

Market Recap at 4 PM ET

Wall Street ended lower as chip stocks extended recent losses and investors assessed mixed quarterly results from Citigroup and other major banks. **Longer-dated Treasury** yields fell, tracking declines in European bond yields. **Gold** edged lower and the **dollar** slipped as investors awaited key inflation data and remarks from the Fed chair. **Oil** prices were mixed as hopes that a US-Russia diesel deal could boost supplies from Moscow offset concerns over attacks in Saudi Arabia that could cause further supply disruptions.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	51,670.10	-180.45	-0.35	54,744.33	45,057.28
Nasdaq	27,204.38	-41.52	-0.15	27,722.75	20,690.25
S&P 500	7,805.45	-1.79	-0.02	7,844.52	6,316.91
Toronto	35,983.98	319.36	0.90	37,069.11	29,530.92
FTSE	10,650.33	-5.95	-0.06	10,989.45	9,670.46
Eurofirst	2,534.27	-4.47	-0.18	2,652.27	2,231.14
Nikkei	67,777.52	-1253.40	-1.82	72,831.73	50,558.91
Hang Seng	24,345.22	74.02	0.30	28,056.10	22,518.00

S&P 500	**Price**	**$ Chng**	**% Chng**
GAINERS			
CDW Corporation	152.30	8.54	5.94
Valero Energy Corp	456.43	20.43	4.69
Expand Energy Corporation	92.64	3.83	4.31
LOSERS			
Applied Materials Inc	461.67	-35.86	-7.21
Flex Ltd	110.56	-6.68	-5.70
Johnson & Johnson	248.95	-14.78	-5.60

TREASURIES	**Yield**	**Price**
10-year	5.2126	8/32
2-year	4.7911	0/32
5-year	5.0031	3/32
30-year	5.5614	17/32

FOREX	**Last**	**% Chng**
Euro/Dollar	1.1198	0.40
Dollar/Yen	158.33	-0.18
Sterling/Dollar	1.3253	0.36
Dollar/CAD	1.4215	-0.47

COMMODITIES ($)	**Price**	**Chng**	**% Chng**
Front Month Crude /bbl	94.66	0.92	0.98
Spot gold (NY/oz)	4163.11	-7.99	-0.19
Copper US (front month/lb)	6.68	-0.0205	-0.35
CRB Index Total Return	539.78	1.41	0.26

COMING UP

The Labor Department's Bureau of Labor Statistics (BLS) is scheduled to release the **Consumer Price Index** (CPI) report for September. CPI is expected to rise 0.6% month-on-month after increasing 0.4% in August, while annual inflation is seen accelerating to 3.6% from 3.4%. **Excluding food and energy**, the CPI is forecast to increase 0.2% on the month, with the annual core CPI rate expected at 2.5%. Additionally, the Federal Reserve is also scheduled to publish its **Beige Book**.



People shop in a supermarket in Manhattan, New York City, June 10. REUTERS/Andrew Kelly

THE DAY AHEAD

On the earnings front, **Bank of America** is likely to report a higher third-quarter profit, as its income from customer interest payments is anticipated to jump. Wall Street will closely watch out for management commentary on the capital markets business after CEO Moynihan's weak investment banking and trading forecast last month sparked a selloff in big bank stocks.

Morgan Stanley is expected to report a rise in third-quarter profit, as a rebound in mergers and acquisitions is set to help its fee income and volatility in the markets is set to boost its trading income.

BlackRock is expected to report a jump in third-quarter profit and revenue, boosted by strong performance across its most divisions. Investors will watch for comments around surging bond yields and higher interest rates, and their impact to risk appetite in the investing world.

Richmond Fed President **Thomas Barkin** is scheduled to participate in a fireside chat at the Chamber RVA Regional Action Summit 2026. Meanwhile, Federal Reserve Vice Chair for Supervision **Michelle Bowman** is set to take part in a discussion on "Supervision and Regulation" at the 2026 IIF Annual Membership Summit in Bangkok, and later in the day is expected to speak at the virtual Bangkok Economic Festival 2026.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Core CPI MM SA for Sept	0830	0.2%	0.3%
Core CPI YY NSA for Sept	0830	2.5%	2.4%
CPI Index NSA for Sept	0830	336.654	334.980
Core CPI Index SA for Sept	0830	--	337.765
CPI MM SA for Sept	0830	0.6%	0.4%
CPI YY NSA for Sept	0830	3.6%	3.4%
Real weekly earnings MM for Sept	0830	--	0.2%
CPI MM NSA for Sept	0830	--	0.320%
CPI Index SA for Sept	0830	--	334.13
CPI Wage Earner for Sept	0830	--	328.481
Cleveland Fed CPI for Sept	1100	--	0.2%
LSEG IPSOS PCSI for Oct	1100	--	50.45

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates*	Year Ago	Rev Estimates (mln)
Bank of America Corporation	Q3	06:45	$1.10	$1.11	$1.06	$30,685.30
BlackRock	Q3	BMO	$14.17	$14.13	$11.55	$7,519.55
Fastenal Company	Q3	07:00	$0.34	$0.34	$0.29	$2,439.56
Morgan Stanley	Q3	07:30	$2.90	$2.91	$2.80	$19,953.67
State Street Corporation	Q3	07:30	$3.69	$3.67	$2.78	$4,028.35
The Progressive Corporation	Sept	08:16	$4.47	$4.36	$4.05	$22,495.47

**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 down as chip stocks added to recent losses and investors parsed mixed quarterly results from Citigroup and other big banks. Analysts on average see S&P 500 third-quarter earnings surging over 30%, fueled largely by AI-related technology companies, according to LSEG data. Reflecting expectations of strong corporate earnings from AI heavyweights, the S&P 500 is trading at under 19 times expected earnings, its lowest since 2023. Expectations of a strong earnings season have offset worries about the US war with Iran, surging bond yields and inflation related to high oil prices. "Until we get into the full swing of earnings, we'll still be subject to uneven market performance," said Peter Cardillo, chief market economist at Spartan Capital Securities. The **S&P 500** edged down 0.02% to 7,805.45 and the **Nasdaq Composite** lost 0.15% to 27,204.38. The **Dow Jones Industrial Average** fell 0.35% to 51,670.10.



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

Longer-dated Treasury yields were slightly lower, following the path of their European counterparts, while **short-dated 2-year yields** were flat on the eve of key US inflation data. "One of the reasons why the US market was kind of holding in was because of what's going on in Europe. And we just seem to be following European rates in general," said Tom di Galoma, managing director at Mischler Financial. Wednesday will bring September's consumer price index report, a widely followed inflation barometer. Consumer prices remain elevated in part due to the months-long Middle East war that has boosted the price of oil. **Benchmark 10-year notes** rose 7/32, yielding 5.2147%. **30-year bonds** edged up 16/32 to yield 5.5626%. **Two-year notes** were flat with a yield of 4.7911%.

The **dollar** slipped as oil prices retreated and investors reassessed the AI-fueled rally that has supported demand for US assets this year, while awaiting fresh clues on the Federal Reserve's interest rate path. "The dollar is retreating as skepticism grows over the strength and sustainability of artificial intelligence-related equity valuations, threatening to curb capital inflows into American financial markets," said Karl Schamotta, chief market strategist at Corpay in Toronto. The **dollar index** eased 0.39% to 102.19. The **euro** was up 0.40% at $1.1198. Against the **Japanese yen**, the dollar lost 0.17% to 158.34 yen.

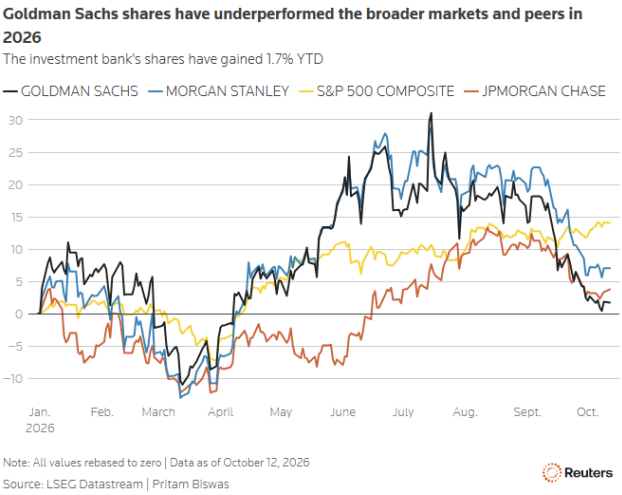
Oil prices were mixed as hopes the US-Russia diesel deal could free up more supplies from Moscow offset attacks in Saudi Arabia and Yemen that could result in additional supply disruptions. The Kremlin said that it did not see any direct link between a deal on exporting Russian diesel to the US and Moscow's own stance on the Ukraine peace talks. Trump said the Russian diesel was for the rest of the world, not the US. Trump also said the US was still sharing intelligence with Ukraine. Elsewhere, Yemen's Iran-allied Houthis said Saudi Arabia was attacking the Yemeni capital Sanaa after a Saudi-led coalition warned civilians to stay away from an oil depot on the city outskirts, part of a rapidly escalating war between the sides. **Brent crude futures** were down 0.53% at $106.08 a barrel. **US West Texas Intermediate futures** rose 0.94% to $94.62 per barrel.

Gold prices edged lower, while investors awaited key US inflation data and remarks from the Federal Reserve chair due later this week to gauge the outlook on monetary policy. "We have some inflation data that's coming out later this week. So market is kind of waiting to see how that plays out," said Bob Haberkorn, senior market strategist at StoneX. "Interest rate hikes have increasingly become a double-edged sword for gold. While higher rates raise the opportunity cost of holding non-yielding assets such as gold, they also intensify the fiscal burden on many governments and thereby exacerbate debt sustainability concerns," analysts at Commerzbank said in a note. **Spot gold** fell 0.20% to $4,162.79 per ounce. **U.S. gold futures** were 0.07% lower at $4,187.70 an ounce.

TOP NEWS

Goldman Sachs beats quarterly profit estimates on equities strength

Goldman Sachs beat third-quarter profit estimates as dealmaking remained steady and volatile markets tied to the Middle East conflict lifted its equities revenue. The Wall Street giant, however, posted lower fixed income, currency and commodities revenue. The bank's FICC business has been choppy this year. "FICC came in light, which was somewhat expected based on recent bank conferences, but investment banking was a clear beat relative to consensus, which demonstrates a still robust pipeline of deal activity that is expected to keep this revenue line elevated into the next several quarters," said Stephen Biggar, analyst at Argus Research. Total profit was $5.29 billion, or $17.01 per share, for the three months ended September 30. That compares with $4.10 billion, or $12.25 per share, a year ago. Analysts expected a profit of $13.02 per share, according to estimates compiled by LSEG.



Click on the chart for a detailed and interactive graphic

JPMorgan posts rare profit miss as dealmaking, bond trading lose momentum

JPMorgan Chase fell short of quarterly profit estimates for the first time in nearly three years as market volatility and an uncertain economic outlook dampened dealmaking and reduced bond market trading activity in recent months. JPMorgan reported an 8% decline in third-quarter investment banking fees versus the second quarter, even as it recorded a 14% rise compared with a year earlier. "JPMorgan may be a victim of its own success ... as it creates a high bar to clear in Q3 and clearly it had some difficulty doing just that," said Brian Mulberry, chief market strategist at Zacks Investment Management, which holds shares of the bank. The bank reported a profit of $5.57 per share for the three months ended September 30. Analysts on average had expected $5.85 per share, according to estimates compiled by LSEG.

Wells Fargo beats profit estimates, but net interest income, revenue fall short

Wells Fargo beat Wall Street estimates for third-quarter profit, but lower-than-expected net interest income and revenue. Wells Fargo's earnings beat was driven by robust growth in loans, but net interest income — the difference between what a lender earns on loans and pays out on deposits — fell short of expectations. That metric was hurt by lower interest rates on floating-rate assets, higher deposit costs and a decline in non interest-bearing deposits. "Inflation and higher interest rates continue to be headwinds, and the longer they persist, the more pressure they can place on both consumers and commercial clients," CEO Charlie Scharf told analysts. The bank reported a profit of $1.87 per share, beating analysts' average expectations of $1.85, according to data compiled by LSEG.

Citi profit tops estimates on higher investment banking, services and wealth revenue

Citigroup beat Wall Street estimates for third-quarter profit, helped by stronger investment banking revenue and transactions with multinational companies as well as higher earnings from wealth management. Trading profits gained only 2% over a year ago, but fell 27% against the previous quarter, mainly due to a drop in equity trading revenue. "There is no doubt that high interest rates and the threat of continued Fed hikes is weighing on trading and IB activity in a measurably negative vector," said Brian Mulberry, chief market strategist at Zacks Investment Management. But he noted Citi was able to drive positive growth from multiple business units, such as services and wealth management. Citi reported a profit of $2.85 per share in the third quarter, beating analysts' estimate of $2.66 per share, according to data compiled by LSEG.

UnitedHealth raises profit forecast as turnaround efforts gather pace

UnitedHealth Group raised its 2026 profit forecast and indicated that Wall Street's current estimate for 2027 earnings was too low, saying it would build on restrained medical-cost spending in its health insurance business and improved margins in clinical care. The company now expects 2026 adjusted profit per share of at least $20.50. That is up from its previous forecast of at least $19.50 to $20, and above analysts' estimates for $19.86 per share, according to LSEG data. For 2027, Chief Financial Officer Wayne Deveydt said the company is targeting the lower end of its long-term growth rate projection of 13% to 16% as a "reasonable starting point." Wall Street analysts are estimating earnings of $22.61 per share for next year. "Current analyst consensus for 2027 may understate the opportunity ahead," he said.

J&J posts weak medical device sales, shares fall

Johnson & Johnson reported sales in its medical devices business that fell short of Wall Street expectations, citing geopolitical issues including the Middle East conflict. The results marked the second successive quarter that its MedTech unit missed analysts' estimates. Chief Financial Officer Joe Wolk, in an interview, said the Mideast conflict, austerity measures in Europe and pricing in China continued to weigh on results internationally in the third quarter, "but maybe in a little bit more pronounced way." The Mideast conflict, which has led to soaring fuel costs, has yet to impact the company's costs, he said, but has hurt sales in the region. The company's shares ended 5.73% lower at $248.63.

Bank of America loses bankers, tells staff of big ambition, continued hiring

Bank of America's top leaders had a problem in the first week of August. Veteran banker Amy Lissauer — one of the company's most senior female executives — was considering jumping to rival JPMorgan Chase, people familiar with the matter said. Ultimately, the attempts by CEO Brian Moynihan and Faiz Ahmad, the co-head of global investment banking, to persuade Lissauer to stay were unsuccessful, the people added. "We have strong momentum across our global business and represent clients in a lead advisory role in numerous industry defining transactions," a BofA spokesperson said in a statement to Reuters. "We have recruited dozens of senior bankers this year from our major competitors, reflecting the strength of our platform and the breadth of solutions to serve clients across the US and around the world."

Google launches flagship AI model Gemini 4 Argon for developers, businesses

Alphabet's Google released its flagship AI model Gemini 4 Argon to developers and businesses worldwide, seeking to regain ground against rivals OpenAI and Anthropic after months of delays and a leadership shakeup at its DeepMind lab. The model excels at "deep work" on complex, multi-step tasks in coding, finance, law, cybersecurity and science, Google said. API pricing at launch starts at $2 per million input tokens and $10 per million output tokens, with rates set to double after November 30. Argon is available to paying customers through the company's AI application building tools. Google AI Pro and Ultra subscribers can access it through the Gemini app and AI Mode in Search, while the Antigravity coding tool is limited to Ultra subscribers.

Apple unveils new smart home products, showcasing updated Siri AI

Apple launched a raft of smart products, including an iPad-like device dubbed the HomeView, in a bet that its AI-upgraded Siri virtual assistant can help it carve out a bigger share of the highly competitive connected home market. The HomeView device, which starts at $299 and starts shipping next month, is Apple's latest entry into a highly competitive market for home connected devices. It will feature a 7-inch screen and face recognition, will help users control doorbells, thermostats and smart locks in a market where Apple has tinkered for a decade without major success. "Apple needs to demonstrate that its AI capabilities can deliver meaningful benefits beyond basic voice commands, simplifying everyday tasks and bringing greater intelligence to the home," said PP Foresight analyst Paolo Pescatore.

Meta challenges UK online safety watchdog over how fees and fines are calculated

Facebook and Instagram owner Meta challenged Britain's media regulator over how it calculates fees and potential fines under the Online Safety Act, arguing that the watchdog's methods are disproportionate. Meta's challenge comes a week after Ofcom opened an investigation into whether the company properly assessed the risks posed by its Instagram Instants feature before launching it in May. The case brought by Meta opened in London's High Court on Tuesday and centres on Ofcom's use of worldwide rather than UK revenue to determine fees and maximum potential fines. Meta argued that Ofcom had exceeded its statutory powers by defining qualifying worldwide revenue as broadly as possible, with the objective of imposing the highest possible penalties. That was Ofcom's "overriding concern", Meta said in its legal submission.



President Donald Trump points toward supporters at the end of a campaign rally, Ohio, October 12. REUTERS/Kevin Lamarque

Insight and Analysis

REUTERS OPEN INTEREST-AI may be rocket fuel for US stocks, less so for GDP: McGeever

Wall Street is not the economy, so we are told. Nowhere is this clearer than the AI revolution, which is firing US stocks to record highs while, simultaneously, weighing on real gross domestic product growth. Demand for all the equipment that goes into building US AI data centers and infrastructure is surging, but much of it is directed toward imports. This is widening the trade deficit, which, in turn, is a drag on growth, not enough to slow the economy to a halt, but enough to ensure it doesn't accelerate too fast.

'Brutal session' for chip stocks shows AI trade is turning

A selloff in AI supplier shares is the strongest sign to date that the mood on the trade of the decade is shifting, with worries that rising interest rates could scupper a spending spree bigger than the historic US railroad boom. Nearly four years since the launch of OpenAI's ChatGPT, cash has streamed into semiconductor companies, data centre owners, cable companies and anyone reaping revenue from an unprecedented race to build computing infrastructure. Cracks in those bets began in June and are now widening across markets.

Democratic midterm wins could bring scrutiny for Wall Street, crypto firms

A Democratic victory in one or both chambers of Congress would not stop President Donald Trump's administration from handing regulatory breaks to Wall Street banks, prediction markets and crypto firms, but it would give Democrats powerful tools to probe the industries and their watchdogs. Polls suggest Democrats are poised to win the House of Representatives and have an edge in the race for the Senate. If the party prevails in either chamber, it would gain subpoena power, larger investigative staffs and the power to call in agency heads and corporate CEOs to testify, creating headaches and potential legal entanglements for those under scrutiny.

Canada

Market Monitor

Canada's main stock index rose, lifted by energy shares, while a global semiconductor selloff amid renewed AI concerns drove investors into government bonds, helping stabilize yields.

The **Toronto Stock Exchange's S&P/TSX Composite Index** was up 0.90% at 35,983.98.

Energy shares surged 3.91% to 477.94, despite lower oil prices.

"There's perhaps a sense in the markets that bond yields have peaked short term and that seems to be driving the market more than anything else," said Matt Skipp, president at SW8 Asset Management.

The **US dollar** weakened 0.48% against its Canadian counterpart to C$1.4214.

TSE's S&P/TSX Composite	Close	$ Chng	% Chng
GAINERS			
Enerflex Ltd.	39.11	4.85	14.16
TerraVest Industries Inc	117.08	6.79	6.16
CES Energy Solutions Corp	20.06	0.97	5.08
LOSERS			
Wesdome Gold Mines Ltd (ontario)	31.40	-3.11	-9.01
Hammond Power Solutions Inc.	283.57	-24.54	-7.96
Americas Gold and Silver Corporation	5.74	-0.48	-7.72

COMING UP

Statistics Canada is due to release **Canada**'s **building permits** data for August, which was recorded at -17.3% in the prior month.

Top News

India's Modi to visit Canada in December, Carney's office says
Indian Prime Minister Narendra Modi is set to visit Canada in December, Canadian Prime Minister Mark Carney's office said, adding that the leaders were committed to conclude negotiations on a Comprehensive Economic Partnership Agreement at the earliest opportunity. Carney and Modi spoke and agreed to remain in close contact ahead of the December visit, Carney's office said in a statement.

CSG enters space sector as largest shareholder in Canada's MDA Space
Czech arms maker CSG said it had acquired a 9.5% stake in Canada's MDA Space, becoming the satellite and space technology company's largest shareholder. CSG said the investment was its first venture into the space sector and could lead to further cooperation, including joint investments in European manufacturing facilities and potential acquisitions. The company said it expects the global space economy to nearly triple to about $1.8 trillion by 2035.

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Wealth News

GROWTH RISKS

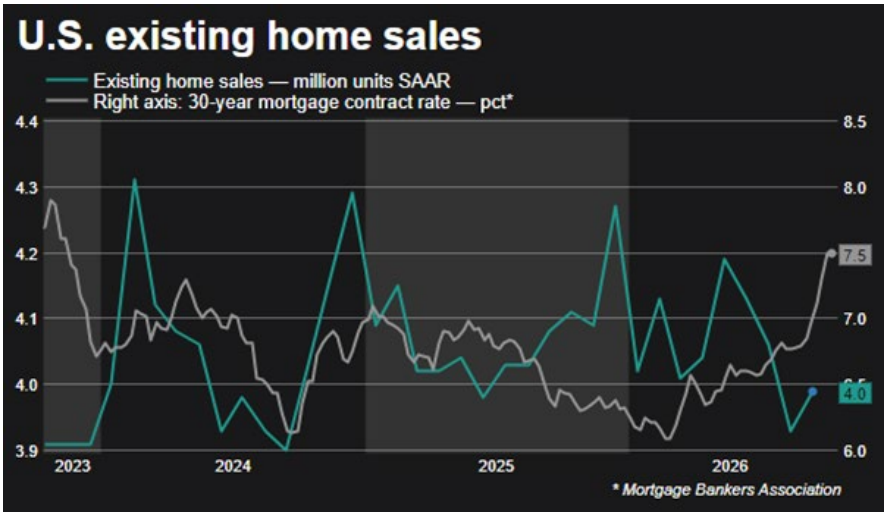
IMF flags risks to global economy from AI market correction, war and debt

The International Monetary Fund flagged significant growth and financial stability risks from a potential ending of the AI investment boom, growing debt levels and a prolonged Middle East conflict.

HOUSING STRAIN

US existing home sales rise in September; higher mortgage rates dim outlook

US existing home sales unexpectedly increased in September, but the trend stayed subdued against the backdrop of rising mortgage rates and still higher prices, which have made the dream of owning a house unattainable for many young Americans. Home sales advanced 1.5% last month to a seasonally adjusted annual rate of 3.99 million units. August's sales were revised down to show a 3.2% drop instead of the previously reported 2.0%. Sales remained below the 4.0-million-unit pace for a second straight month. Sales fell 2.2% on a year-over-year basis in September. Existing housing inventory rose 1.9% to 1.60 million units, the highest level since November 2019. The median existing home price last month increased 1.3% from a year ago to $417,500, the highest for any September. The bulk of the homes sold last month were in the $250,000-750,000 price range.



Click on the chart for a detailed graphic

INFLATION ANCHORED

US inflation expectations are well anchored, Fed's Waller says

The recent rise in US bond yields reflects stronger economic growth rather than higher inflation expectations, which remain "well anchored", Federal Reserve Governor Christopher Waller said.

RATE OUTLOOK

Fed's Williams sees no need for rate hike in 2027, Bloomberg News reports

New York Federal Reserve President John Williams has reaffirmed his view that the US central bank may need to raise interest rates once more this year in its bid to lower inflation.

PORTFOLIO REVIVAL

Higher yields revive the case for a new-look 60/40 portfolio

US investors are favourably reassessing the traditional 60% stock, 40% bond portfolio strategy as a selloff in government debt lifts yields to levels that offer more attractive income and potentially stronger future returns.

TREASURY WATCH

US Treasury yield peak still ahead as Fed likely to tighten again, PIMCO's Ivascyn says

US Treasury yields may have further room to rise, with the Federal Reserve likely to deliver one or two more rate increases before the current tightening cycle ends, Dan Ivascyn, chief investment officer at the world's largest bond manager, PIMCO, told Reuters.

EXCLUSIVE

Banking watchdogs ramp up AI scrutiny as stability fears mount, sources say

Banking regulators are stepping up efforts to contain growing AI risks, six people familiar with the matter said, with some pointing to the potential for cyberattacks on banks or rogue agents undermining global financial stability.

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PICTURE OF THE DAY



A deforested area of the Amazon rainforest burns during the dry season in the municipality of Autazes, in the state of Amazonas, Brazil. October 12. REUTERS/Bruno Kelly

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

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