

Market Recap at 4 PM ET

The **S&P 500** edged higher as investors rotated from AI-related stocks into healthcare and consumer sectors. **Treasury yields** fell on safe-haven demand and growing bets that the Fed will pause rate hikes. **Gold** prices climbed on a weaker **dollar**. **Brent crude** eased as markets assessed potential US moves to relax restrictions on the world's "shadow fleet" of tankers.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	52,177.69	556.21	1.08	54,744.33	45,057.28
Nasdaq	26,713.03	20.16	0.08	27,722.75	20,690.25
S&P 500	7,744.06	25.12	0.33	7,844.52	6,316.91
Toronto	36,137.10	552.64	1.55	37,069.11	29,530.92
FTSE	10,840.35	115.49	1.08	10,989.45	9,670.46
Eurofirst	2,555.66	9.51	0.37	2,652.27	2,231.14
Nikkei	64,425.95	-3318.34	-4.90	72,831.73	50,558.91
Hang Seng	24,062.72	-251.45	-1.03	28,056.10	22,518.00

S&P 500	Price	$ Chng	% Chng
GAINERS			
Reddit, Inc.	159.44	10.84	7.29
Coinbase Global, Inc.	185.25	12.36	7.15
AppLovin Corporation	280.11	17.92	6.83
LOSERS			
Dell Technologies Inc	465.44	-42.49	-8.37
Hewlett Packard Enterprise Co.	58.68	-4.43	-7.02
Everpure Inc	132.51	-8.99	-6.35

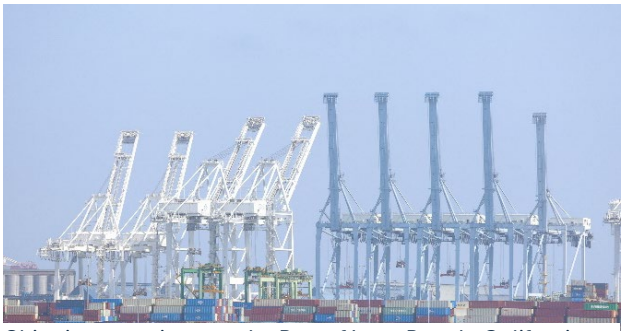
TREASURIES	Yield	Price
10-year	5.0913	24/32
2-year	4.7572	3/32
5-year	4.9043	12/32
30-year	5.4308	42/32

FOREX	Last	% Chng
Euro/Dollar	1.1215	0.53
Dollar/Yen	158.07	-0.15
Sterling/Dollar	1.3273	0.62
Dollar/CAD	1.4184	-0.37

COMMODITIES ($)	Price	Chng	% Chng
Front Month Crude /bbl	97.66	2.57	2.70
Spot gold (NY/oz)	4172.47	67.35	1.64
Copper US (front month/lb)	6.51	-0.1000	-1.29
CRB Index Total Return	539.06	1.94	0.36

COMING UP

The Labor Department's Bureau of Labor Statistics is expected to release import and export price data for September. **Import prices** likely rose 0.8% month-on-month, after a 0.7% increase in the prior month, while **export prices** are forecast to have risen 1% after increasing 0.6% in August. Additionally, the Federal Reserve is expected to report that **industrial production** increased 0.4% last month after being flat in August. **Capacity utilization**, meanwhile, is seen rising to 76.5% from 76.3%.



Shipping containers at the Port of Long Beach, California, July 17. REUTERS/ Mario Anzuoni

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Separately, **Exxon Mobil**, in a regulatory filing before the market opens, will detail the factors that affected its third-quarter earnings.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Import prices MM for Sept	0830	0.8%	0.7%
Export prices MM for Sept	0830	1.0%	0.6%
Import prices YY for Sept	0830	--	7.0%
Industrial production MM for Sept	0915	0.4%	0.0%
Capacity utilization SA for Sept	0915	76.5%	76.3%
Manufacturing output MM for Sept	0915	0.3%	-0.3%
Industrial production YY for Sept	0915	--	1.42%

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates*	Year Ago	Rev Estimates (mln)
Citizens Financial Group	Q3	BMO	$1.39	$1.39	$1.05	$2,335.89
M&T Bank Corporation	Q3	BMO	$4.98	$4.96	$4.82	$2,532.71
Regions Financial Corporation	Q3	BMO	$0.67	$0.66	$0.61	$1,986.38
The Travelers Companies	Q3	BMO	$7.60	$7.42	$8.14	$11,376.35
Truist Financial Corporation	Q3	BMO	$1.10	$1.11	$1.07	$5,354.38

**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.

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Market Monitor

The **S&P 500** ended higher, springing back from early losses as investors concerned about AI stocks shifted into Eli Lilly, UnitedHealth and other healthcare and consumer stocks. Eli Lilly gained 3.9% and UnitedHealth was up 3.7%. Trading in technology stocks was mixed, as investors scrutinized AI-related companies whose debt loads leave them vulnerable to rising interest rates. "The cost to finance everything, whether it be a new single-family house or a giant data center, is going up, and that has implications for lots of stuff in the stock market," said Jed Ellerbroek, portfolio manager at Argent Capital Management. "The best performing stocks today are the non-cyclical, defensive businesses." The **S&P 500** was up 0.33% at 7,744.11. The **Nasdaq Composite** edged up 0.08% to 26,713.03 and the **Dow Jones Industrial Average** rose 1.08% to 52,178.64.



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

Treasury yields fell on concerns about slowing AI growth and bets the Federal Reserve will hold rates steady at its next meeting. After hotter-than-expected retail sales and wholesale inflation data, yields pared declines briefly before resuming a drop. "The headline numbers were very strong, whether it was retail sales or PPI. You saw this initial move up in yields because if you just looked quickly, the numbers looked very strong, but if you look under the surface they might not be as strong or inflationary as the headline might suggest," Collin Martin, head of fixed income research and strategy at Schwab Center for Financial Research said. He also pointed to signals from Fed officials that the central bank is in no rush to raise rates. "Even though inflation is still elevated, the risk is that it can be detrimental to growth in the long term and AI concerns and the potential for stock market weakness supports the case for a flight to quality," Martin added. **Benchmark 10-year notes** rose 24/32 to yield 5.0892%. **Two-year notes** were up 3/32, yielding 4.7572%. **30-year bonds** gained 1-11/32 with a yield of 5.4286%.

The **dollar** eased as investors looked past strong US inflation and spending data to focus on a shakeout in the securities of AI data center firms. "The hotter (producer prices) print reinforces the inflation concerns raised by CPI, but our view remains that much of the associated Fed hawkishness is already priced in, leaving limited room for further upside in US yields and the dollar," said Joel Kruger, a market strategist at LMAX Group in London. The **dollar index** fell 0.50% to 102.04. The **euro** was up 0.53% at $1.1215. Against the **Japanese yen**, the dollar lost 0.14% to 158.09 yen.

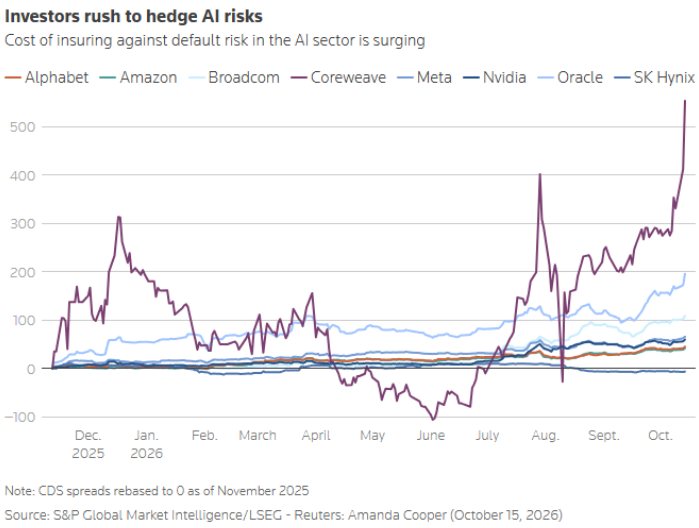
Brent crude edged lower as investors weighed possible US steps to ease restrictions on the world's "shadow fleet" of tankers, while conflict in the Middle East kept a geopolitical risk premium in the market. The shadow fleet discussions are happening days after President Donald Trump temporarily lifted sanctions on Russian diesel fuel to ease a surge in prices globally. The new talks centre on Washington potentially allowing "legal oil" to flow on previously sanctioned vessels, a US official said. The Department of Energy said any move to relieve sanctions on the shadow fleet would not help Russia move oil or oil products. The Treasury Department referred questions to the Department of Energy. **Brent crude futures** inched 0.31% lower to $105.73 a barrel. **US West Texas Intermediate futures** rose 2.73% to $97.69 per barrel.

Gold climbed, supported by a weaker dollar and lower Treasury yields, while expectations of a Federal Reserve rate hike this month remained subdued despite hotter-than-expected inflation data. "I think the market was largely anticipating the hot PPI print in the wake of yesterday's higher than expected CPI number," said Peter Grant, vice president and senior metals strategist at Zaner Metals. "The market is starting to realize that the Fed is hamstrung to some degree because of the fiscal situation and that raising interest rates much higher is going to be quite a burden to the economy." **Spot gold** rose 1.65% to $4,172.94 per ounce. **U.S. gold futures** were 2.08% higher at $4,193.20 an ounce.

TOP NEWS

AI credit worries send default insurance to record high

The cost of insuring against tech defaults struck record highs, as investors rushed to hedge against the risk of credit stress building in the AI trade, with heavily indebted data centre operators like CoreWeave hit hardest. Hotter-than-expected US inflation data, together with mounting expectations for higher interest rates, are adding to concerns about how quickly massive investment in artificial intelligence will translate into profits, as well as whether heavily indebted companies can generate returns fast enough to service mounting interest costs. CoreWeave, a loss-making "neocloud" company that owes nearly $50 billion, according to LSEG data, is in the eye of the storm. "CoreWeave is quickly becoming the AI trade's canary in the coal mine," said Kathleen Brooks, research director at XTB. "Its bonds have sold off sharply ... this is a sign that investors might be going off the AI investment narrative, which has included massive debt issuance to fund AI ambitions."



Click on the chart for a detailed and interactive graphic

NYC Comptroller Levine urges Anthropic to pause US IPO

Anthropic should delay its US IPO until it addresses concerns about safety, governance and the pace of development, urged New York City Comptroller Mark Levine in a letter to the AI lab's CEO Dario Amodei. AI systems have advanced rapidly over the past 12 months, outpacing regulation and drawing scrutiny over potential risks, including safety, cybersecurity threats and misuse. "Instead of proceeding headlong with its IPO, the company should focus its energies on addressing these unprecedented risks," Levine wrote in the letter seen by Reuters. NYC's public pension funds have a combined $7 million in exposure to Anthropic through private equity holdings, the comptroller's office told Reuters. Separately, Anthropic told prospective investors on Wednesday that revenue in the third quarter surged 45% from the prior quarter, two people who attended an investor day said, a move that could assuage market concerns about the huge costs of developing AI systems. To read more, **click here**

Tesla set to unveil next generation Roadster sports EV after years of delay

Tesla is set to unveil its redesigned Roadster later today, nearly nine years after it first showed a next-generation version of its electric sports car. Tesla revealed a prototype of the $200,000 car in 2017 and said deliveries would begin in 2020. The price has not been updated but reservations are still $50,000 each. Chief Executive Elon Musk has played down the car's importance to Tesla's finances, describing it in 2023 as a "small potato situation" that would not "move the needle in a major way financially." But the car still carries symbolic weight. "Tesla does not currently have a halo car, or high-performance luxury vehicle designed to showcase an automaker's best engineering and technology. The Roadster will be Tesla's new halo car," Morningstar analyst Seth Goldstein said in a note last month.

American Airlines names new network planning chief in fresh management shake-up

American Airlines is making another round of management changes, its second in the latter half of the year, as it tries to boost its profits, according to a staff memo seen by Reuters. Nick Andersen, currently vice president of commercial planning and performance, will become senior vice president of network planning on November 1, Chief Commercial Officer Nat Pieper said in the memo. Brian Znotins, who has led American's network team, plans to retire at year-end after nearly seven years with the airline. Pieper said elevating Andersen, with his experience in pricing, fleet planning and operations, offered an opportunity to better coordinate network planning with flight operations and "improve financial results." Separately, Southwest Airlines has revamped its 2027 loyalty program to include multiple tiers, it said, as the carrier looks to enhance benefits and reward its affluent travelers. To read more, **click here**

Nvidia, Apple each gave $25 million for Trump's ballroom, Washington Post reports

Nvidia and Apple each committed $25 million for US President Donald Trump's planned White House ballroom, according to a Washington Post report that showed $333 million in private donations for the project. The Adelson family, longtime financial supporters of Trump and his Republican Party, committed $25 million as well, as did billionaire Charles Ergen, co-founder and

chairman of telecommunications company Dish Network, the report added. The White House said it would not release information about the donors, which spokesman Davis Ingle said "represent a wide array of great American companies." "The same critics who are alleging fake conflicts of interests, would also complain if American taxpayers were footing the bill for these long-overdue renovations," Ingle told Reuters.

CCC Intelligent Solutions agrees to $6.1 billion take-private deal with GTCR, Elliott

CCC Intelligent Solutions said it agreed to be acquired by a consortium led by private investment firms GTCR and including Elliott Investment Management in a $6.1 billion take-private deal. Shareholders of the Chicago-based company will receive $7.75 in cash for each share held, CCC said. The offer represents a 44% premium to the stock's close on July 9, before Reuters reported the company was exploring a sale. The deal comes after the company faced investor concerns over slowing growth, softer claims volumes and a slower-than-expected rollout of some newer software products, which had weighed on its share price. "Today's announcement follows a thorough review of strategic options...," CCC CEO Githesh Ramamurthy said in a statement. Separately, Penske Automotive Group said it had agreed to be taken private by its largest shareholders, Penske Corp and Japan's Mitsui, in a deal that values the auto retailer at about $16.3 billion, including debt. To read more, **click here**

CNN, Axios and other publishers join Google's AI news program

Skydance's CNN, the Financial Times, Axios and other publishers joined Google's AI news program to license their content for generative AI features and explore ways to drive audience engagement. The deal marks CNN's first partnership since Paramount Skydance completed its acquisition of Warner Bros Discovery, as CEO David Ellison seeks to position the combined company as a technology-driven media business. As part of these agreements, publishers will provide enhanced content rights, allowing Google to develop new AI features, while Google will pay participating news organizations for their content. Financial terms were not disclosed. "Google's innovation with generative AI has changed how people discover information and content, and now those tools will help us explore new ways to discover and engage audiences," said Sam Felix, CNN's senior vice president of strategic partnerships and business development.

Amazon launches two new portable AI listening devices

Amazon unveiled two new devices for listening to and recording people's information throughout the day to offer calendar reminders and other AI-driven insights under the Bee brand it acquired last year. Frontier is a bracelet and Eclipse is a brick that resembles a portable magnetic charger. Users attach the Eclipse to their smartphones. They aggregate information from calendars, apps and other data throughout the day, Amazon said. The Frontier bracelet costs $75 and the Eclipse $100, Amazon said. He said that because the devices are always listening when turned on, users do not have to make reminders for themselves and "can stay more present" throughout the day. The company said users control privacy by deciding when to turn it on and can delete insights or prior conversations as they see fit.

Super Micro names former Western Digital executive Mark Long as new CFO

Super Micro appointed former Western Digital executive Mark Long as its chief financial officer, nearly two years after kicking off a search for the role amid concerns over its financial and accounting practices. The appointment, effective immediately, replaces David Weigand, who has been the company's finance chief since early 2021. Weigand will "shift his focus to helping optimize and accelerate" the business, Super Micro said, without specifying his new role. Long, who will report directly to Super Micro CEO Charles Liang, was CFO of Western Digital until 2019 and oversaw corporate strategy. He also co-founded technology-focused investment firm Prime Impact Capital.

Revolution Medicines wins EU committee backing for pancreatic cancer treatment

A European Medicines Agency committee recommended EU approval of Revolution Medicines' drug for adults with metastatic pancreatic cancer, potentially offering patients in the bloc a new option for a disease with limited effective therapies. The once-daily oral drug Rasonque, chemically known as daraxonrasib, was approved in the US in August under an expedited review process for one of the deadliest forms of cancer, and works by blocking RAS proteins that can drive cancer-cell growth. The committee's endorsement moves Revolution Medicines' potential blockbuster closer to launch in Europe, with the European Commission set to make the final call.



President Donald Trump points as he takes the stage during a campaign rally at the Majestic Valley Arena in Kalispell, Montana, October 14. REUTERS/Evan Vucci

Insight and Analysis

Market selloff, rising rates test AI data centre deal boom

A market selloff is forcing companies driving the global AI boom to delay fundraising plans or pay more for capital as investors demand proof they can absorb rising interest rates and computing-power costs. The shift comes as investors reassess whether the companies racing to build the infrastructure underpinning artificial intelligence can generate returns that justify soaring spending on computing power, land and energy. The increased scrutiny is not derailing investment in the sector, analysts said, but it is forcing investors to distinguish more sharply between business models and levels of execution risk.

S&P 500's march to 8,000 hinges on 'very, very strong' third quarter

The S&P 500 has been a stone's throw away from 8,000 points since its midsummer rally, but many analysts and portfolio managers are skeptical the broad US index will close the gap despite strong third-quarter earnings expectations. Higher oil prices and rising yields don't typically help stocks and November's midterm elections present another layer of uncertainty. Add to that the latest round of questions about the AI boom, which has been the strongest dynamic in markets and the economy this year, and you have a setup for a lot of disappointed investors.

FOCUS-Ralph Lauren ties executive payouts to AI in sign of retail's shifting priorities

Ralph Lauren, like many companies in the retail space, had until last year tied part of its executives' compensation to a warm-and-cuddly metric known as "citizenship and sustainability." But in a sign of the times, the fashion label has replaced the sustainability measure with one linking a portion of its top leaders' annual payout to "AI metrics."

Canada

Market Monitor

Canada's main stock index rose as lower bond yields boosted risk appetite, offsetting weakness in energy shares caused by falling oil prices and a global selloff in AI-related technology stocks.

The **Toronto Stock Exchange's S&P/TSX Composite Index** was up 1.55% at 36,137.10.

Energy sector slipped 0.51% to 475.85 as oil prices eased.

Materials sector gained 3.30% to 809.88 as precious metal prices rebounded on a softer US dollar.

TSE's S&P/TSX Composite	Close	$ Chng	% Chng
GAINERS			
Denison Mines Corp	3.35	0.27	8.77
Equinox Gold Corp.	15.72	1.07	7.30
Bombardier Inc.	310.59	20.59	7.10
LOSERS			
Enerflex Ltd.	34.77	-1.88	-5.13
Altius Minerals Corp (AB)	57.48	-2.87	-4.76
Bird Construction Inc.	77.17	-3.31	-4.11

"The sector has continued to be under pressure that started at the beginning of the year, except (for) the relief rally in the spring and summer," said Shiraz Ahmed, CEO of Sartorial Wealth. "The moat around their (software) business is not quite as strong, now that AI and the ability to effectively recreate software has become very commoditized".

The **US dollar** weakened 0.36% against its **Canadian counterpart** to C$1.4185.

COMING UP

The Canada Mortgage and Housing Corporation is scheduled to release housing starts data, with **annualized housing starts** expected at 232,500 units in September, up from 229,000 in August.

Top News

Cohere moves to buy AI cybersecurity startup Aisle

Canadian AI lab Cohere said it had signed a letter of intent to buy Aisle, a San Francisco-based cybersecurity startup that uses AI to detect vulnerabilities in software. The tie-up would add cybersecurity to the business entity Cohere is assembling through its merger with Germany's Aleph Alpha, a combination reported to be worth about $20 billion. Cohere said the acquisition reflected its continued investment in Europe and would deepen its presence across the region, strengthening European AI. The deal is aimed at boosting the combined group's security and threat detection capabilities for enterprise and public sector clients, with private deployment available on the customer's own system.

Fairfax plans to fold other Indian financial holdings into IDBI Bank

Fairfax plans to transform IDBI Bank into a diversified financial services group by bringing its existing Indian investments in insurance, investment banking and wealth management under the lender, the Canadian firm said. India on Tuesday approved the sale of a 60.7% stake in IDBI Bank to Fairfax Financial Holdings in a deal valued at $5.56 billion, making it one of the country's largest cross-border banking transactions. Fairfax already owns a 30.2% stake in IIFL Capital Services, which runs investment banking and wealth management businesses, and is in the process of raising it to 51% through an open offer, according to the Canadian firm.

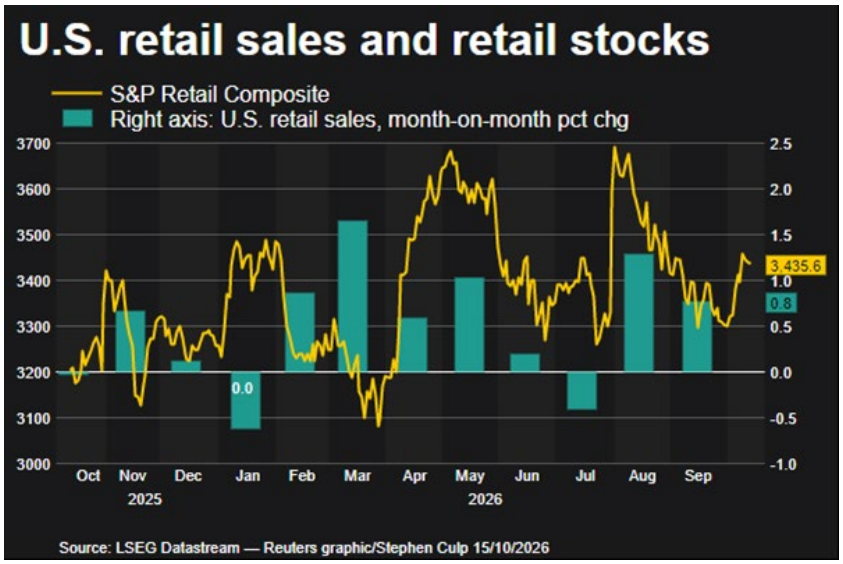
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Wealth News

INFLATION PULSE

US producer prices post largest gain in 4-1/2 years; expensive gasoline boosts retail sales

US producer prices increased by the most in 4-1/2 years in September amid rising costs for goods and services, the latest indication of inflation broadening out beyond energy products. The Producer Price Index for final demand jumped 1.3% last month, the largest gain since March 2022, after an upwardly revised 0.5% rise in August, the Labor Department's Bureau of Labor Statistics said. In the 12 months through September, the PPI soared 6.3%, the biggest rise since December 2022. That followed a 5.6% advance in August. In a separate report, the Commerce Department's Census Bureau said retail sales rose 0.8% in September after jumping 1.3% in August. Economists had forecast retail sales, which are mostly goods and are not adjusted for inflation, gaining 0.3%. Retail sales excluding automobiles, gasoline, building materials and food services edged up 0.1% last month after surging 1.2% in August.



FED PUSHBACK

Warsh's quest for quiet Fed gets vocal pushback

Federal Reserve Chairman Kevin Warsh's call for a "quieter" central bank is facing pushback from colleagues who see public communication as a fundamental part of their job and have taken to TV, podcasts, interviews, social media and speakers' podiums to make their policy views known.

YIELD PERSPECTIVE

US 10-year Treasury yield levels not unprecedented, BNY CEO says

The levels the benchmark 10-year US Treasury yield has touched this year are not unprecedented, the CEO of the oldest US bank told Reuters, as a bruising selloff in government debt lifted yields to multi-decade highs.

REUTERS OPEN INTEREST

AI investment boom may be papering over US economic cracks: Mike Dolan

Strip away the AI blanket and you may find the rest of the economy shivering underneath. Even if the reality is less stark, the latest research shows AI heat in national accounts is mirrored by cold spots elsewhere.

GRAPHIC

Wall St banks caught in capital markets lull after a strong first half of 2026

Quarterly results from Wall Street's big banks this week showed that even the largest and most robust players of the industry can be vulnerable to the ebb and flow of capital markets.

CONSUMER RESILIENCE

US holiday sales growth to speed up as shoppers stay resilient, NRF forecasts

US holiday sales growth is expected to accelerate to 4.2% this year, the National Retail Federation said, betting that consumers would remain resilient even as major retailers flag spending pressures.

DEAL HURDLES

Apollo's easyJet buyout faces union pushback ahead of first quarter 2027 close

EasyJet faces opposition from unions over its $7.5 billion takeover by Apollo, though the airline says it remains on track to complete the deal before the end of the first quarter of next year.

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PICTURE OF THE DAY



A person stands on a promenade as haze from wildfires shrouds the area, on the bank of the Kahayan River in Palangka Raya, Central Kalimantan province, Indonesia, October 14. REUTERS/Arief Rahman Septian Prathama

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

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