

Market Recap at 4 PM ET

Stocks retreated as rising long-dated **Treasury yields** reignited inflation and debt concerns. **Gold** slipped under pressure from a stronger **dollar**. **Oil** prices fell after the IEA accelerated stock releases to ease fuel shortages caused by the Iran war.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	51,179.87	-341.41	-0.66	54,744.33	45,057.28
Nasdaq	27,538.69	-61.20	-0.22	27,722.75	20,690.25
S&P 500	7,801.74	-17.19	-0.22	7,844.52	6,316.91
Toronto	35,041.86	-607.65	-1.70	37,069.11	29,530.92
FTSE	10,458.50	-83.19	-0.79	10,989.45	9,670.46
Eurofirst	2,517.48	-25.12	-0.99	2,652.27	2,231.14
Nikkei	70,035.71	-648.27	-0.92	72,831.73	50,558.91
Hang Seng	24,130.50	-150.06	-0.62	28,056.10	22,518.00

S&P 500	Price	$ Chng	% Chng
GAINERS			
Moderna, Inc.	197.13	9.67	5.16
NRG Energy Inc	108.74	5.14	4.96
Corteva, Inc.	14.52	0.61	4.39
LOSERS			
Caterpillar Inc	812.19	-51.25	-5.94
EMCOR Group, Inc.	783.69	-40.83	-4.95
Allegion PLC	147.75	-7.45	-4.80

TREASURIES	Yield	Price
10-year	5.2858	-4
2-year	4.7703	1
5-year	5.0284	0
30-year	5.6645	-10

FOREX	Last	% Chng
Euro/Dollar	1.1193	-0.58
Dollar/Yen	158.06	-0.03
Sterling/Dollar	1.3207	-0.49
Dollar/CAD	1.4261	0.39

COMMODITIES ($)	Price	Chng	% Chng
Front Month Crude /bbl	89.07	-0.37	-0.41
Spot gold (NY/oz)	4103.75	-59.70	-1.43
Copper US (front month/lb)	6.59	-0.0085	-0.13
CRB Index Total Return	530.70	-3.10	-0.58

COMING UP

PepsiCo is expected to post a rise in third-quarter revenue, helped by improving demand for its products. Investors will look for comments on input costs pressures amid macroeconomic uncertainty, impact of pricing actions and weight-loss drugs on demand, as well as annual forecasts.

Federal Reserve Bank of St. Louis President **Alberto Musalem** is set to speak on the US economy and monetary policy before "The Future of Fixed Income" Bloomberg event in New York. Meanwhile, Federal Reserve Board Governor **Christopher Waller** is scheduled to speak on the economic outlook before



Bottles of Pepsi are displayed on a shelf in a supermarket in Sarajevo, Bosnia and Herzegovina October 29, 2024. REUTERS/Dado Ruvic

the Central Bank of the Republic of Türkiye (TCMB) İstanbul Economic Forum. Additionally, Fed's **Neel Kashkari** is expected to participate in a conversation at the virtual 2026 Institute Research Conference hosted by the Federal Reserve Bank of Minneapolis.

On the US economic front, the Labor Department is scheduled to release data on **initial claims for state unemployment benefits** for the week ended October 3, with claims expected to increase by 3,000 to 200,000, while **continuing claims** for the week ended September 26 are forecast to edge up to 1.708 million from 1.701 million in the previous week. Meanwhile, the Commerce Department's Census Bureau is set to release **wholesale inventories** data, with inventories expected to increase 0.7% in August following a similar rise in the previous month.

A federal judge will hold a hearing on **CNN**, **MS NOW** and **Politico**'s bid for long-term order blocking President **Donald Trump**'s White House from revoking their access.

In the Latam region, **Mexico**'s **headline inflation** likely accelerated in September, with consumer prices seen rising 0.42% after a 0.2% increase in August. On an annual basis, inflation is expected to accelerate to 3.47%. **Core inflation** likely rose 0.23% last month following a 0.16% increase in August. The country's **wholesale inflation** data is also on the radar. Separately, **Chile**'s statistics agency INE is expected to report that **consumer prices** rose 0.5% in September after a 0.6% increase in the previous month.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Initial jobless claims	0830	200,000	197,000
Jobless claims 4-week average	0830	--	200,000
Continued jobless claims	0830	1.708 mln	1.701 mln
Wholesale inventory R MM for Aug	1000	0.7%	0.7%
Wholesale sales MM for Aug	1000	--	0.8%

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates*	Year Ago	Rev Estimates (mln)
PepsiCo	Q3	06:00	$2.30	$2.30	$2.29	$24,961.56

**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.

LSEG DATA & ANALYTICS

Market Monitor

Wall Street ended lower as long-dated US Treasury yields resumed their climb, reviving fears over inflation and mounting debt. "The interest rate/oil combo is going in the wrong direction and that's causing some weakness in stocks," said Chuck Carlson, chief executive officer at Horizon Investment Services in Hammond, Indiana. "But keep in mind, this is today's move is coming off of new all-time highs in the Nasdaq and S&P, so the pullback is not unusual." Next week, third-quarter reporting season is expected to begin in earnest. Investors are likely to scrutinize the extent to which massive expenditures on AI technology are beginning to show results, The **S&P 500** lost 0.22% to end at 7,801.77 points and the **Nasdaq Composite** declined 0.22% to 27,538.69. The **Dow Jones Industrial Average** was down 0.66% at 51,179.87.



Traders work on the floor at the New York Stock Exchange (NYSE) in New York City,, September 29. REUTERS/Jeenah Moon

Treasuries rose with yields backing away from their highs as oil prices fell and a strong $39 billion auction of 10-year notes reassured investors that demand for long-term government debt remained intact despite recent market volatility**.** "There were several headlines about tankers being attacked in the Strait of Hormuz, putting a little bit of pressure on oil this morning," said Thomas Urano, co-chief investment officer at Sage Advisory in Austin. "It's day by day and as oil goes up or down, then the attitude towards inflation pressure moves accordingly." **Thirty-year bonds** were 10/32 lower, yielding 5.6633%. **Two-year notes** edged up 1/32 with a yield of 4.7724%. Meanwhile, the Treasury Department sold $39 billion in **10-year notes** at a high yield of 5.300%. The bid-to-cover ratio was 2.77.

The **euro** tumbled as French bonds came under renewed pressure on fiscal concerns, while the **dollar** advanced as investors awaited the minutes from the most recent Federal Reserve meeting for clues on the central bank's policy path. "The case in Europe is that for a while they've operated a bit in a welfare-state type mode, spending a lot of money, not really bringing in a lot of revenue, and it's finally biting them. Considering also the fact that everybody has had to spend more money on energy, the outlook is not good," said Juan Perez, senior director of trading at Monex USA in Washington. The **euro** declined 0.58% to $1.1193. Against the **Japanese yen**, the dollar edged down 0.02% to 158.07 yen. The **dollar index** rose 0.45% to 102.29.

US crude futures declined after the International Energy Agency agreed to speed up a release of oil stocks and prioritise diesel in a bid to curb record high fuel prices as the Iran war squeezes global supplies. The IEA said completing previously announced releases as quickly as possible could bring around 100 million barrels to market, although analysts and some governments said the figure did not necessarily represent a fresh intervention of that size. France will release 10 million barrels of diesel from its strategic stocks, Franceinfo radio reported, citing unnamed sources. "Europe is ground zero for this whole supply crunch...and the releases address that and takes some of the heat off the need for WTI to a degree. This should reduce some of the pressure on US supplies," said John Kilduff, partner at Again Capital. **US West Texas Intermediate futures** fell 0.47% to $89.02 per barrel. **Brent crude futures** were up 0.38% at $100.96 a barrel.

Gold prices slid as a stronger dollar and elevated Treasury yields reduced the appeal of the non-yielding metal. Meanwhile, China's central bank stepped up its gold purchases in September, extending its buying streak to a 23rd consecutive month, official data showed. "Official gold demand is the main supporting factor. I think we could see one more test to the downside, perhaps as low as $4,000, and then a recovery into year-end with potential to reach $4,400," Grant added. **Spot gold** fell 1.41% to $4,104.90 per ounce. **U.S. gold futures** were 1.43% lower at $4,127.20 an ounce.

TOP NEWS

Tesla is browbeating the EU to approve its 'Full Self-Driving' tech. The pressure is working.

As Tesla chases an elusive prize – government approval of its "Full Self-Driving" technology across Europe – the US automaker is waging a pressure campaign casting safety regulators as feckless bureaucrats blocking its life-saving technology. Elon Musk's company has pushed regulators directly to reduce the rigor of safety reviews, submitted its own research making bold crash-reduction claims, and used social media to mobilize Tesla enthusiasts to demand speedy approvals. But Tesla's campaign is built on faulty company safety research that can't support the company's claims to officials or the public, according to seven traffic-safety researchers who examined its methodology for Reuters. Meanwhile, CEO Elon Musk welcomed Germany's backing for the driver-assistance software system. To read more **click here**



The silhouette of Elon Musk and Tesla logo are seen in this illustration taken June 11. REUTERS/Dado Ruvic

Apollo submits non-binding bid for German energy firm Uniper, sources say

Apollo Global Management has submitted a non-binding offer for German state-owned energy firm Uniper, two people with direct knowledge of the matter said, joining the auction for one of Germany's largest utilities. Potential suitors had until September 21 to submit indicative bids for Uniper, which was taken over by the German government in 2022 under a €13.5 billion bailout. In total, Berlin has received around €3.5 billion from Uniper since the bailout, including state aid paybacks and dividends. A planned sale of Uniper, Germany's leading importer of natural gas, could value the firm at around €10 billion and become one of Europe's biggest utility deals this year, Reuters previously reported.

Microsoft brings more AI to PCs as it challenges Apple

Microsoft unveiled an AI coding model that can run directly on personal computers and new security technology to prevent AI agents from accessing data without permission, challenging Apple's push to bring more AI into personal devices. The software company also presented a new laptop powered by Nvidia's chips as it seeks to turn Windows into a platform for AI agents to handle tasks such as writing code without having to access the cloud. Microsoft said it was releasing Microsoft Execution Containers, a tool to prevent agents from accessing data and doing unauthorized tasks when running on a laptop or desktop machine. Anthropic, OpenAI and Nvidia will use the tools, Pavan Davuluri, executive vice president for Windows and devices, said at the event in San Francisco.

PepsiCo running out of time to meet Elliott-inspired targets as GLP-1 threat intensifies

PepsiCo is running out of time to deliver on the growth and margin targets it set out after activist investor Elliott Investment Management took a roughly $4 billion stake a year ago, as the threat of GLP-1 weight-loss drugs to salty snacks and sugary drinks intensifies. Focus when PepsiCo releases quarterly earnings on Thursday will be on the group's major North America business, where volumes have contracted as CEO Ramon Laguarta battles higher input costs stemming from the Iran war and sticky inflation curbing consumer demand. "They have not identified a focused path to recovery in the face of the 'changes' that they've made. They were simply too late, and now they have the threat of GLP-1s," said Stephanie Link, chief investment strategist at PepsiCo investor Hightower Advisors.

Priceline to face FTC action over deceptive hotel ads, sources say

The US Federal Trade Commission is gearing up to take action against Priceline.com owner Booking Holdings over online ads that appear to direct consumers to a hotel's site but send them to a third-party site where they are often charged extra, two sources familiar with the matter told Reuters. The FTC has been looking into Booking's relationship with Guest Reservations, a third-party website that advertises stays at specific hotels, the sources said. The case could carry more than $500 million in potential penalties, one of the sources said. The agency is considering whether Guest Reservations' websites, which often charge higher prices and fees for hotel rooms, violate a rule against impersonating other businesses, along with other potential violations regarding fees, the source said.

Brussels looks to capture Big Tech through tax on large corporations, FT reports

Brussels is considering taxing big US tech companies through a broad levy on large corporations in an effort to raise revenues for the EU while avoiding a backlash from the Trump administration, the Financial Times reported. The European Commission was working on new ways to capture more income from tech groups such as Apple, Meta and Google without singling them out, the newspaper reported, citing six officials with knowledge of the discussions. Brussels was considering changes to its "Corporate Resource for Europe" proposal that would require all companies operating in the EU with revenue of more than €100 million a year to pay an annual lump-sum tax contribution, the report said.

Pharma lobby sues Trump administration over Medicare drug price cuts

The pharmaceutical industry's top lobby group sued to invalidate the Trump administration's efforts to benchmark US drug prices to lower costs overseas in the Medicare health insurance program, arguing that it is an illegal government overreach. The PhRMA lobby group filed its lawsuit in the US District Court for the District of Columbia against Health Secretary Robert F. Kennedy Jr., the US Department of Health and Human Services he runs, and the Centers for Medicare & Medicaid Services and two of its officials. The lobby group argues in its lawsuit that CMS, Medicare's regulator, has stretched the authority of a program to test new pricing ideas into rewriting Medicare's pricing structure without congressional action.

US government, Google join Zuckerberg-backed Biohub in $1.8 billion push for AI biology data

The US government and tech heavyweights Meta Platforms and Google parent Alphabet are joining nonprofit Biohub to build open datasets to train AI models for biological reasearch, bringing total investment in the effort to $1.8 billion, Biohub said. Meta, Google DeepMind and drug discovery startup Isomorphic Labs are jointly investing $300 million. The Department of Energy will invest more than $500 million over five years in laboratory measurement, modeling and computation. The National Institutes of Health will coordinate datasets and repositories built with more than $500 million in earlier federal funding, which Biohub will standardize for AI training. The commitments follow the $500 million that Biohub — a philanthropic venture of Meta CEO Mark Zuckerberg and his wife, Dr. Priscilla Chan — put into the project in April.

Webull sinks after CNBC reports US House panel flagged China ties

Webull shares dropped after CNBC reported that a US congressional panel had found the online trading platform "tied in structural ways" to China's government, prompting a strong rebuke from the company. The bipartisan House Select Committee on China, found "a profound gap" between the company's public marketing and actual control, the report said. The reported findings underscore the growing scrutiny in Washington of Chinese links to companies operating in key areas of the US economy, including financial services. "Webull has made every effort to cooperate with the Committee, but did not hear from them for more than 20 months before this report was released," a spokesperson for the company said. The company's shares closed 19.09% lower at $5.89.

Micron Tech chipmaker union in Taiwan gets OK to strike

A Taiwan union representing workers at Micron Technology said it had secured authorisation from its members to strike over a dispute concerning the company's bonus scheme, escalating a labour conflict at the chipmaker's largest manufacturing hub. The union, which represents workers at Micron's operations in the northern city of Taoyuan, said 1,994 members, or 99% of those casting ballots, voted in favour of a strike. It said details of any strike, including its timing, were still under discussion. The union said it still hoped the company would propose a concrete profit-sharing proposal for employees before it resorted to a strike. It is encouraging members to take a day off on October 19 to join a rally in Taipei, which it said would not be a strike.



A volunteer carries a cat found at the site of an apartment building which was hit by a Russian missile strike in the town of Pryluky, amid Russia's attack on Ukraine, in the Chernihiv region, Ukraine, October 7. REUTERS/Valentyn Ogirenko

Insight and Analysis

REUTERS OPEN INTEREST-Can AI labs ever turn a profit?: Joachim Klement

AI has a math problem. Anthropic's IPO filing shows revenues rose nearly 12-fold last year but operating losses ballooned as well, raising an uncomfortable question: will leading AI labs ever turn a profit? The prospectus, obtained last week by Reuters, showed that while Anthropic's revenue jumped to $4.6 billion in 2025, it spent $7.3 billion on compute and infrastructure. The result was an operating loss that widened from $2.98 billion in 2024 to $8.06 billion in 2025. The question hanging over Anthropic's potential $2 trillion valuation and those of its similarly unprofitable peers is whether such losses will ever shrink.

FOCUS-AI companies run virtual drug trials, aim to improve success of human studies

Novartis'experimental del-desiran for a rare type of muscular dystrophy was expected to be a winner, with the Swiss company's CEO predicting annual peak sales of $5 billion. When a late-stage trial missed its goal last month, shares fell 11%, erasing $30 billion in market value. AI start-up BioinvestGPT was not surprised. AI firms say simulations are being used to identify which pharmaceutical programs are worth moving forward and to assess the value of acquisition targets. As AI tools get better at flagging clinical risks, they say unexpected trial failures may become less frequent.

REUTERS OPEN INTEREST-Is ChatGPT a 'product' or a 'service'? A wave of lawsuits tests a theory of AI liability

Dozens of pending cases against ChatGPT maker OpenAI, share a common legal theory: product liability. The plaintiffs claim the chatbot is defectively designed, and that its alleged flaws contributed to mental health crises, self-harm and suicide of vulnerable individuals. In court papers, OpenAI denies liability, arguing that product liability requires a plaintiff's injury be caused by a "product." ChatGPT does not fit within the category of tangible goods traditionally covered by the doctrine, the company says. The litigation raises a novel question: Can product liability law, a legal framework developed over the past 60 years for defective cars, toys and appliances, be applied to AI technology?

Canada

Market Monitor

Canada's benchmark stock index slipped, with miners leading losses, as climbing yields stoked inflationary fears and soured risk appetite.

The Toronto Stock Exchange's S&P/TSX Composite Index lost 1.70% to 35,041.86 points.

The **materials sector**, which includes precious metal miners, declined 2.88% to 805.86.

The **US dollar** rose 0.39% against its **Canadian counterpart** to C$ 1.4261.

TSE's S&P/TSX Composite	Close	$ Chng	% Chng
GAINERS			
Extendicare Inc.	27.79	1.11	4.16
Bausch Health Companies Inc.	8.79	0.23	2.69
Open Text Corporation	33.00	0.70	2.17
LOSERS			
Fortuna Mining Corp	14.44	-1.44	-9.07
BlackBerry Limited	12.51	-1.14	-8.35
Energy Fuels Inc.	14.65	-1.32	-8.27

Top News

Canada's Weston family to buy UK's Boots in $8.9 billion deal

The Canadian branch of the Weston family agreed to buy Britain's Boots from Sycamore Partners and the Pessina family in an $8.9 billion deal, pledging to invest in the retailer's stores and online and expand healthcare services. "Boots is one of Britain's most enduring businesses, with a rich heritage, a trusted name and a vital role in everyday life across the UK and Ireland," said Galen Weston, Wittington's chairman, who will become chairman of Boots, which trades from over 1,800 stores and employs more than 50,000 people. "We see a meaningful opportunity to make a great business even better," Weston said of Boots, which is based in Nottingham, central England. Private equity group Sycamore, in partnership with Pessina and his family, will retain ownership of The Boots Group's other interests, which are in Farmacias Benavides and Alliance Healthcare Deutschland. The Weston group owns Canadian grocer Loblaw and Shoppers Drug Mart, Canada's largest pharmacy, health and beauty business and owned London department store Selfridges from 2003 to 2021.

Anglo-Teck merger, nickel sale are test cases for navigating geopolitical complexities, CEO says

Anglo American's proposed $54 billion merger with Canada's Teck Resources and the sale of its Brazilian nickel business have become test cases for navigating geopolitical complexities as they await antitrust approval, CEO Duncan Wanblad said. "We are in new waters. We are pioneering in a way. I genuinely don't think from an antitrust perspective there should be any issues with any of these deals," Wanblad said. He cited Anglo's proposed sale of its Brazilian nickel business to MMG which drew a warning from the European Union over concerns the Hong Kong-listed miner could divert supply away from Europe, hurting stainless steel producers there. The sale is awaiting EU approval. "We are kind of the guinea pigs for the market in terms of working this out," Wanblad said.

Michigan Republican Rogers calls for end to Canada tariff fight, breaking with Trump again

Michigan Republican Mike Rogers, locked in one of the nation's most competitive Senate races, called for an end to the US-Canada tariff dispute, breaking with President Donald Trump on a second major issue ahead of next month's election. Rogers, who has largely backed Trump's tariffs, including those on Canada, said in an ad posted on X that the trade fight with Michigan's northern neighbor should end immediately to ease costs for businesses and consumers. "Here in Michigan, we know that Canada is not our enemy," Rogers says in the ad, set in a neighborhood bar, where he invokes drinking a Labatt, a Canadian beer, to underscore Michigan's ties to Canada

Wealth News

FED MINUTES

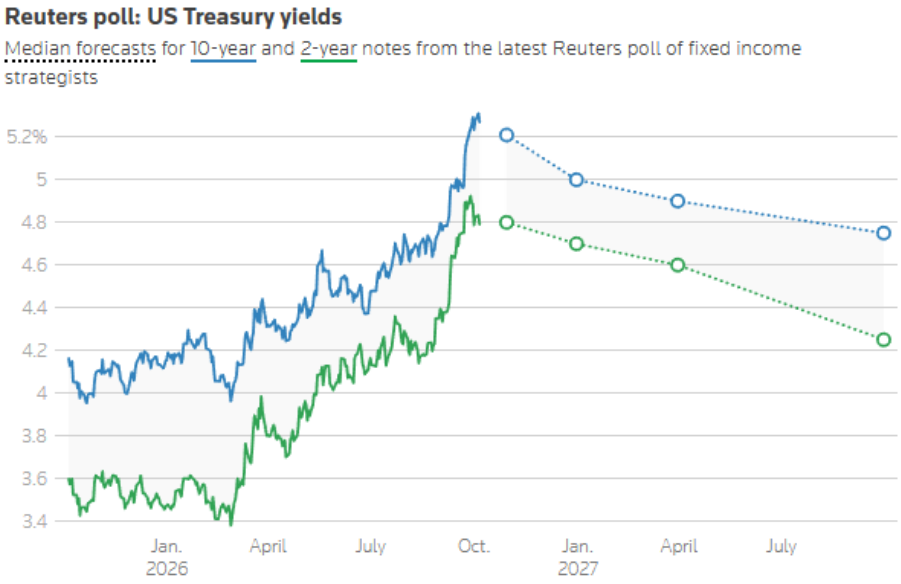
Fed policymakers divided over rate-hike logic in September, minutes show

Federal Reserve policymakers were divided last month over the rationale for raising interest rates, with "some participants" seeing a hike as needed to keep the impact of energy and other price shocks at bay, but a more hawkish core viewing it as necessary to guard against emerging demand-driven inflation.

POLL

Lower US Treasury yield view persists despite biggest quarterly surge since 1994

Treasury yields are forecast to fall over coming months, according to fixed income strategists in a Reuters poll who clung to their long-held view despite the benchmark 10-year yield recording its biggest quarterly jump since 1994. However, conviction behind calls for lower yields, which strategists have been consistently wrong about over the past nine months, appears to be wavering. Some strategists are basing their views on the position that financial markets have overdone pricing in a series of Federal Reserve interest rate hikes and policymakers may end up doing less. Meanwhile, government borrowing costs have hit multi-decade peaks in many developed economies in recent weeks on fears of inflation from the US-Israeli war with Iran and rising central bank policy rates.



Click on the chart for a detailed and interactive graphic

REUTERS OPEN INTEREST

Can Wall Street keep partying while bond markets burn?: McGeever

There is a conundrum at the heart of US financial markets right now, it seems. Bond market fears are reaching fever pitch, catapulting Treasury yields to their highest levels in at least 20 years, yet the Nasdaq and S&P 500 are hitting record peaks. What gives?

INFLATION EXPECTATIONS

NY Fed September survey finds public expecting more near-term inflation

The public's near-term expected path for inflation jumped in September to its highest level in over three years as households downgraded both their current and future financial outlooks, the Federal Reserve Bank of New York said.

GROWTH RISKS

IMF chief warns energy shock, growing debt and AI risks threaten global growth

The global economy is under threat from persistently high energy prices, record public debt and risks from the AI investment boom, International Monetary Fund Managing Director Kristalina Georgieva warned, urging governments to implement protective fiscal and monetary policy measures.

TAKEOVER BID

US-based Circle8 gets deadline extension to bid for British recruiter SThree

British recruiter SThree said the UK's takeover panel had extended the deadline for US-based Circle8 Group to make a takeover offer for the company to October 21.

ANALYSIS

Crypto donors navigate mid-term spending dilemma after Senate bill defeat

After suffering a major legislative defeat, the crypto industry is grappling with a dilemma three weeks out from the November election: punish Democrats, or preserve the bipartisan ties it has spent years building.

PICTURE OF THE DAY



A drone view shows an installation depicting bodies, on the third anniversary of the deadly October 7, 2023, Hamas-led attack from Gaza, at a beach in Tel Aviv, Israel, October 7, in this picture obtained from social media. Text reads: "The price of failure. 1163 murdered. 251 hostages". Aviv Atlas/via REUTERS

The Day Ahead - North America is compiled by Anjana J Nair and Kushal Varma J V in Bengaluru.

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

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