MARKET RECAP at 4 pm ET

Wall Street closed lower after stronger producer price data for August and soaring **oil** prices heightened fears that the Federal Reserve may deliver an interest rate increase next week. Rising **Treasury yields** further pressured equities by making fixed-income assets more attractive. The **dollar** advanced, while **gold** prices fell.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	52,064.22	-316.44	-0.60	54,744.33	45,057.28
Nasdaq	26,081.73	-171.62	-0.65	27,190.21	20,690.25
S&P 500	7,591.75	-44.61	-0.58	7,816.70	6,316.91
Toronto	35,506.28	-400.28	-1.11	37,069.11	29,018.03
FTSE	10,608.92	-61.14	-0.57	10,989.45	9,670.46
Eurofirst	2,540.77	-16.90	-0.66	2,652.27	2,231.14
Nikkei	65,270.95	128.17	0.20	72,831.73	50,558.91
Hang Seng	24,954.47	-320.49	-1.27	28,056.10	22,518.00

TREASURIES	Yield	Price
10-year	4.9586	-30 /32
2-year	4.5729	-9 /32
5-year	4.7528	-20 /32
30-year	5.3706	-40 /32

FOREX	Last	% Chng
Euro/Dollar	1.1608	-0.21
Dollar/Yen	154.34	0.52
Sterling/Dollar	1.3506	-0.27
Dollar/CAD	1.3835	0.24
USD/CNH (Offshore)	6.7147	0.12

COMMODITIES ($)	Price	Chng	% Chng
Front Month Crude /barrel	102.66	6.61	6.88
Spot gold (NY/oz)	4320.00	-80.49	-1.83
Copper U.S. (front month/lb)	6.44	-0.3620	-5.32
CRB Index Total Return	551.95	7.82	1.44

S&P 500	Price	$ Chng	% Chng
GAINERS			
Skyworks Solutions, Inc.	84.68	8.14	10.63
Reddit, Inc.	155.77	9.33	6.37
Elevance Health Inc	420.24	25.06	6.34
LOSERS			
The Cooper Companies, Inc.	54.91	-8.57	-13.50
Baker Hughes Company	59.31	-4.33	-6.80
Freeport-McMoRan Inc	71.31	-4.92	-6.45

Coming Up

A shopping cart is seen in a supermarket as inflation affected consumer prices in Manhattan, New York City, June 10, 2022. REUTERS/Andrew Kelly

The U.S. Labor Department's Bureau of Labor Statistics is expected to report that **consumer price index (CPI)** likely rose 0.4% in August, after rising 0.1% the month before. Annually, CPI is estimated to rise 3.4%, having

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Core CPI MM SA for Aug	0830	0.2%	0.2%
Core CPI YY NSA for Aug	0830	2.4%	2.5%
CPI Index, NSA for Aug	0830	334.850	333.918
Core CPI Index, SA for Aug	0830	--	336.789
CPI MM SA for Aug	0830	0.4%	0.1%
CPI YY NSA for Aug	0830	3.4%	3.4%
Real weekly earnings MM for Aug	0830	--	0%
CPI MM NSA for Aug	0830	--	-0.010%
CPI Index SA for Aug	0830	--	332.81
CPI Wage Earner for Aug	0830	--	327.104
U Mich Sentiment Preliminary for Sept	1000	51.0	51.7
U Mich Conditions Preliminary for Sept	1000	51.3	51.9
U Mich Expectations Preliminary for Sept	1000	50.5	51.5
U Mich 1-year inflation preliminary for Sept	1000	--	4.0%
U Mich 5-year inflation preliminary for Sept	1000	--	3.3%
Cleveland Fed CPI for Aug	1100	--	0.3%
Federal budget for Aug	1400	-$404 bln	-$432 bln

increased at a similar pace in the prior month. **Core CPI** likely rose 0.2% in August while on an annual basis, a 2.4% rise is projected for last month, after rising 2.5% in July. Meanwhile, the Treasury Department is expected to report that the country's **budget deficit** narrowed to $404 billion in August from $432 billion a month earlier. Separately, University of Michigan's preliminary reading of **Consumer Sentiment Index** for September is projected to come in at 51, having posted a final reading of 51.7 in the previous month.

Supermarket chain **Kroger** is expected to post a rise in second-quarter revenue, as the company ramps up investment in pricing, expanding its private label line and accelerating its in-store pickup and delivery efforts. Investors will be keen on the strategic direction and comments on the health of the consumer by company executives.

An undated handout photo shows a Kroger vehicle delivering groceries in the U.S. obtained by Reuters on June 15, 2022. Kroger/Handout via REUTERS

AMD's senior vice president and general manager of Compute and Enterprise AI, **Dan McNamara**, and vice president of Financial Strategy and Investor Relations, **Matt Ramsay**, along with **KLA Corp** CFO **Bren Higgins**, are expected to speak at the Goldman Sachs Communacopia + Technology Conference 2026.

In Latin America, **Brazil**'s statistics agency, IBGE, is expected to report that **consumer prices** likely fell 0.29% in August after rising 0.07% in the previous month. Annually, consumer prices likely rose 4.27% last month after surging 4.44% in July. Meanwhile, **Mexico**'s **industrial output** likely remained flat after rising 0.2% in the previous month. On an annual basis, industrial output likely rose 1.8% in August from 1.7% in July.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Kroger	Q2	BMO	$1.05	$1.06	$1.04	$34,579.97

**Includes companies on S&P 500 index. **Estimates may be updated or revised; release times based on company guidance or past practice.*

All analysts' estimates are according to LSEG IBES data.

Market Monitor

Stocks ended down after producer price data for August and surging oil prices stoked worries the Federal Reserve will hike interest rates next week, while climbing Treasury yields made stocks less attractive. "We were looking for data to come in softer than expectations. It wasn't soft enough," said Jim Lebenthal, chief equity strategist at Cerity Partners. "We're now kind of hoping for a Hail Mary from the CPI tomorrow." The **Dow Jones Industrial Average** slipped 0.60% to 52,064.46, the **S&P 500** lost 0.58% to 7,591.80 and the **Nasdaq Composite** fell 0.65% to 26,081.73.

Futures-options traders work on the floor at the New York Stock Exchange's NYSE American (AMEX) in New York City, September 8. REUTERS/Brendan McDermid

Treasury yields climbed after the latest inflation reading pushed up expectations for a Federal Reserve interest rate hike next week and the U.S. government bought back $5.2 billion worth of bonds while soaring oil prices exacerbated inflation worries. "Going into PPI we were driven largely by oil prices surging overnight. The PPI headline came in at consensus, but some of the components that feed into core PCE came in a little bit stronger than markets were expecting," said Molly Brooks, U.S. rates strategist at TD Securities. Meanwhile, the Treasury Department sold $22 billion in **30-year bonds** at a high yield of 5.308%. The bid-to-cover ratio was 2.61. Separately, the **benchmark 10-year notes** declined 30/32 to yield 4.9586%. The **two-year notes** fell 9/32, yielding 4.5708%.

The **dollar** rose against major currencies, reversing some of this week's losses triggered by rising oil prices and global bond yields, while the euro fell after the European Central Bank delivered an expected rate increase. The main driver of the dollar's gains appeared to be U.S. producer prices data, which came in in line with market expectations and boosted the chances of a Federal Reserve rate hike next week, said Eugene Epstein, head of structured products North America at Moneycorp. "ECB rate hike odds have all increased so I would argue it was hawkish but I really think the main driver of the stronger dollar, which is the case across all currency pairs, is the PPI. I think markets are quite jittery ahead of tomorrow's CPI, which is really the main event," he said. The **dollar index** rose 0.25% to 99.07. The **euro** was down 0.21% at $1.1608. Against the **Japanese yen**, the **dollar** gained 0.53% to 154.35 yen.

Oil prices jumped more than 6%, with both major benchmarks trading at over $100 a barrel as the biggest spike in attacks on shipping since the Iran war began fed worries among traders about further disruptions to already tight supplies. Attacks from Yemen on Saudi energy facilities introduce a fresh source of market risk, expanding concerns beyond Iran and the Strait of Hormuz, said Simon-Peter Massabni, head of business development at XS.com. The threat is no longer confined to a single choke point, but now includes the potential for disruptions to ripple across regional export routes, oil production sites and other energy infrastructure, he said. **Brent crude futures** rose 6.64% to $107.93 a barrel. U.S. oil topped $100 a barrel for the first time since May as **West Texas Intermediate crude futures** advanced 6.83% to $102.61 per barrel.

Gold prices dropped over 1% after robust U.S. inflation data and rising oil prices increased bets for a Federal Reserve rate hike next week. The Producer Price Index data "sort of tells us that there has been a bit of a pickup in underlying inflation in the U.S. economy, and a part of that is due to rising energy costs," said Kyle Rodda, senior financial market analyst at Capital.com. Bonds have to reflect more persistent and higher inflation from steeper oil prices, which sees gold prices drop, Rodda added. **Spot gold** slipped 1.79% to $4,321.80 per ounce. **U.S. gold futures** fell 2.20% to $4,362.40 an ounce.

Top News

US lawmakers call for new AI rules after Anthropic researchers' safety warnings

U.S. lawmakers this week called for new rules to govern AI, after an Anthropic researcher went public with his concerns about the technology escaping human control. The lawmakers' statements came in response to concerns raised this week by Anthropic researcher Jacob Coxon, who accused OpenAI and Anthropic of racing toward AI advancements without acting responsibly. Coxon said he was leaving the AI industry, and his allegations spread rapidly on the social media platform X, with Anthropic scientist Evan Hubinger later chiming in on X, saying Coxon was "correct." A bipartisan group of six U.S. House lawmakers in July proposed legislation that would require developers of the most powerful AI models to submit them for independent security audits. Separately, the Association of Corporate Counsel, a nonprofit bar association for in-house attorneys, sued competitor The L Suite in Delaware federal court for allegedly copying its materials to train a lawyer-focused chatbot. To read more, **click here**

EXCLUSIVE-UK deepens reliance on Musk's SpaceX, spending nearly $40 million on satellite services

Britain has spent nearly $40 million on SpaceX satellite services, deepening its reliance on Elon Musk's company for military communications despite growing European concerns about dependence on U.S. security infrastructure. The spending was disclosed to Reuters in response to a freedom of information request and makes Britain the first country outside the U.S. to publicly acknowledge adopting Starshield, SpaceX's service for military and intelligence missions. Starlink is marketed to consumer and commercial users. Britain's defence ministry said it has about 1,000 Starshield terminals and 500 Starlink terminals. It has spent about £13 million on Starshield, including terminals and airtime, and £16.5 million on Starlink.

American Eagle shares slump on flat margin outlook, weakness in namesake brand

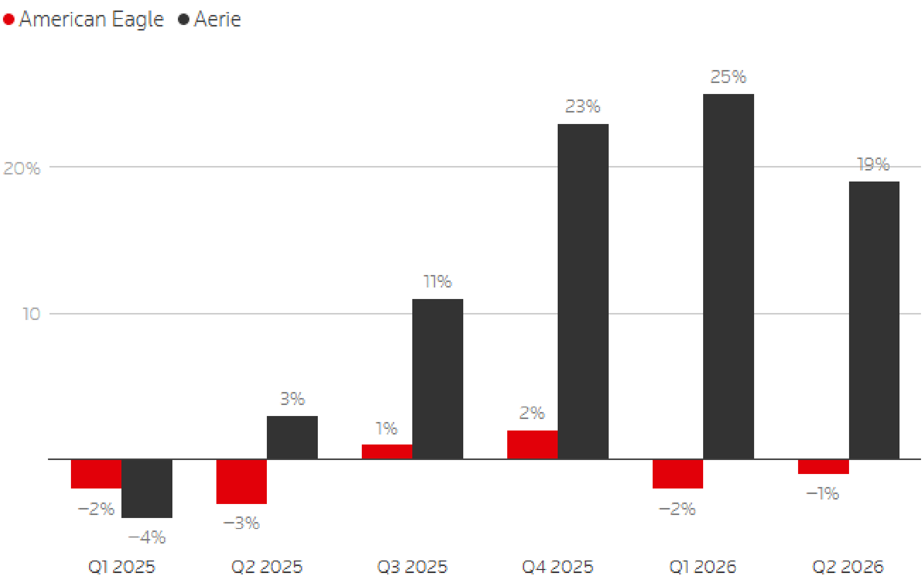
American Eagle Outfitters' shares tumbled after the apparel retailer forecast flat quarterly gross margins, signaling discounts to clear excess inventory and weak demand at its namesake brand could weigh on profit. The company also kept its annual comparable sales forecast intact on Wednesday despite posting better-than-expected revenue for the second quarter. Despite stepping up investments in denim, including a high-profile "Great Jeans" campaign with actor Sydney Sweeney aimed at attracting higher-spending Gen Z shoppers, American Eagle is losing ground to rivals in the category. Inventory costs climbed 14% in the quarter ended August 1, including costs related to incremental tariffs. Shares of American Eagle fell 15.45% to end at $14.28.

JetBlue raises seat revenue outlook but flags higher costs

JetBlue Airways raised its third-quarter seat-revenue outlook despite higher-than-expected costs as demand has remained steady through fare hikes, sending its shares up. The New York-based airline expects quarterly revenue per available seat mile to increase between 17% and 20%, compared with its prior forecast of a 12.5% to 16.5% rise, as high fares have not hurt demand, the airline said. The company said severe airport weather days across the U.S. rose 40% versus the prior three-summer average while air-traffic-control-related cancellations in the Northeast nearly doubled. JetBlue raised its forecast for third-quarter nonfuel unit costs to a 6% to 8% increase from 2.5% to 4.5% previously.

Quarterly comparable sales at American Eagle's Aerie brand accelerate as namesake brand lags

The women's intimates and activewear brand remains the company's primary growth engine



Note: All figures represent year-over-year changes in quarterly comparable sales

Source: Company filings | Shania S Thomas

Reuters

The carrier said it also expects to pay $3.96 per gallon for fuel in the quarter, up from its prior forecast of $3.49, as fuel prices have remained elevated. Shares of the company rose 0.23% to end at $4.39.

Macy's lifts forecasts as luxury banners thrive, but turnaround costs hit shares
Macy's raised its forecasts buoyed by robust spending among higher-income shoppers at its upscale Bloomingdale's and Bluemercury chains even as investments made as part of its turnaround plan could lead to a wider-than-expected current-quarter loss. The department-store operator's shares dipped about in morning trading after it said it anticipates an adjusted loss between 19 cents and 23 cents per share in the current quarter - above an expected 6-cent-per-share loss. Macy's now expects fiscal 2026 net sales between $21.68 billion and $21.83 billion, compared with its prior forecast of $21.50 billion to $21.75 billion. It also sees annual adjusted earnings per share of $2.15 to $2.35, compared with its previous forecast of $2.00 to $2.20 per share. Second-quarter sales rose 1.1% to $4.87 billion, topping analysts' estimate of $4.83 billion, while adjusted profit of 40 cents per share, excluding tariff refunds of 23 cents per share, beat an expectation of 37 cents per share. Shares of the company fell 4.93% to close at $20.45.

OpenAI launches ChatGPT for financial services industry
OpenAI launched a version of ChatGPT built for the financial services industry, combining its latest AI model with built-in data from providers including LSEG, PitchBook and Daloopa to target investment bankers and equity researchers. The product, ChatGPT for Financial Services, was developed with Morgan Stanley and Evercore as design partners to help shape the offering, OpenAI said in a blog post. The service is powered by GPT-6 Astra, OpenAI's newest model, which the company said was built to improve retrieval across financial data tools, financial reasoning and the accuracy of generated content. Users can conduct research across multiple sources, build financial models and generate client materials such as pitchbooks using their firm's own templates, OpenAI said.

AbbVie's menstrual migraine treatment meets late-stage study goal
AbbVie said its migraine treatment had in a late-stage study reduced the migraine days associated with the menstrual period. The drug, chemically known as atogepant, is approved under brand name Qulipta in the U.S. as a preventive treatment for migraine in adults. The drug met the main goal of showing a greater reduction than placebo in migraine days during the perimenstrual period, averaged across three menstrual cycles. Patients taking atogepant had 0.8 fewer migraine days on average than those taking placebo, AbbVie said. The drug also met other key secondary goals that measured headache burden, acute medication use, functional disability and cognitive function. Separately, Biohaven said the U.S. FDA had imposed a partial clinical hold, pausing new patient enrollment in trials of its experimental epilepsy drug after rodent findings. To read more, **click here**

US FAA head meets with airline CEOS on plan to cut flight delays
The head of the Federal Aviation Administration met with the CEOs of major U.S. passenger airlines on the agency's plan to use advanced software to overhaul flight scheduling to improve flight management. FAA Administrator Bryan Bedford met with top executives from American Airlines, United Airlines, Delta Air Lines, Southwest Airlines and others on the agency's plan to begin rolling out the system known as SMART this month. "It's going to be transformational," Bedford told reporters in late August. "We'll make much better decisions if we have better decision-making tools." The system involves using predictive analytics. The plan is to initially use it to more effectively reschedule flights that were canceled due to bad weather. Its use could later be expanded to other tasks such as strategically coordinating schedules and trajectories before aircraft depart.

Musk's tunnel startup The Boring Company raises $3 billion at $23 billion valuation
The Boring Company, a tunnel construction startup founded by billionaire Elon Musk, has raised $3 billion in a new funding round that values it at $23 billion, according to a statement on Wednesday. The funding round was led by the United Arab Emirates and affiliated investment entities. Other participants included Human Capital, Vy Capital, Valor Equity Partners, Sequoia Capital, Andreessen Horowitz, Temasek, Shamal Holding and Baron Capital. The Boring Company also plans to use the funds to increase hiring across engineering, production and operations while expanding Loop projects in Las Vegas, Nashville and Dubai. The latest fundraising marks a sharp increase in the company's valuation from 2022, when it was valued at $5.7 billion following a $675 million funding round.

White House copper tariff plan stalls amid affordability concerns, sources say
The White House has not yet made a decision on refined copper tariffs as officials weigh concerns that higher prices for the metal could raise manufacturing costs against the benefits of encouraging more domestic mining, according to two people familiar with the matter. A White House official said the administration had not made a final decision on the tariffs and confirmed that the Commerce Department provided an update to Trump by a June 30 deadline set by the White House. The U.S. imports roughly half of its copper needs each year and only has two operational copper smelters, owned by Freeport-McMoRan and Rio Tinto, respectively. The proposed tariffs could make imported copper more expensive and improve the economics of U.S. mining, smelting and refining projects.

A man pours mud out of a window of a flood-damaged home following deadly flash floods and a mudslide, in Devighat, Nuwakot district, Nepal, September 10. REUTERS/Tyrone Siu

Insight and Analysis

Aerospace dealmaking gathers pace as jet production ramps up

Mergers and acquisitions are accelerating in the aerospace supply chain as clearer Boeing and Airbus production schedules give buyers more confidence in long-term demand, according to industry data and interviews with dealmakers and suppliers. Through August, aerospace and defense-focused investment bank Janes Capital Partners tracked 154 publicly disclosed commercial aerospace transactions this year, just shy of the annual record of 159 set in 2019. Buyers are targeting suppliers with scarce workers, specialized manufacturing capabilities and capacity that can help meet rising jet output.

FOCUS-Capital One and JPMorgan bet that fighting Trump may be safer than settling

As U.S. President Donald Trump pressures institutions he views as adversaries, JPMorgan Chase and Capital One are fighting back. It is a strategy that legal experts and industry sources say may carry fewer risks than giving in. Trump and his businesses are suing the banks, alleging they closed his accounts in 2021 for political reasons. They deny the claims. Capital One told a federal court in July that it closed Trump's accounts following an internal anti-money-laundering review, sparking scrutiny including from a Democratic senator who last week pressed the bank for more details.

REUTERS OPEN INTEREST-AI debt splurge is warping credit spreads: Marty Fridson

The AI boom has unleashed an avalanche of corporate debt issuance by tech giants, upending some long-held valuation rules. In the past year, roughly $220 billion of debt has been issued by U.S. hyperscalers, including Alphabet, Amazon, Meta, Microsoft and Oracle. These gargantuan cloud computing companies operate huge, globally distributed data centers that they've been expanding rapidly to keep up in the AI arms race. An analysis at the individual bond level suggests this volume of borrowing is having one notable impact: it's challenging some of the credit market’s valuation norms.

CANADA

Market Monitor

Canada's main stock index fell as rising oil prices and higher bond yields fueled concerns about persistent inflation, while weaker precious metal and copper prices added further pressure.

The **S&P/TSX Composite Index** was down 1.11% at 35,506.28 points.

On TSX, the **materials sector** was down 3.62% as miners lost ground. **Energy index** fell 0.29%. Meanwhile, the **industrials shares** slipped 0.53%.

In forex markets, the **U.S. dollar** rose 0.23% against its **Canadian counterpart** to C$1.3834.

REUTERS/Chris Helgren

TSE's S&P/TSX composite	Price	C$ Chng	% Chng
GAINERS			
Bird Construction Inc.	72.57	2.67	3.82
Cargojet Inc.	79.38	2.77	3.62
5N Plus Inc.	25.96	0.60	2.37
International Petroleum Corporation	36.97	0.68	1.87
Aecon Group Inc.	46.52	0.83	1.82
LOSERS			
Trekor Metals Limited	11.11	-1.22	-9.89
Capstone Copper Corp	14.53	-1.49	-9.30
NGEx Minerals Ltd.	25.65	-2.57	-9.11
AbraSilver Resource Corp	15.02	-1.40	-8.53
Ero Copper Corp.	48.37	-4.49	-8.49

Top News

Canada agrees on C$350 million air defense package for Ukraine, Carney says

Canada has agreed a C$350 million aid package for Kyiv to acquire air defense interceptors, Prime Minister Mark Carney said after meeting Ukrainian President Volodymyr Zelenskiy. Kyiv is running critically low on U.S.-made Patriot interceptors capable of stopping Russia's ballistic missiles at a time when Moscow is stepping up its attacks. "As Russia escalates its barbaric aerial warfare indiscriminately targeting civilian populations, Ukraine's air defences are critical," Carney told reporters in Calgary. "Earlier today Canada and Ukraine finalised an agreement to deliver critical air defence interceptors ... this C$350 million equipment package will help protect Ukraine's people, infrastructure, and skies," he said.

Prime Minister Mark Carney holds a bilateral meeting with Ukraine's President Volodymyr Zelenskiy during his visit to Calgary, Alberta, September 10. REUTERS/Todd Korol

Canada's Enbridge to buy Tallgrass crude oil business for $2.55 billion

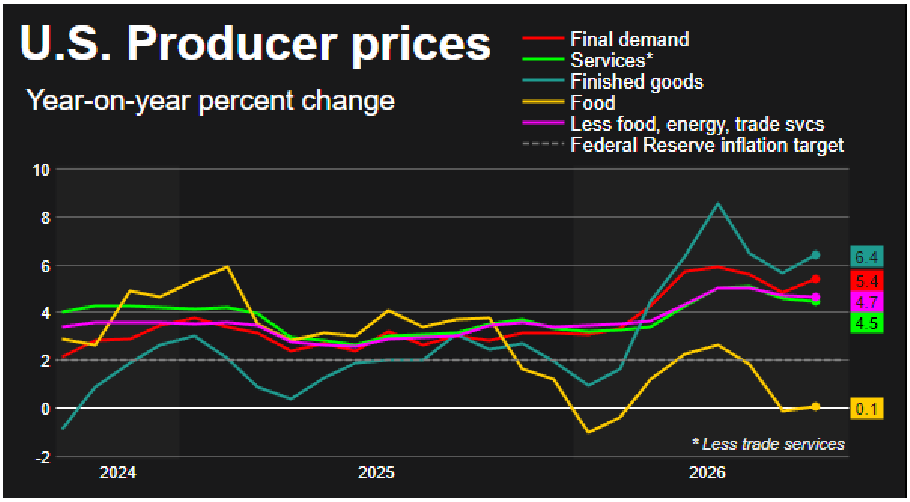
Enbridge said on Wednesday it will acquire Blackstone-owned Tallgrass Energy's crude oil business for $2.55 billion in cash, expanding its U.S. liquids pipeline network by buying a majority stake in the Pony Express Pipeline and other assets. The Canadian pipeline operator said the deal would strengthen its presence in key U.S. crude-producing regions, including the Bakken, Powder River and Denver-Julesburg basins, while creating operational synergies with its existing Express-Platte pipeline system.

WEALTH NEWS

ECONOMIC HEALTH

US producer prices increase as expected in August; but key details firmer

U.S. producer prices increased in August amid higher costs of goods, airline fares and hospital services, boosting the chances of an interest rate hike from the Federal Reserve next week. The Producer Price Index for final demand rose 0.4% last month after an upwardly revised 0.1% gain in July, the Labor Department's Bureau of Labor Statistics said. In the 12 months through August, the PPI advanced 5.4%. The argument for a rate hike was strengthened by a separate report from the Labor Department showing initial claims for state unemployment benefits dipped 1,000 to a seasonally adjusted 206,000 last week.



Click on the chart for a detailed graphic

INTEREST RATES

Fed, eyeing inflation data, may lean toward a hike, traders bet

The Federal Reserve is a bit more likely to raise short-term borrowing costs at its meeting next week, traders bet, after the first of this week's key inflation reports.

REUTERS OPEN INTEREST

US CPI, where the significant meets the silly: McGeever

Is it too cliched to say that the next U.S. inflation report will be the most important since the last one? Maybe, but the consumer price index (CPI) data for August is shaping up to have a hugely significant bearing on Federal Reserve policy, potentially sealing the case for an interest rate rise next week and the resumption of a monetary tightening cycle.

ANALYSIS

Edgy bond investors unconsoled by Bessent's big buyback

Investors were neither shocked nor awed on Wednesday by the U.S. Treasury's decision to triple the size of its long-dated bond repurchase, keeping bond yields elevated and signaling that persistent unease over the government's mounting debt remains firmly in place.

COMMENTARY

Is the dollar policy 'mini Mar-a-Lagos' or Whac-A-Mole?: Mike Dolan

U.S. Treasury chief Scott Bessent has helped ignite more than a few of Donald Trump's economic brushfires. Now, as fire fighter, he may finally be making headway on one of the president's signature ideas: deflating an overvalued dollar. A hawkish Federal Reserve may yet frustrate that effort.

MOVES

Polymarket taps finance veteran Warren Jenson as CFO

Polymarket named veteran finance executive Warren Jenson as its first CFO, the latest in a series of moves by the prediction market to regain ground lost to rival Kalshi and expand its global and U.S. operations.

EXCLUSIVE

Silver Lake, Intel-backed Altera prepares IPO that could raise over $2 billion as early as 2026, sources say

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.

U.S. President Donald Trump arrives on stage at the Republican National Midterm Convention in Dallas, Texas, September 9. REUTERS/Evan Vucci

The Day Ahead - North America is compiled by Ashitha Salus and Samarendra Sahoo in Bengaluru.

For questions or comments about this report, email us at: ***TheDay.Ahead@thomsonreuters.com.***

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