 17 percent in the last 12 months.

UBER

Uber fined \$148m for failing to notify drivers they had been hacked

Uber will pay \$148m and tighten data security after the ride-hailing company failed for a year to



notify drivers that hackers had stolen

their personal information, according to a settlement announced on Wednesday.

The company reached the agreement with all 50 states and the District of Columbia after a vast data breach in 2016. Instead of reporting it, Uber hid evidence of the theft and paid ransom to ensure the data wouldn't be misused.

“This is one of the most egregious cases we’ve ever seen in terms of notification; a yearlong delay is just inexcusable,” Lisa Madigan, the Illinois attorney general, told the Associated Press. “And we’re not going to put up with companies, Uber or any other company, completely ignoring our laws that require notification of data breaches.”

Uber learned in November 2016 that hackers had accessed personal

data, including driver's license information, for roughly 600,000 drivers in the US. The on-demand ride



company acknowledged the breach in November 2017, saying it had paid \$100,000 in ransom for the stolen information to be destroyed.

The hack also took the names, email addresses and cellphone numbers of 57 million riders around the world. After significant management changes in the past year, Tony West, Uber's chief legal officer, said the decision by current managers was "the right thing to do". Uber Eats couriers' pay protest brings traffic to a halt in central London

"It embodies the principles by which we are running our business



today: transparency, integrity and accountability," West said. "An important component of living up to those principles means taking responsibility for past mistakes, learning from them, and moving forward."

The settlement requires Uber to comply with state consumer protection laws safeguarding personal information and to immediately notify authorities in case of a breach; to establish methods to protect user data

stored on third-party platforms; and to create strong password-protection policies. The company will also hire an outside firm to conduct an assessment of Uber's data security and implement its recommendations.