

Market Recap at 4 PM ET

The **S&P 500** and the **Nasdaq** ended lower as a jump in crude prices fueled inflation and rate-hike concerns, while weakness in semiconductor stocks added pressure. **Treasury yields** fell following a strong 30-year bond auction. **Gold** edged higher as the **dollar** retreated. **Oil** prices surged on supply concerns after a spate of attacks on shipping in the Strait of Hormuz, combined with a cut in US output due to hurricane activity.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	51,231.64	51.77	0.10	54,744.33	45,057.28
Nasdaq	27,193.34	-345.35	-1.25	27,722.75	20,690.25
S&P 500	7,765.36	-36.41	-0.47	7,844.52	6,316.91
Toronto	35,145.38	103.52	0.30	37,069.11	29,530.92
FTSE	10,441.60	-16.90	-0.16	10,989.45	9,670.46
Eurofirst	2,498.80	-18.68	-0.74	2,652.27	2,231.14
Nikkei	69,042.11	-993.60	-1.42	72,831.73	50,558.91
Hang Seng	23,785.79	-344.71	-1.43	28,056.10	22,518.00

S&P 500	Price	$ Chng	% Chng
GAINERS			
CoStar Group, Inc.	29.80	2.20	7.97
Chipotle Mexican Grill, Inc.	32.91	2.14	6.95
GoDaddy Inc.	103.46	6.25	6.43
LOSERS			
Coherent Corp.	302.74	-31.82	-9.51
Bloom Energy Corporation	271.46	-19.83	-6.81
Corning Incorporated	152.38	-10.87	-6.66

TREASURIES	Yield	Price
10-year	5.2268	12
2-year	4.7493	1
5-year	4.9853	5
30-year	5.6001	27

FOREX	Last	% Chng
Euro/Dollar	1.1216	0.19
Dollar/Yen	157.84	-0.14
Sterling/Dollar	1.3229	0.14
Dollar/CAD	1.4218	-0.25

COMMODITIES ($)	Price	Chng	% Chng
Front Month Crude /bbl	91.09	2.81	3.18
Spot gold (NY/oz)	4133.79	23.24	0.57
Copper US (front month/lb)	6.52	-0.0760	-1.15
CRB Index Total Return	534.57	3.87	0.73

COMING UP

Delta Air Lines is expected to report higher quarterly earnings, but the bigger focus will be on whether it has enough pricing power to offset another surge in fuel costs. U.S. jet fuel prices climbed above $4.50 a gallon in September, well above the roughly $3.15 Delta assumed in its third-quarter outlook. With fuel prices remaining elevated, investors will be watching whether Delta can extend fare gains without hurting demand — and how much the latest spike could weigh on fourth-quarter and 2027 earnings.



Delta Airlines passenger jets are pictured in New York City, New York, June 1, 2022. REUTERS/Mike Segar

THE DAY AHEAD

On the US economic front, the University of Michigan is scheduled to release **Consumer Sentiment Index** for October, which is expected to edge down to 47.8 from 48.1 in September.

Federal Reserve Bank of Boston is expected to release the text of President **Susan Collins'** remarks delivered at a closed conference in Memory of John Leahy in Michigan.

In Latin America, IBGE is due to release **Brazil**'s September **IPCA consumer price index** data. Consumer prices are expected to rise 0.73% in the month after falling 0.32% in August, while annual inflation is projected to accelerate to 4.50%.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
U Mich Sentiment Preliminary for Oct	1000	47.8	48.1
U Mich Conditions Preliminary for Oct	1000	51.0	50.9
U Mich Expectations Preliminary for Oct	1000	45.5	46.3
U Mich 1-year inflation preliminary for Oct	1000	--	4.6%
U Mich 5-year inflation preliminary for Oct	1000	--	3.4%

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates*	Year Ago	Rev Estimates (mln)
Delta Air Lines	Q3	BMO	$1.74	$1.84	$1.71	$17,647.67

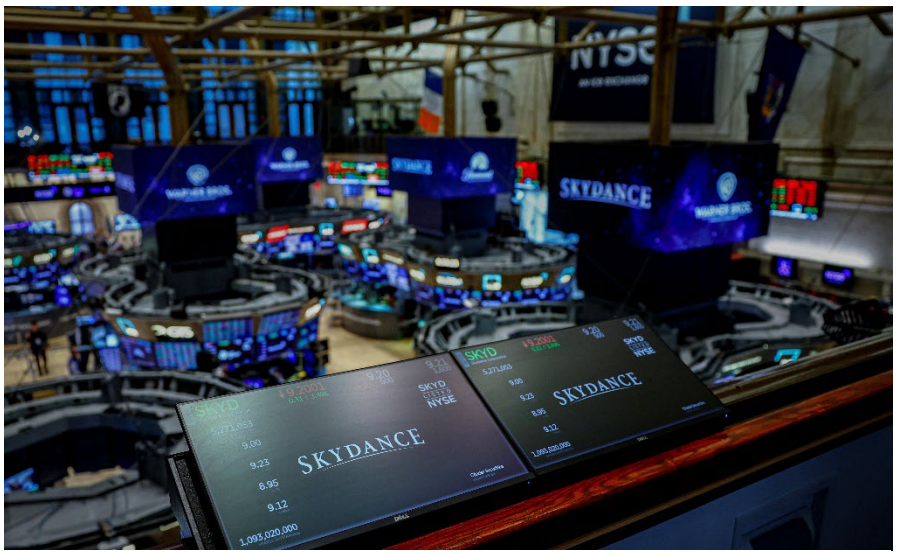
**Includes companies on S&P 500 index. **Estimates may be updated or revised; release times based on company guidance or past practice.*

All analysts' estimates are according to LSEG IBES data.

LSEG DATA & ANALYTICS

Market Monitor

The **S&P 500** and the **Nasdaq** ended lower as crude prices surged on a spike in Middle East tensions and a cut in US output that fed inflation and rate-hike fears, while semiconductor stocks slumped."The market's going sideways in anticipation of third-quarter earnings season, which begins next week, and then there's the ongoing conflict in Iran that's pushing oil prices higher," said Terry Sandven, chief equity strategist at US Bank Wealth Management in Minneapolis, Minnesota. "What's equally telling is that year-to-date, the path of least resistance for equities has been up." The **S&P 500** lost 0.47% to end at 7,765.36, and the **Nasdaq Composite** fell 1.25% to 27,193.34. The **Dow Jones Industrial Average** inched up 0.10% to 51,231.64.



Screens display the Skydance logo on the floor of the New York Stock Exchange (NYSE) in New York City, October 8. REUTERS/Jeenah Moon

Treasuries advanced, with most yields across the curve falling for just the second time this week, after solid demand at a 30-year bond auction suggested that investors remained willing buyers of long-dated government debt despite the recent selloff. Analysts said the strong 30-year auction was a big factor for the rally below the expected rate at the bid deadline, which meant investors bought the bond without demanding higher compensation. Jay Hatfield, chief executive officer at Infrastructure Capital Management, thinks the bond market has probably seen the peak in 10-year Treasury yields. "The peak was probably the 5.30% level, maybe even lower and we believe we have already seen peak pessimism about Fed rate increases," Hatfield said. **Benchmark 10-year notes** rose 12/32, yielding 5.2268%. **Two-year notes** edged up 1/32 with a yield of 4.7493%. Meanwhile, the Treasury Department sold $22 billion in **30-year bonds** at a high yield of 5.618%. The bid-to-cover ratio was 2.54.

The **dollar** retreated as a rise in euro zone bond yields stalled, while expectations for the path of interest rates from the Federal Reserve this year remained largely intact. "Most other currencies seem to be inversely correlated with their monetary policy expectations, but that was because everything was so dominated by the dollar and by the Fed, and that has continued over the last couple of weeks," said Christoph Schon, head of multi-asset class investment decision research at SimCorp in London. "The interesting bit is that now we also have this other factor affecting the euro, which is the political crisis in France and also in Spain now ... so this is kind of a brief period in which it's not about interest rate differentials or monetary policy, this is kind of a really specific euro crisis that in this case affects the euro." The **euro** was up 0.19% at $1.1216. Against the **Japanese yen**, the dollar declined 0.13% to 157.86 yen. The **dollar index** inched 0.14 % lower to 102.10.

Oil prices jumped, then pared gains after President Donald Trump said the US will not launch an attack on Iran before midterm congressional elections in November. At their session highs, both contracts were up more than $5 a barrel, with Brent at its highest since September 29 on worries about potential imminent US strikes on Iran and a supply loss in the US Gulf of Mexico from Hurricane Isaias. Then, Trump said Washington was having productive discussions with Iran. The Tasnim news agency reported that Foreign Minister Abbas Araqchi said Tehran is reviewing the US response to its proposal under which the Strait of Hormuz could be reopened within seven days. **Brent crude futures** were up 3.61% at $103.82 a barrel. **US West Texas Intermediate futures** rose 3.18% to $91.09 per barrel.

Gold prices rose as investors weighed the Federal Reserve's uncertain interest-rate path against growing concerns over high levels of US debt. "The elevated yields seem to underscore a broadening worry about high levels of indebtedness. If debts are rising, then gold as the antithesis to fiat currencies and government assets is likely to be favored," said Nitesh Shah, commodity strategist at WisdomTree. "The minutes underscore the fact that there's no real predetermined path here, and that keeps the (gold) market a little bit more volatile," Shah added. **Spot gold** added 0.58% to $4134.47 per ounce. **US gold futures** edged up 0.41% to $4157.80 per ounce.

TOP NEWS

US freezes Microsoft, Adobe, Infosys green-card applications over alleged fraud

The Trump administration froze some green-card filings by Microsoft, Adobe and major IT outsourcers and opened probes into nine elite universities, widening a visa crackdown it says targets fraud and American job losses. The twin actions mark the broadest strike yet against skilled-worker immigration programs, potentially blocking a common path to permanent residency for thousands of foreign tech workers while putting some of the country's most prominent research universities on notice. The moves come even as the administration cultivates closer ties with the same tech leaders whose companies are now in its crosshairs. "Our message to Microsoft is: You're a great American company, but you've got to hire great American workers," Vice President JD Vance said. Labor Secretary Keith Sonderling said the suspension would also cover Cognizant, Infosys, Tata Consultancy Services, Wipro, HCL Technologies and Capgemini.



US President Donald Trump delivers remarks during the "A New Golden Age" summit at the US Institute of Peace, renamed The Donald J. Trump Institute of Peace by the Trump administration, in Washington, DC, October 8. REUTERS/Evan Vucci

US bank investors to focus on impact of higher rates, deals outlook in Q3 earnings

Investors will scrutinize US quarterly bank earnings next week for signs that a recent spike in Treasury yields may curb dealmaking and lending growth and raise funding costs across the industry. Third-quarter earnings are expected to rise up to 20% from last year for the largest banks, with investment banking and trading revenue significantly higher than in the previous period and no signs of deterioration in the credit portfolio. Higher interest rates slowed capital markets activity late in the quarter. Investors are focused on whether higher rates will also drive up deposit costs and weaken credit quality. Cheryl Pate, senior portfolio manager at Angel Oak Capital Advisors, thinks investors will look for guidance on credit growth and deposit costs. "We don't expect any big deposit flows with customers looking for higher yields or any drastic rise in deposit costs," Pate said.

PepsiCo slashes forecast, deepens cost cuts as North America recovery drags

PepsiCo warned that growth and margin recovery in its key North American market was taking longer than planned and said it would pursue additional cost cuts to offset sluggish demand for its snacks and beverages. Faced with high input costs, inflation hit to demand and the growing threat of GLP-1 weight-loss drugs, the company is pursuing record productivity savings in its turnaround efforts launched after activist investor Elliott Investment Management took a roughly $4 billion stake a year ago. PepsiCo's third-quarter revenue exceeded market expectations, and the company adjusted its 2026 organic revenue forecast to about 3% from a prior view of 2% to 4% but flagged that improving growth and core operating margin in North America were taking longer than planned. "We expect North America's core operating margin performance to remain under pressure in the fourth quarter," said CFO Steve Schmitt.

Devon sheds Eagle Ford assets for $4.2 billion to deepen Permian bet

Devon Energy will sell its Eagle Ford assets to Crescent Energy for $4.2 billion, trimming its portfolio to sharpen focus on its core operations in the Permian Basin following the $58 billion merger with Coterra Energy. The Devon-Coterra deal helped create a large-cap producer with a top position in the Permian Basin, and activist investors had urged the board to pursue asset sales, improve capital allocation and revamp executive pay to boost shareholder value. "Selling a relatively mature asset into a strong commodity price environment improves our go-forward capital efficiency and allows us to accelerate share buybacks, strengthen our balance sheet and increase long-term value for shareholders," Devon Energy CEO Clay Gaspar said.

Starbucks has explored Chipotle takeover, FT reports

Starbucks has explored a takeover of Chipotle Mexican Grill, the Financial Times reported, in a move that would reunite Chief Executive Brian Niccol with the burrito chain he led before joining the coffee giant two years ago. The potential deal comes as restaurant chains wrestle with uncertain demand from inflation-weary consumers and rising operating costs, prompting companies to look for new avenues of growth while facing pressure to improve profitability. Starbucks has worked with advisers in recent months on a takeover proposal for Chipotle, the FT reported, citing people familiar with the matter. Analysts said any acquisition would likely be a costly undertaking for Starbucks, which is still investing heavily in its turnaround efforts. "A deal could require heavy borrowing or issuing shares," said Lale Akoner, global market strategist at eToro. "Without a compelling financial case, investors may view the deal as an expensive distraction."

Amazon launches first Android tablets, raising prices and incorporating Alexa

Amazon unveiled a slate of higher-end tablets that for the first time feature its Alexa+ voice assistant and run on Google's Android operating system, a bet that consumers will pay more for premium devices after years of focusing on the budget end of the market. Known as Alexa Tablets, the line features several different versions with starting prices from $230 to $500; all are made with aluminum cases, a switch from Fire tablets' plastic. The new tablets will cost as much as $550, a big bump from Amazon's more recent top-of-the-line Fire HD 10 tablet which cost upwards of $180, though the company often discounted them. The product revamp marks a new strategy under devices chief Panos Panay to move upscale and away from the inexpensive gadgets Amazon sold at or near cost to hook customers into using Prime Video, Kindle, music apps and the main e-commerce website.

Venture Global breached LNG supply deal with Galp, tribunal rules

Venture Global said on Thursday an arbitration tribunal found its Calcasieu Pass unit breached an LNG supply agreement with Portugal's Galp, marking the second setback for the firm over cargo deliveries from the project. BP is the only other company to have prevailed in arbitration proceedings against Venture Global, as the US exporter dealt with a string of disputes with long-term LNG buyers. Venture Global faces potential damages of billions of dollars from the disputes. The company has argued the spot sales were permitted, but two arbitration panels have now disagreed. The amount of money Venture Global will have to pay to Galp will be determined in a separate damages hearing expected in 2027 or 2028, with any final award not exceeding $170 million under the seller aggregate cap agreement, Venture Global said in its regulatory filing.

Judge weighs CNN, MS NOW, Politico bid to keep White House access

A federal judge heard arguments during a hearing in Washington over a bid by CNN, MS NOW and Politico to extend their protection against being banned from the White House by US President Donald Trump. US District Judge Timothy Kelly temporarily blocked the ban on September 24, finding it likely violated the outlets' right to fair treatment under the US Constitution's Fifth Amendment. An attorney for the outlets told Kelly that the bans would intimidate reporters and dissuade them from publishing stories that might reflect poorly on Trump. "Here we have the unusual situation where the president himself has said he wants to chill speech. He wants to coerce better coverage," attorney Theodore Boutrous told the judge.

Alphabet's Waymo secures $5 billion term loan to accelerate expansion

Alphabet's self-driving unit Waymo said it has closed a $5 billion term loan, marking the company's first debt financing as it looks to expand its autonomous ride-hailing service across the US and the world. PIMCO, Blackstone and Sixth Street participated as lead syndicated lenders, while Capital Group, Loomis Sayles and T. Rowe Price were significant lenders, Waymo said. Goldman Sachs served as the sole lead bookrunner, it added. The company closed a $16 billion equity raise earlier this year at a valuation of $126 billion.

Apple names insider Steve Smith as new M&A chief, memo shows

Apple appointed insider Steve Smith as head of mergers and acquisitions, while moving Adrian Perica to its services division, according to a memo seen by Reuters. Perica, a more than 17-year veteran of Apple's M&A and corporate development function, also took oversight of iCloud, Fitness+ and News, among other businesses, in 2023, the memo written by services chief Eddy Cue said. Perica will now dedicate his efforts entirely to the services leadership team and report to Cue, the memo said "We have big plans for services and I'm thrilled to be getting more of Adrian's time," Cue wrote in the memo Smith will report to Chief Financial Officer Kevan Parekh, the memo said



Skydance CEO David Ellison rings the opening bell at the New York Stock Exchange in New York City, October 8. REUTERS/Jeenah Moon

Insight and Analysis

AI pricing lawsuit against McDonald's raises new antitrust questions

A federal antitrust lawsuit against McDonald's this week claims the fast-food giant is using AI-powered tools to fix menu prices, marking the latest case to allege companies are relying on new technologies to collude and harm consumers. Plaintiffs have sued companies in industries ranging from hotels and real estate to health insurance, and now, hamburgers. The claims are pending in class action lawsuits around the country, with mixed outcomes so far. Courts are still grappling with how to apply decades-old antitrust laws to AI and other modern software tools that can help companies instantly share and adjust pricing decisions.

REUTERS OPEN INTEREST-Five charts sounding the alarm for stretched US markets: McGeever

US stocks and bonds currently appear highly stretched on several key measures, suggesting investors should tread with extreme caution. The big question is whether we may be at, or near, an inflection point. Wall Street's record-breaking highs mask historic levels of concentration and narrow breadth. Treasury yields are now so high that, depending on your perspective, they either represent a generational buying opportunity or are about to send the equity rally screeching into reverse. Meanwhile, the spiking “term premium” could slam both stocks and bonds.

COLUMN-How AT&T is using AI to reduce its reliance on law firms

Any law firm associates worried about what AI will do to the future of their work may not want to talk to AT&T General Counsel David McAtee. Over the course of this year, McAtee has stopped paying law firms to do many assignments traditionally done by junior lawyers, instead sending the work to a team of AT&T lawyers using artificial intelligence. All that document review associates used to do? Now done in-house. For many matters, the same is true for legal research, witness interviews and first drafts of documents, McAtee said.

Canada

Market Monitor

Canada's main stock index ended modestly higher, with gains in energy stocks offsetting the drag in financials. Rising oil prices kept investors wary of inflation and higher interest rates.

The **Toronto Stock Exchange's S&P/TSX Composite Index** was up 0.30% at 35,145.38 points, after logging its steepest one-day drop since June 5 on Wednesday.

"TSX has benefited mostly from the conflict in the Middle East which has driven up oil prices," said Allan Small, senior investment advisor of the Allan Small Financial Group with iA Private Wealth. "The number one negative right now is that yields are up."

TSE's S&P/TSX Composite	Close	$ Chng	% Chng
GAINERS			
Richelieu Hardware Ltd.	38.63	3.95	11.39
International Petroleum Corporation	36.57	1.70	4.88
Fortuna Mining Corp	15.10	0.66	4.57
LOSERS			
Denison Mines Corp	3.37	-0.29	-7.92
MDA Space Ltd.	38.81	-2.53	-6.12
Celestica Inc.	506.58	-23.43	-4.42

The **energy sector** added 2.80% to 455.08 and extended its yearly gains to nearly 50%, making it the best-performing major TSX sector in 2026.

The heavily weighted **financials sector** fell 0.30% to 715.66.

Against the **loonie**, the **US dollar** fell 0.26% to C$1.4217 as the gap between US and Canadian yields narrowed from the historically wide levels seen earlier in the week and as investors awaited Canada's monthly employment report.

COMING UP

Statistics Canada will publish its September **labor force survey**, with the **unemployment rate** seen rising to 6.5% from 6.4% in August, while the economy is forecast to have added 9,200 **jobs** after shedding 41,700 jobs in the previous month.

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Wealth News

FED COMMENTS

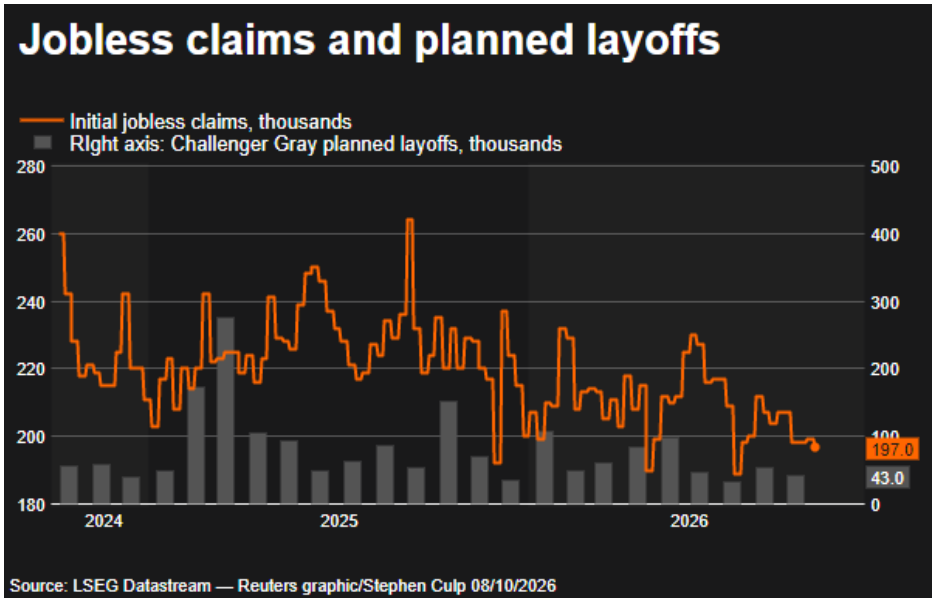
Fed's Waller: More hikes needed, but there is 'flexibility' about the pace

US Federal Reserve Governor Christopher Waller said that additional rate hikes will likely be needed to lower inflation to the Fed's 2% target but added there was "flexibility" about the pace of increases and left the door open for a pause at the Fed's upcoming October meeting.

LABOUR MARKET VIEW

US jobless claims hover near 57-year low for fourth consecutive week

The number of Americans filing new claims for unemployment benefits fell last week, pointing to continued labor market stability despite a sharp slowdown in job growth in September. Initial claims for state unemployment benefits slipped 2,000 to a seasonally adjusted 197,000 for the week ended October 3, the Labor Department said. The four-week moving average of claims, viewed as a better gauge of labor market trends as it irons out week-to-week volatility, fell 2,500 to 198,000 last week, the lowest level since early October 2022. The claims report showed the number of people receiving unemployment benefits after an initial week of aid, a proxy for hiring, increased 17,000 to a seasonally adjusted 1.716 million during the week ended September 26. The so-called continued claims had dropped to a 3-1/2-year low in the prior week.



MORTGAGE RATES RISE

US 30-year fixed-rate mortgage rate hits 7.40%, likely to further erode housing demand

The average rate on the popular US 30-year fixed-rate mortgage surged to a near three-year high this week, and could increase further as concerns over inflation boost Treasury yields.

VALUATION TARGET

Nvidia-backed Iambic Therapeutics launches IPO as biotechs buck market gloom

Nvidia-backed Iambic Therapeutics, which uses AI to develop drugs, is aiming to raise up to $159.4 million in its US IPO, as the biotech sector emerges as a bright spot in an otherwise lackluster market.

BANKER BONUS

Goldman executives set for more than $500 million in special bonus, Bloomberg News reports

Goldman Sachs Group's top executives are set to receive special equity awards worth more than $500 million, Bloomberg News reported.

DEAL

Viatris bets on non-opioid pain drugs with $1.65 billion Pacira deal

Drugmaker Viatris said it would buy Pacira BioSciences for $1.65 billion in cash, adding two non-opioid pain treatments to its portfolio as it looks to build out higher-value branded medicines beyond its core generics business.

FUTURE DEBUT

Bezos says Blue Origin likely to pursue IPO in coming years

Blue Origin is likely to pursue an initial public offering in the coming years, billionaire founder Jeff Bezos said on Wednesday, after the space company raised $10 billion from outside investors for the first time in a funding round.

PICTURE OF THE DAY



EngineAI T800 robots fight during ARC League's humanoid combat competition in Singapore October 7. REUTERS/Edgar Su

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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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LSEG
10 Paternoster Square, London, EC4M 7LS, United Kingdom

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