

Market Recap at 4 PM ET

Wall Street closed lower ahead of key earnings and a Fed meeting. **Treasury yields** rose, though the **benchmark yield** stayed below 5% amid lingering concerns over AI stock valuations. The **euro** fell against the **dollar** as French bonds sold off. **Oil** prices climbed on fears of supply disruptions following Houthi attacks in Saudi Arabia. **Gold** fell as rising inflation concerns pressured the precious metal.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	52,215.16	-652.82	-1.23	54,744.33	45,057.28
Nasdaq	25,955.34	-53.52	-0.21	27,722.75	20,690.25
S&P 500	7,623.68	-39.75	-0.52	7,844.52	6,316.91
Toronto	35,788.18	-185.27	-0.52	37,069.11	29,530.92
FTSE	10,690.36	-34.67	-0.32	10,989.45	9,670.46
Eurofirst	2,536.70	-7.52	-0.30	2,652.27	2,231.14
Nikkei	62,693.16	-214.68	-0.34	72,831.73	50,558.91
Hang Seng	23,093.37	158.69	0.69	28,056.10	22,518.00

S&P 500	Price	$ Chng	% Chng
GAINERS			
Crown Castle Inc	86.09	7.26	9.21
CrowdStrike Holdings, Inc.	256.73	18.79	7.89
SLB N.V.	53.14	3.59	7.25
LOSERS			
Comfort Systems USA, Inc.	1157.19	-122.18	-9.55
Globe Life Inc.	154.57	-13.85	-8.22
AT&T Inc.	21.01	-1.73	-7.61

TREASURIES	Yield	Price
10-year	4.9986	-11
2-year	4.6839	-3
5-year	4.8120	-6
30-year	5.3264	-19

FOREX	Last	% Chng
Euro/Dollar	1.1194	-0.18
Dollar/Yen	156.80	0.03
Sterling/Dollar	1.3373	-0.19
Dollar/CAD	1.4005	-0.02

COMMODITIES ($)	Price	Chng	% Chng
Front Month Crude /bbl	103.63	4.16	4.18
Spot gold (NY/oz)	3998.12	-25.86	-0.64
Copper US (front month/lb)	6.46	0.1020	1.60
CRB Index Total Return	540.99	4.74	0.88

COMING UP – WEEK AHEAD

The Federal Reserve's policy meeting will take center stage this week, alongside earnings reports from some of the world's largest companies. The Federal Open Market Committee (FOMC) will begin its two-day policy meeting on Tuesday. On Wednesday, the **Federal Reserve** is scheduled to announce its **interest rate decision**, with the federal funds target rate expected to remain in the 3.75%-4.00% range. The decision will be followed by a statement and a news conference by the Federal Reserve Chair Kevin Warsh.

THE DAY AHEAD

A busy week of technology earnings is on tap. **Alphabet** and **Microsoft** are scheduled to report their quarterly results on Wednesday, as investors focus on risks and benefits of the AI buildout.

Amazon.com will report third quarter results on Thursday after market close. Analysts expect continued revenue growth from its AWS cloud computing division and advertising sales.

Intel reports results on Thursday, with investors focused on the company's strategy for AI industry chips.

In healthcare, **Eli Lilly** is set to report its third quarter results before markets open on Thursday, with investors focused on sales of its diabetes and weight-loss medicines and any updates to its full-year outlook.



Microsoft logo and a keyboard in this illustration taken October 19. REUTERS/Dado Ruvic

On the economic calendar, US Commerce Department is scheduled to release third-quarter advance **GDP** data on Thursday, which is expected to show annualized growth of 3.2%, up from 2.2% in the second quarter. Also on Thursday, the Commerce Department is due to release September PCE inflation data. **Core PCE** prices are expected to rise 0.3% month-over-month and 3.1% year-over-year, compared with prior readings of 0.2% and 3.0%, respectively. **Headline PCE** inflation is forecast at 0.5% month-over-month and 3.6% year-over-year, versus previous readings of 0.3% and 3.4%. The Commerce Department will also release September personal income and consumer spending data on Thursday. **Personal income** is expected to rise 0.3% after increasing 0.2% in August, while adjusted consumption is forecast to increase 0.5% following a 0.9% gain. Real personal consumption rose 0.6% in the previous reading. The US Labor Department will release its **weekly jobless claims** report on Thursday. Initial jobless claims for the week ended Oct. 24 previously stood at 194,000, while continuing claims for the week ended Oct. 17 were 1.728 million. Earlier in the week, the Conference Board is scheduled to release October **consumer confidence** data on Tuesday, with the index expected to rise to 83.5 from 81.9 in September.

Tuesday's US economic calendar will also feature September **durable goods** orders from the Commerce Department, which are expected to rise 1.2% after declining 0.1% in August. Durable goods orders excluding transportation are forecast to increase 0.5%, following a 0.2% gain in the previous month. Also on Tuesday, the Commerce Department will publish September **new home sales** data, with sales expected at an annualized rate of 645,000 units, compared with 684,000 units previously.

Separately, Federal Reserve Bank of St. Louis President **Alberto Musalem** speaks on the US economy and monetary policy in New York on Friday before the Shadow Open Market Committee.

Beyond earnings, **Apple** is expected to show new MacBooks on Wednesday, including possibly its first touch-screen laptop after more than a decade of insisting such models were unnecessary.

Drugmaker **AbbVie** is expected to report third-quarter results on Friday before the market opens, with investors closely watching the growth of Skyrizi and Rinvoq amid ongoing Humira sales erosion, along with any changes to the company's 2026 outlook. Separately, drugmaker **Merck** is expected to report third-quarter results on Thursday before the market opens, with investors watching Keytruda and Gardasil sales, commentary on the approaching loss of patent protection for Keytruda, and any revisions to the company's 2026 forecast. **Bristol Myers Squibb** is expected to report third-quarter results before markets open on Thursday. Investors are expected to look out for any changes to the company's annual forecast.

Hospital operator **HCA Healthcare** is expected to report third-quarter results on Tuesday before the market opens. Investors will focus on demand for healthcare services and any changes to the company's 2026 profit forecast.

Health insurer **Centene** is expected to report third-quarter results before markets open on Tuesday. Investors are expected to look out for any changes to its annual profit forecast, comments on medical costs and on 2027 trends.

Biogen is expected to report its third quarter results on Wednesday. Investor focus will be on the performance of its newer rare-disease medicines and the pace of decline with its older multiple sclerosis drugs.

In financials, private credit leader **Ares Management** is expected to release Q3 results before markets open on Thursday. Wall Street will closely watch management commentary on the AI buildout, direct lending activity, and the outlook for fundraising.

Blue Owl will report results on Thursday, with analysts and investors focused on the alternative asset manager's bet on AI infrastructure and data center financing. A sell-off in related stocks and growing jitters over the sustainability of the AI investment boom have put the spotlight on the risks tied to the sector.

PayPal will report results on Tuesday, with analysts and investors focused on the payments firm's progress in engineering a turnaround of its business, which has struggled amid competition from big tech companies and margin pressures.

Among consumer-facing companies, **Coca-Cola** is expected to post a rise in third-quarter revenue on Tuesday, helped by resilient demand for its beverages including ready-to-drink teas and milk products. Investors will watch out for comments around effect of rising economic uncertainty on consumer sentiment, impact of higher input costs, comments on any plans to sell its Costa Coffee business as well as annual forecasts.



A man walks past a logo for Blue Owl Capital on a midtown Manhattan office building in New York City, February 24. REUTERS/Brendan McDermid

Starbucks is expected to report a decline in fourth-quarter revenue on Thursday, as consumers pull back on spending amid growing inflationary pressures. Investors look for comments on consumer sentiment, annual forecasts, any acquisition plans.

Chipotle Mexican Grill is expected to post a rise in third-quarter revenue on Wednesday, helped by steady demand for its value-meal offerings. Investors will look out for comments on the impact of rising macroeconomic uncertainty on consumer demand as well as input costs, and annual forecasts.

Restaurant Brands International is expected to post a rise in third-quarter revenue on Thursday, helped by improving demand for its brands, including Tim Hortons and Burger King. Investors will look for comments related to the impact of rising economic uncertainty on consumer sentiment, the impact of input costs as well as annual forecasts.

Marlboro-maker **Altria** will on Thursday publish its third-quarter results. The company is grappling with fierce competition from rivals, both in tobacco, where cheaper brands are taking market share, and nicotine pouches where regulatory changes have spurred innovation from competitors.

Smithfield Foods is expected to post a drop in third-quarter sales on Wednesday, hurt by muted consumer demand owing to sticky inflation and stretched household budgets. Investors will be keenly watching for comments on demand on pork products and input costs.

In industrials, **Boeing** is scheduled to release earning results before markets open on Tuesday. The company goes into Q3 earnings with several major wins -- the F/A-XX contract and certification of its 737 MAX 7 and 10 jets. But it also is struggling with production challenges for its 737 and 787 jets, slowing its plans to ramp up production.

Caterpillar is expected to report third-quarter earnings on Thursday, with investors likely to focus on the company's construction and power & energy units that have benefited from strong AI data center driven demand.

In transportation, **United Parcel Service** will report third-quarter earnings on Tuesday, with investors focusing on higher-margin international air shipments as the company delivers millions fewer low-margin packages for Amazon.com, its largest customer.

FedEx will report quarterly results on Wednesday as it works to control costs and attract more lucrative shipments of goods like temperature-controlled medicines and cooling components for AI data centers following the June 1 spinoff of its highly profitable trucking unit to focus on its mainstay express delivery business.

In energy, **ExxonMobil** will detail the market factors that affected third quarter earnings, in a regulatory filing before market open on Friday.

Chevron will release third quarter earnings on Friday and is expected to report a 62% increase year-over-year in earnings per share, according to LSEG data.

Cheniere Energy is set to release its third-quarter earnings on Thursday. The company is expected to post adjusted earnings of $4.07 per share, and a net income of 846.99 million. Investors will be on the lookout for any commentary or updates on ramping production on the newly completed Corpus Christi Stage 3, and progress and contracting for Midscale Trains 8 & 9.

THE DAY AHEAD

Refiner **Phillips 66** is expected to report higher adjusted earnings in its third-quarter results on Wednesday, compared with a year ago, benefiting from stronger refining margins as worsening tensions in the Middle East boosted demand for US fuel exports.

Refiner **HF Sinclair** is expected to report higher adjusted earnings in its third-quarter results on Wednesday, benefiting from stronger refining margins as worsening tensions in the Middle East boosted demand for US fuel exports.

In materials and mining, **Freeport-McMoRan**, the world's largest publicly traded copper producer, is expected to post an increase in quarterly profit on Tuesday. Key questions from analysts likely will circle on US tariffs and the company's leaching program.

In Canada, the **Bank of Canada** is scheduled to announce its **interest rate decision** on Wednesday. The central bank is expected to raise its key policy rate to 2.50% from 2.25%. Separately, Statistics Canada is expected to show that **Canadian economic growth** expanded 0.2% in August, after having remained flat in the previous reading.

Separately, a trial is set to begin in Los Angeles on Wednesday over lawsuits brought by young women who say **Instagram** and **Snapchat** caused their depression, anxiety and eating disorders, testing claims levied in thousands of lawsuits over the platforms' impact on teens.

In Latin America, **Chile**'s central bank is scheduled to announce its October **interest rate decision** on Wednesday, after a previous rate of 4.50%. Meanwhile, **Mexico**'s statistics agency INEGI will publish preliminary third-quarter **GDP** data on Friday. Annual economic growth previously stood at 2.1%, while quarter-over-quarter growth was 1.4%. Also on Thursday, **Brazil**'s Fundacao Getulio Vargas is due to release the October IGP-M **inflation index**, following a 1.57% increase in the previous reading.

KEY ECONOMIC EVENTS – ON MONDAY

Events	ET	Poll	Prior
National Activity Index for Sept	0830	--	-0.04
Dallas Fed Manufacturing Business Index for Oct	1030	--	9.8

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates*	Year Ago	Rev Estimates (mln)
Alexandria Real Estate Equities	Q3	AMC	-$0.03	-$0.03	-$1.38	$644.39
Brown & Brown	Q3	AMC	$1.08	$1.09	$1.05	$1,756.51
Cadence Design Systems	Q3	AMC	$2.05	$2.05	$1.93	$1,612.94
Cincinnati Financial	Q3	AMC	$2.19	$1.99	$2.85	$3,029.00
Nucor	Q3	AMC	$5.79	$5.92	$2.63	$10,834.37
Principal Financial Group	Q3	AMC	$2.42	$2.41	$2.10	$4,271.26
Public Storage	Q3	AMC	$2.23	$2.39	$2.62	$1,322.83
The Hartford Insurance Group	Q3	16:05	$3.20	$3.18	$3.78	$7,369.86
Verizon Communications	Q3	07:00	$1.27	$1.27	$1.21	$34,744.03
Welltower	Q3	AMC	$0.69	$0.66	$0.41	$3,603.44

**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 closed lower, while technology shares steadied to end a turbulent week for the market-driving AI trade, and investors looked ahead to a busy slate of corporate earnings and a Federal Reserve interest-rate policy meeting. "There is still fallout from the questioning of the AI trade," said Kristina Hooper, chief market strategist at Man Group. "There's certainly the potential that we see less invested in an AI data center build-out next year than has been projected. So I certainly think that's giving pause." Next week, about one-third of the S&P 500 reports quarterly results, including Alphabet, Microsoft and Amazon, three AI hyperscalers whose capital spending forecasts will be closely watched on Wall Street. The **Dow Jones Industrial Average** fell 1.23% to 52,215.16, the **S&P 500** lost 0.52% to 7,623.68 and the **Nasdaq Composite** was down 0.21% at 25,955.34. For the week, **S&P 500** fell 0.47%, **Nasdaq** declined 0.71%, and **Dow** climbed 0.41%.



Traders work on the floor at the New York Stock Exchange in New York City, September 28. REUTERS/Brendan McDermid

Treasury yields advanced, a day after the benchmark 10-year yield saw its biggest one-day drop in nearly four years but remained under the 5% mark as concerns about the durability of a rally in AI-related stocks lingered. "We're going to see yields over 5% for the 10-year again. We're not that far away, but this is not like, 'oh, OK, we're off to the races here,'" said JoAnne Bianco, partner and senior investment strategist at BondBloxx Investment Management in Chicago. "There are still all these headwinds in terms of sticky inflation, growing Treasury supply to finance the deficits, just the need in general, with all the uncertainty that we have for higher term premiums and then higher energy prices that seem to be here to stay for a while." **Benchmark 10-year notes** declined 11/32 to yield 4.9986%. **Two-year notes** inched down 3/32, yielding 4.6839%. **Thirty-year bonds** lost 19/32, with a yield of 5.3264%.

The **euro** fell against both the **dollar** and the **yen** as a selloff in French government bonds pushed the country's debt risk premium to its highest level since the euro zone sovereign debt crisis in 2011. The country also faces the threat of a rating downgrade by Moody's on Friday. "The pressure in the European bond market has eased today, but Moody's review of France's debt rating late today poses a challenge, and although the Macron government has threatened military assistance to quell the social unrest, more activity is likely this weekend," said Marc Chandler, chief market strategist at Bannockburn Global Forex. The **euro** lost 0.19% to $1.1193, and the currency dropped 0.15% against the yen to 175.55 yen. Against the **Japanese yen**, the dollar edged up 0.04% to 156.83 yen. The **dollar index** lost 0.19% to 101.80.

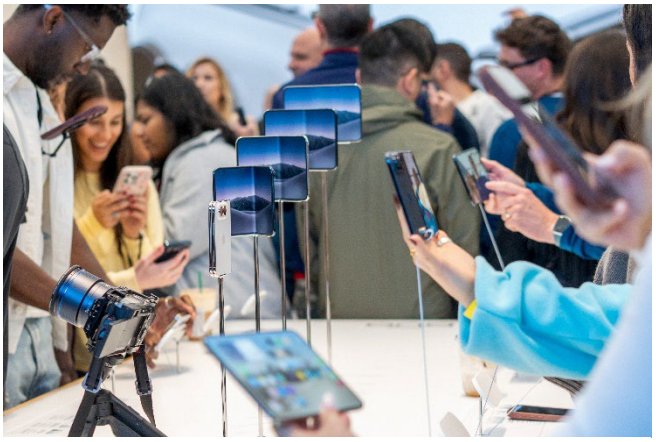
Oil prices rose after Houthi attacks in Saudi Arabia stoked concerns over further disruption to energy supplies from the Middle East, where UAE authorities also reported an oil spill. The oil spill from a tanker was detected off the UAE coast of Umm Al Quwain, the United Arab Emirates Ministry of Climate Change and Environment said. "Fears of supply disruptions drove the advance after Iranian-backed Houthi rebels carried out a series of attacks across Saudi Arabia, including on energy infrastructure," said Adam Turnquist, chief cross-asset strategist for LPL Financial. **Brent crude futures** gained 3.51% to $117.14 a barrel. **US West Texas Intermediate crude futures** surged 4.18% to $103.63 per barrel.

Gold fell as higher energy prices fueled inflation concerns and reinforced US rate hike expectations ahead of next week's Federal Reserve meeting. "Heightened inflation concerns suggest that major central banks of the world won't be able to ease monetary policies as quickly as they want to. All that's working against the gold and silver market bulls at present," said Jim Wyckoff, a market analyst at American Gold Exchange. The selloff in technology stocks has also led to margin calls for equity traders and investors, prompting them to sell gold and silver assets, Wyckoff said. **Spot gold** fell 0.67% to $3,996.83 an ounce. **US gold futures for December delivery** were 1.16% lower at $4,013.30 per ounce.

TOP NEWS

Apple's foldable iPhone hits stores with $2,000 price tag and scarce supply

Apple's first folding phone, the iPhone Duo, hit stores around the world with a price tag of about $2,000 and less of the fanfare that accompanied previous iPhone launches. From Singapore and Shanghai to London and San Francisco, demand was strong but with sales rationed, there were fewer of the round-the-block queues and overnight camp-outs that once marked new iPhone days. Competitors such as Samsung Electronics and Huawei Technologies have sold premium foldable phones for years and the Duo is a test of whether Apple can reinvent the small foldable mobile market the way the iPhone did for smartphones."This is a bit of a luxury item for me, because it's so expensive, but I just think, you know what? Life's too short," said Simon Krishnan, a 48-year-old engineer who paid A$3,899 ($2,734) for a 512GB Duo. It is also an early challenge for Apple's new CEO John Ternus, the former hardware chief who unveiled the phone barely a week after taking charge in September.



Customers who waited in line to purchase Apple's new foldable iPhone Duo phone get hands on the products on the launch day at the Apple store in Austin, Texas, October 23. REUTERS/Jan Sonnenmair

AmEx lifts 2026 profit forecast, plans to cut 5% of workforce

American Express raised its 2026 profit forecast above Wall Street expectations and announced plans to eliminate 5% of its global workforce, or about 3,500 jobs, as part of a restructuring. CEO Stephen Squeri told analysts that the company had good momentum, but needed to become a more "agile and efficient" organization. Companies globally have stepped up job cuts in 2026, with several financial firms, including Barclays this week, citing efficiency gains driven by artificial intelligence and investments in the technology as reasons for the layoffs. AmEx has had a strong year, driven by spending by its wealthy customers, but investors have been closely watching expense growth after it ramped up marketing spending and refreshed cards with new perks. The company's consolidated expenses came in at $14.5 billion in the third quarter, up 9% over the prior year.

Meta to delay new commercial terms criticised by publishers, advertisers

Meta Platforms will delay the implementation of updated commercial terms, so it can address concerns from publishers and digital advertisers, the US tech company said, in a decision that could stave off potential regulatory action. EU and UK antitrust authorities have received complaints about the new commercial terms, which publishers and digital advertisers said would give Meta an unlimited right to use their content for its AI services. Meta has rejected the claims. "We are extending the effective date of our updated Commercial Terms and Self-Serve Ad Terms to 20 November to allow more time for us to explain to our partners and stakeholders what's changing and what's not," a Meta spokesperson said in an email. The new commercial terms had previously been set to take effect on October 30.

SLB signals stronger 2027 on Middle East rebound, beats estimates

SLB beat Wall Street estimates for third-quarter profit on strong demand for its oilfield equipment in North America and signaled an upbeat 2027 as Middle East activity recovers following conflict-related disruptions. Customers are increasingly shifting investment toward production optimization and enhanced recovery from existing assets, while a resolution of conflict-related disruptions in the Middle East could provide an additional boost next year, SLB CEO Olivier Le Peuch said in a post-earnings call. Earlier this week, rival Halliburton forecast mid-single-digit revenue growth in 2027, citing Middle East recovery and inventory rebuilding efforts. SLB's revenue from the Middle East and Asia rose 9% sequentially to $2.81 billion in the third quarter, even as it was down 6% from a year earlier. The Middle East is SLB's biggest market, accounting for 34% of total revenue in 2025.

Chevron uses Permian playbook to breathe life into Argentina's 'Dead Cow' oil region

In a windy, remote oilfield in Argentina, Chevron is bringing in US workers, equipment and expertise, betting it can recreate the Permian Basin shale boom that transformed the US oil industry two decades ago, this time in the Vaca Muerta formation, where success has long been elusive. The US oil producer hopes to accelerate its goal of tripling production from Argentina, with plans to go from one to three drilling rigs at its El Trapial block by early 2029, a company executive told Reuters. Longer term, the company is working to secure government approval for its plan to spend $13.8 billion over 30 years so it can increase production at the block, one of Chevron's three projects in the formation, company officials said. Vaca Muerta, Spanish for dead cow, is one of the world's largest shale basins.

Citi wins licence to set up fully-owned China securities unit

China's securities regulator said it has approved a plan by Citi to establish a fully owned securities unit in the country, allowing the Wall Street bank to expand its presence in the world's second-largest economy. Headquartered in Shanghai, Citigroup Securities China Company is permitted to offer onshore capital markets services to domestic and foreign clients, including underwriting, equities brokerage, trading onshore securities, securities research and investment advisory. The US bank, which offers corporate, institutional and other banking services in China, applied for a wholly owned mainland Chinese brokerage unit licence in late 2021 as part of its push to ramp up its China onshore operations. Citi has been hiring for the business over the last couple of years and aims to roughly double the headcount to around 100 people by the end of this year.

Smith & Nephew talks with J&J on orthopaedics deal fail over CEO role, source says

Smith & Nephew held talks to merge with Johnson & Johnson's orthopaedics division but the discussions collapsed over who would run the enlarged group, a person familiar with the matter told Reuters. British medical devices firm Smith & Nephew and US group J&J both declined to comment on an earlier Financial Times report which said the merger talks had been at an advanced stage, with both sides aligned on the main financial terms and structure. The talks fell through at the last minute after Smith & Nephew refused to agree to its former CEO Namal Nawana leading the merged business, the FT report said. "The combination would have created a rich portfolio across knee and hip implants, while filling in musculoskeletal gaps in both parties' offering," said John West, global head of analysis at Mergermarket.

AT&T, T-Mobile tighten AI guardrails as autonomous networks remain years away

Telecom giants AT&T and T-Mobile are investing to safeguard customer data and network infrastructure from new cybersecurity threats as AI integration ramps up, though fully autonomous networks remain years away, company executives told Reuters. As AI agents automate workflows and data analysis, with declining human intervention, cybersecurity concerns are growing across industries over access to sensitive information and connected software. For telecom operators, which manage vast amounts of customer data and critical communications infrastructure, vulnerabilities in AI systems or third-party software could extend from data breaches to network disruptions. "Yes, we are increasing our investments in how we monitor and react," T-Mobile's Chief Technology Officer John Saw told the Reuters Global Markets Forum. The company simultaneously works with vendors to ensure security holes are closed as soon as possible, he added.

Bristol Myers, SystImmune breast cancer drug cuts progression risk in study

Bristol Myers Squibb and partner SystImmune said their experimental breast cancer treatment slowed disease progression compared to standard chemotherapy in a late-stage study. The drug, izalontamab brengitecan, reduced the risk of disease worsening or death by 59% in patients with advanced hormone-receptor-positive, HER2-negative breast cancer — the most common form of breast cancer — who had failed at least one prior line of chemotherapy. Izalontamab brengitecan belongs to a class of treatments known as antibody-drug conjugates, often called "guided missiles". It targets two specific proteins, EGFR and HER3, to deliver a cancer-killing payload directly to tumor cells. Separately, Bristol Myers Squibb disclosed a patient death in an early-stage trial studying its experimental CAR-T cell therapy in patients with relapsing or progressive forms of multiple sclerosis. To read more, **click here.**

Wells Fargo, Intuit latest companies to object to their shares being tokenized, document shows

Six more companies, including Wells Fargo, Arm Holdings and Intuit, will not allow their shares to be tokenized on a joint trading platform backed by crypto exchange OKX and Intercontinental Exchange, according to a regulatory document seen by Reuters. The new objections, which have not been previously reported, underscore the growing challenges for tokenization, the creation of digital tokens that represent a stock and can be traded on a blockchain similar to cryptocurrencies, despite the US securities regulator recently approving the novel products. In total, 22 companies have objected, according to the document, which outlines the rules of the OKXICE venture and which companies have objected. Sixteen of the companies, including Microsoft and Alphabet, are listed on Nasdaq. The others are listed on the New York Stock Exchange, which ICE owns.



President Donald Trump boards Air Force One for a trip to Sioux City, Iowa, at Joint Base Andrews, Maryland, October 22. REUTERS/Evan Vucci

Insight and Analysis

US airlines favor higher fares over fuller planes as fuel costs squeeze profits

Airlines are increasingly willing to fly with empty seats rather than slash fares simply to fill them, betting that disciplined pricing and flight schedules will help protect profits at a time of soaring fuel costs. The strategy has delivered substantial revenue gains as demand has held up despite sharp fare increases. Yet profits have still been squeezed as jet fuel prices surged roughly 90% since the US-Israeli war on Iran began in February, forcing several major carriers to cut earnings forecasts. Their resolve faces a test in 2027. Industry schedules point to more flying capacity, potentially intensifying competition for passengers even as fuel prices are expected to stay high and making this year's substantial fare gains harder to repeat.

FOCUS- AI-discovered bugs may soon trigger fresh disruptions, cyber experts say

Advances in artificial intelligence have uncovered a stream of new software vulnerabilities that are almost certain to trigger more disruption along the lines of the outages that percolated across global government websites this week, according to seven cybersecurity professionals who spoke to Reuters. Matthew Prince, the chief executive of the digital infrastructure firm Cloudflare told Reuters he was aware of “a bunch of additional severe vulnerabilities that are present in other pieces of critical software” and predicted busy months ahead as AI surfaced long-hidden weaknesses in the fabric of the internet.

Weight-loss drugs fuel protein boom, but with more consumer scrutiny

The rise of weight-loss drugs is driving a boom in protein-based products, as users of GLP-1 medication like Novo Nordisk's Ozempic and Eli Lilly's Mounjaro look for ways to counter the muscle loss those drugs can cause. GLP-1 users say they will spend 11% more on high-protein foods than before starting the drugs, according to an August survey from Boston Consulting Group. Even as consumers seek out new sources of protein for their diets, they are becoming more skeptical of foods advertised as high-protein, Reuters interviews with consumers and company executives found.

Canada

Market Monitor

Canada's main stock index ended lower as broad-based losses weighed on the benchmark after rising oil prices and bond yields fueled fears of prolonged inflation and higher-for-longer US interest rates.

The **S&P/TSX Composite Index** fell 0.52% to 35,788.18.

The **materials sector** slipped 1.22% to 741.43 as persistently high oil prices weighed on bullion and heavyweight **financials** declined 0.91% to 748.85. The **energy sector** was the only one to gain, rising 2.05% to end at 491.69.

"The mortgages are going to unfortunately impact their (households') ability to spend in other areas along with higher energy costs. It's not necessarily a material risk right now, but it would be a slowdown if that remains the case," said Kevin Headland, co-chief investment strategist at Manulife Investment Management

TSE's S&P/TSX Composite	Close	$ Chng	% Chng
GAINERS			
Methanex Corporation	88.51	3.33	3.91
BlackBerry Limited	12.46	0.44	3.66
Vermilion Energy Inc.	19.46	0.62	3.29
LOSERS			
Mullen Group Ltd.	28.76	-3.52	-10.90
Southern Cross Gold Consolidated Ltd	8.52	-0.73	-7.89
Perpetua Resources Corp.	23.04	-1.13	-4.68

The **US dollar** weakened 0.03% against its **Canadian counterpart** to C$1.4004.

Top News

Canadian jet maker Bombardier says it plans new $270 million US investment

Bombardier plans to invest $270 million in the United States and add 300 jobs, the company said, days after President Donald Trump dropped threats to ban the company from the country. Trump's September threats against Bombardier became a political issue in Kansas, where the company employs 1,500 people in Wichita. "Based on our constructive conversations with the US administration, we see a bright path forward for our highly skilled aerospace workers as well as a positive environment for Bombardier to continue pursuing direct investments to grow our American footprint," CEO Eric Martel said. Bombardier announced $50 million of the investment in its Wichita operations earlier this month and plans additional funding for its operations in Indiana, Connecticut and Texas.



Bombardier Defense branding is displayed at the Farnborough Airshow, in Farnborough, Britain, July 21. REUTERS/Jaimi Joy

LSEG DATA & ANALYTICS

POLL-Bank of Canada to raise rates to 2.50% on October 28 and once again by end-March

The Bank of Canada will raise its overnight rate by 25 basis points to 2.50% on October 28 and follow with one more hike by the end of March to pre-empt any further rise in inflation expectations, according to a majority of economists polled by Reuters. Quarterly inflation forecasts from the bank, also due next week, are likely to be revised higher, BoC Governor Tiff Macklem told reporters in remarks Saturday that markets interpreted as a hint a rate rise is coming. "What changed the tone in the governor's public comments on the weekend and what changed our view on Monday is the same source, and that is the responses from the BoC's business outlook and consumer surveys," said Royce Mendes, managing director and head of macro strategy at Desjardins. "So presumably the governor had seen the results before they were published more broadly on Monday. And I would assume that informed his public commentary," Mendes said. "The survey responses...suggest there are more serious inflationary pressures coming."

First Quantum readies Argentina tax-break plans for $5.3 billion Taca Taca copper project

First Quantum Minerals plans to apply before year-end for Argentina's large-investment incentive regime for its Taca Taca copper project, Foreign Minister Pablo Quirno said, in an investment of up to $5.25 billion for one of the world's largest undeveloped copper projects. Argentina's RIGI tax-break mechanism is part of President Javier Milei's drive to attract foreign capital to Argentina, including in its mining sector, and the push to turn the country into a bigger supplier of copper - a metal vital for power grids, electric vehicles and data centers. Quirno said the project involved an initial investment of $4.2 billion that could rise to $5.25 billion, creating as many as 4,000 construction jobs and 2,000 operating jobs. Located in the northwestern province of Salta, Taca Taca is a large, long-life copper project that First Quantum has said could produce about 209,000 metric tons of copper annually over a 35-year mine life, with scope for future expansion.

Carney says AtkinsRealis is a contender to build nuclear power plant in Turkey

Canadian engineering company AtkinsRealis is in the running to help build Turkey's second nuclear power plant, Prime Minister Mark Carney said. NATO allies Canada and Turkey upgraded their relations to a "strategic partnership" during the first bilateral visit by a Canadian prime minister on Thursday, as Carney seeks new global trade partners to reduce reliance on the United States. Asked about talks on Canadian involvement in Turkey's planned second nuclear power plant Carney said the decision would ultimately be made by the Turkish government but he believed Canada had better odds now. "If you would have asked us a year ago how we would have pegged the chances, they would have been very low. Now there are good chances. There's real competition, of course," Carney told reporters in Istanbul, adding that there may be a decision on the issue before year-end. He said the strength of Canada's CANDU technology, partnership with some Turkish businesses, including on the construction side, and the ability to build out elements of the supply chain make it "quite a compelling proposition

Carney dismisses US accusations of Canadian election interference

Prime Minister Mark Carney dismissed accusations that Canada planned to interfere in next month's US midterm elections and said he was disappointed in comments made by the American ambassador. Carney said Canada had no intention of interfering in the November 3 elections. "There is no merit to these claims," he told reporters during an official visit to Turkey. "I'm disappointed their envoy sees that as his role to make these suggestions." Asked whether he thought Trump could use poor election results as an excuse to impose more tariffs on Canada, Carney said he did not think that was likely. The trade talks that collapsed in August had been intended in part to cut some of the tariffs. Carney reiterated that Canada was in no rush to sign a deal and, for the first time, suggested Ottawa might wait till Trump's term was over. "If it has to be months from now or longer than that, or another administration before a proper deal comes into place, we will do that," he said. Separately, the United States is expected to remove 50% tariffs on some Canadian agricultural and forestry products in a proclamation as early as October 23, the Wall Street Journal reported, citing people familiar with the upcoming action.

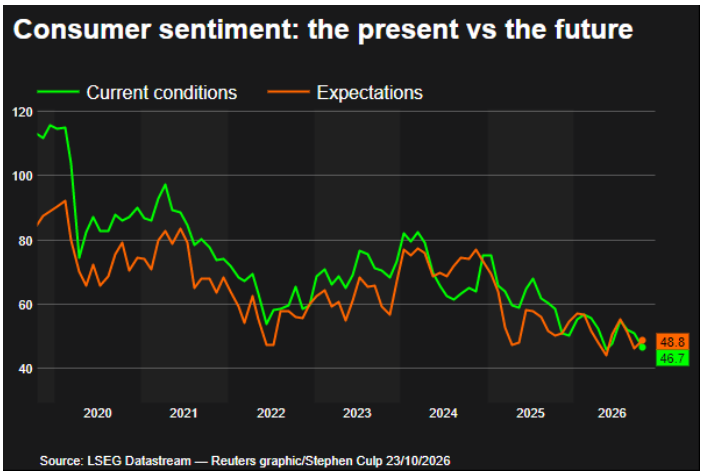
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Wealth News

INFLATION PERSISTS

US business activity cools in October; strong demand fueling price pressures

Business activity slowed modestly in October, though robust demand allowed companies to raise prices for goods and services, a sign that inflation could increase further and remain persistently high in the coming months. S&P Global said on Friday its flash US Composite PMI Output Index, which tracks the manufacturing and services sectors, slipped to 57.6 this month from a five-year high reading of 58.4 in September. The survey's measure of new orders received by businesses edged up to 58.2 this month, the highest level since March 2022, from 58.1 in September. The increase was mostly in the services sector, with S&P Global noting "rising domestic demand, boosted partly by precautionary stock building" and growth in exports. Its gauge of prices for output rose to 59.8, the highest reading since August 2022, from 58.4 in September.



CONSUMERS GLOOMY

US consumer sentiment near record low ahead of midterm elections

Consumer sentiment edged down to near a record low in October as rising prices because of the Middle East conflict soured households' views of the economy on the doorstep of midterm congressional elections centering on affordability issues, a survey showed.

TECH ROUT

Hedge fund returns worsen this week as tech selloff deepens

Global hedge funds were hit by a fresh tech reckoning this week, with major strategies posting their worst day since the COVID-era market rout.

WALL STREET WEEK AHEAD

Earnings flood, Fed meeting pose pivotal tests for rickety AI market rally

Stock investors face a pivotal week, with corporate earnings reports led by major AI players and a Federal Reserve meeting both posing critical tests for a suddenly shaky market rally.

GRAPHIC

Take Five: AI trade meets the Fed

An eye-catching week is in store as rate-setters at the Federal Reserve, European Central Bank and Bank of Japan announce policy decisions, while investors will gauge whether results from Alphabet, Amazon and Microsoft can fuel the next leg of the AI rally.

SEC FOCUS

Wall Street regulator to focus on AI, private assets in corporate exams

The US Securities and Exchange Commission that the use of artificial intelligence, private assets and tokenized securities would be among key areas of focus for the agency's examination of Wall Street firms in the current fiscal year.

IPO FREEZE

SK Hynix puts US IPO of chip unit Solidigm on hold after Seoul authorities raise concerns

SK Hynix put on hold a planned US listing for its Solidigm chip unit due to market volatility — a move which also comes after South Korean authorities raised concerns that the deal could undermine shareholder interests.

ON THE RADAR

Events	ET	POLL	PRIOR
Tue: Building permits number for Sept	0800	--	1.4 mln
Building permits R change MM for Sept	0800	--	-0.2%
ADP weekly NER pulse	0815	--	18,500
Durable goods for Sept	0830	0.6%	-0.1%
Durables ex-transport for Sept	0830	--	0.2%
Durables ex-defense mm for Sept	0830	--	0%
Nondefense cap ex-air for Sept	0830	--	1.6%
Monthly home price MM for Aug	0900	--	0.3%
Monthly home price YY for Aug	0900	--	2.6%
Monthly Home Price Index for Aug	0900	--	443.5
Caseshiller 20 MM SA for Aug	0900	--	0.3%
Caseshiller 20 MM NSA for Aug	0900	--	0%
Caseshiller 20 YY NSA for Aug	0900	--	2.5%
Consumer Confidence for Oct	1000	--	81.9
New home sales units for Sept	1000	0.66 mln	0.684 mln
New home sales change MM for Sept	1000	--	6.4%
Rich Fed Composite Index for Oct	1000	--	-2
Rich Fed Services Index for Oct	1000	--	0
Rich Fed Manufacturing Shipments for Oct	1000	--	-5
Texas Service Sector Outlook for Oct	1030	--	-1.8
Dallas Fed Services Revenues for Oct	1030	--	-0.9
Wed: Advance goods trade balance for Sept	0830	--	$-132.07 bln
Wholesale inventories advance for Sept	0830	--	0.5%
Retail inventories ex-auto advance for Sept	0830	--	0%
Fed Funds Target rate for 28 Oct	1400	3.75-4%	3.75-4%
Fed Interest on excess reserves for 28 Oct	1400	--	3.9%
Thu: Personal income MM for Sept	0830	--	0.2%
Personal consumption real MM for Sept	0830	--	0.6%
Consumption adjusted MM for Sept	0830	0.3%	0.9%
Core PCE price index MM for Sept	0830	0.3%	0.2%
Core PCE price index YY for Sept	0830	3.1%	3%
PCE price index MM for Sept	0830	0.5%	0.3%
PCE price index YY for Sept	0830	--	3.4%
PCE prices excluding food, energy & housing for Sept	0830	--	0.3%
PCE services prices excluding energy & housing for Sept	0830	--	0.4%
GDP advance for Q3	0830	3.2%	2.2%
GDP sales advance for Q3	0830	--	2.8%
GDP cons spending advance for Q3	0830	--	3.8%

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PICTURE OF THE DAY



Waves crash over the lighthouse at Newhaven Harbour during Storm Austen in Newhaven, Britain, October 23. REUTERS/Toby Melville

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

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