

MARKET UPDATE

02/06/2022

Futures climb on lower oil prices, private jobs Report in focus

U.S. stock index futures rose on Thursday as a pullback in oil prices lifted investor sentiment in the run-up to a private payrolls report that could provide a clearer picture of the labor market.

Prices of global benchmark Brent crude were down more than 2% ahead of a meeting of key producers later in the day, with speculation swirling that Saudi Arabia may boost production. Brent crude had crossed \$120 a barrel earlier this week on the prospect of a European Union ban on Russia supplies.

Oil prices fall on prospect of OPEC offsetting Russian output loss

Oil prices fell on Thursday on speculation that Saudi Arabia and other OPEC members may boost crude output to compensate for a drop in Russian production.

The benchmarks have marched higher for several weeks as Russian exports have been squeezed by U.S. and EU sanctions against Moscow over its invasion of Ukraine, action Moscow calls a "special operation".

Record Chinese wheat prices raise risk of Pricier noodles

Chinese consumers are likely to have to pay more for food staples like noodles and bread this year, as record wheat prices in the world's top consumer of the grain get passed on to food makers, traders and analysts said.

Wheat harvested in China in recent weeks is being sold at around 3,200 yuan (\$477) per tonne, about 30% higher than a year ago and the highest level on record, despite stable demand.



Chewy Stock Surges 17% on Big EPS Beat, Results Better-than-feared Says Analyst

Shares of Chewy (NYSE:CHWY) are up more than 17% in premarket trading Thursday after the pet products retail company reported better-than-expected Q1 adjusted EBITDA and net sales.

Net sales stood at \$2.43 billion, up 13% YoY and above the analyst expectations of \$2.41 billion. The company reported a Q1 adjusted EBITDA of \$60.5 million, down 22% YoY and far above the estimated \$2.8 million

The gross margin was 27.5% in the quarter, compared to 27.6% in the year-ago period and beating the consensus projection of 25.9%.

For Q2, Chewy expects net sales in the range of \$2.43 billion to \$2.46 billion, well below the analyst consensus of \$2.54 billion. On a full-year basis, the retailer expects net sales in the range of \$10.2 billion to \$10.4 billion, while analysts were looking for \$10.3 billion.

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