

# THE DAY AHEAD

## MARKET RECAP at 4 pm ET

**Wall Street** ended lower, while **Treasury yields** rose as investors awaited Federal Reserve's policy decision on Wednesday. The **dollar** and **gold** prices were little changed. **Oil** prices hit 10-month highs before easing.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	34517.73	-106.57	-0.31	35679.13	28660.94
Nasdaq	13678.19	-32.05	-0.23	14446.55	10265.04
S&P 500	4443.95	-9.58	-0.22	4607.07	3794.33
Toronto	20218.89	-273.94	-1.34	20843.21	17873.18
FTSE	7660.20	7.26	0.09	8047.06	7206.82
Eurofirst	1808.51	-1.09	-0.06	1868.30	1678.85
Nikkei	33242.59	-290.50	-0.87	33772.89	25661.89
Hang Seng	17997.17	66.62	0.37	22700.85	17573.70

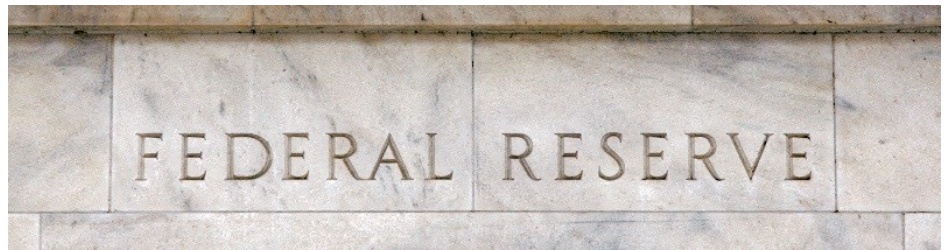
TREASURIES	Yield	Price
10-year	4.3647	-12 /32
2-year	5.0944	-2 /32
5-year	4.5151	-8 /32
30-year	4.4280	-17 /32

FOREX	Last	% Chng
Euro/Dollar	1.0679	-0.10
Dollar/Yen	147.85	0.17
Sterling/Dollar	1.2393	0.09
Dollar/CAD	1.3443	-0.31
USD/CNH (Offshore)	7.3031	0.18

COMMODITIES (\$)	Price	Chng	% Chng
Front Month Crude /barrel	91.59	0.11	0.12
Spot gold (NY/oz)	1931.11	-2.03	-0.10
Copper U.S. (front month/lb)	0.0371	-0.0003	-0.79
CRB Index Total Return	326.38	0.75	0.23

S&P 500	Price	\$ Chng	% Chng
<b>GAINERS</b>			
Enphase Energy Inc	122.09	4.93	4.21
Mosaic Co	39.37	1.29	3.39
ETSY Inc	65.74	1.89	2.96
<b>LOSERS</b>			
Intel Corp	36.34	-1.65	-4.34
Walt Disney Co	81.96	-3.06	-3.60
Freeport-McMoRan Inc	38.82	-1.37	-3.41

## Coming Up



A file photo shows Federal Reserve written on the front of the building in Washington, March 18, 2008. REUTERS/Jason Reed

All eyes are on the U.S. Federal Reserve's monetary policy decision at the end of a two-day meeting. The **Federal Open Market Committee** (FOMC) will likely to maintain its **benchmark overnight interest rate** in the 5.25%-5.50% range, followed by a news conference headlined by Fed Chair **Jerome Powell** about the decision.

**FedEx Corp** is expected to report a higher first-quarter profit on the back of cost cuts offsetting softening e-commerce volumes.

**General Mills Inc** is expected to post a rise in its first-quarter revenue, helped by higher prices for its products such as ready-to-eat cereals, snacks and meal kits. Investors will look for forward

-looking comments on demand trends, impact on volumes, trends in North America, pet segment and further price increases.

The **U.S. Securities and Exchange Commission** is scheduled to vote on whether to adopt proposed changes to a rule on investment company names that could mislead investors about companies' investments and risks.

**Brazil's central bank** will likely to trim its **benchmark Selic interest rate** to 12.75% from the previous 13.25%. On the same day, **Argentina's unemployment rate** is expected to come in at 7.4% in the second quarter of this year, up from 6.9% during the same period last year.

## KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Federal Funds Target Rate	1400	5.25-5.5	5.25-5.5
Federal interest on excess reserves	1400	--	5.40%
FFR Projection-current for Q3	1400	--	5.6%
FFR Projection-1st year for Q3	1400	--	4.6%
FFR Projection-2nd year for Q3	1400	--	3.4%
FFR Projection-longer for Q3	1400	--	2.5%
FFR Projection-3rd year for Q3	1400	--	3.1%

# Market Monitor

**Wall Street** lost ground with risk-off sentiment weighing as the U.S. Federal Reserve convened for its much-anticipated two-day monetary policy meeting. All three indexes ended the session lower in a broad sell-off ahead of the Fed's interest rate announcement on Wednesday, which is expected to culminate in a decision to leave key interest rates unchanged. "It's a big set up coming into tomorrow and markets are clearly focused on any change in communication from the Federal Reserve," said Bill Northey, senior investment director at U.S. Bank Wealth Management, Helena Montana, who expects "intense focus on the Fed's perspective on inflation in the post-meeting press conference." The **Dow Jones Industrial Average** fell 0.31% to 34,517.73, the **S&P 500** lost 0.22% to 4,443.95 and the **Nasdaq Composite** dropped 0.23% to 13,678.19.

The **five- and 10-year Treasury yields** reached 16-year highs as oil prices gained, a day before the Federal Reserve will conclude its two-day monetary policy meeting. "We have a bit of an upward bias on yields as a function of higher energy prices and increasing concern that that's going to flow through to end users and complicate the Fed's job of attempting to engineer a soft landing," said Ian Lyngen, head of U.S. rates strategy at BMO Capital Markets in New York. Lyngen said expectations for the employment rate may be key "as that's really the one component that has allowed the Fed to continue its battle against inflation without having to risk overshooting." During the session, the yields of five-year notes hit 4.522% and 10-year yields reached 4.367%, both touching their highest since 2007. The Treasury Department sold \$13 billion in **20-year bonds** at a high yield of 4.592%. The bid-to-cover ratio was 2.74. **Benchmark 10-year notes** fell 12/32, yielding 4.3667%. The **two-year notes** were down 2/32 to yield



A file photo of traders working on the floor of the New York Stock Exchange (NYSE) in New York City, U.S., August 15, 2023. REUTERS/Brendan McDermid

5.0965%, while **30-year bonds** dropped 17/32, yielding 4.4290%.

The **dollar** edged down against a basket of currencies as traders awaited a raft of central bank interest rate decisions this week, including one by the Federal Reserve on Wednesday. The dollar came under some pressure against the euro earlier on Tuesday following a report that indicated the European Central Bank may soon start discussing how to drain some of the excess liquidity in the banking system, while the yen wallowed near 10-month lows against the dollar. The **euro** fell 0.10% to \$1.0679, after rising as high as \$1.0718 earlier in the session. The **dollar index** was down 0.06% at 105.14.

**Oil** prices pulled back from 10-month highs hit earlier in the day, which were driven by extended production cuts from Saudi Arabia and Russia. "The market is starting to realize that wherever you look there are concerns about tight supply, whether it's crude

oil, diesel or gasoline," Price Futures Group analyst Phil Flynn said. "We're getting a reality check." **Brent crude** was up 0.17% at \$94.59 a barrel, having hit a session peak of \$95.96 a barrel, their highest since November. **U.S. West Texas Intermediate crude** was up 0.11% at \$91.58 after earlier reaching \$93.74 a barrel, also the highest since November.

**Gold** held near a two-week peak, although prices were stuck in a narrow range as focus turned to the Federal Reserve's policy meeting for updates on the interest rate outlook and economic projections. "The expectation is that the Fed is still going to lean hawkish on monetary policy tomorrow because they want to get inflation closer to their 2% target, which would be not good for gold," said Jim Wyckoff, senior market analyst at Kitco. **Spot gold** was 0.11% lower at \$1,931.06 per ounce after hitting its highest since Sept. 5 earlier in the session. **U.S. gold futures** was 0.17% lower at \$1,953.00 per ounce.



# Top News

## **Instacart valuation leaps above \$14 billion as stock pops 43% in debut**

Instacart's shares jumped as much as 43% in their Nasdaq debut, giving the grocery delivery app a valuation of more than \$14 billion days after SoftBank's Arm Holdings entered Wall Street with a bang. Instacart's IPO was priced at the top end of its \$28 to \$30 price range, raising a total of \$660 million in proceeds, out of which \$237 million will go to investors who sold their shares in the offering. The IPO gave Instacart a valuation of nearly \$9.9 billion, a fraction of the \$39 billion it was worth in 2021, the company's last funding round. "The IPO market is very much a 'buyer's market' for now, and companies that want to access the IPO market need to be prepared (to offer) that discount (on the IPO price)," said David Erickson, a senior fellow and finance lecturer at the Wharton School of the University of Pennsylvania. "That discount will reduce if the next several IPOs, including Instacart, price well and continue to trade well," Erickson added. The company's shares ended 12.33% higher at \$33.70.

## **UAW prepares for more auto strikes by Friday if progress remains elusive**

The United Auto Workers union said it would announce on Friday more U.S. plants to strike if no serious progress was made in talks with automakers, bolstered by employees urging the union to hold firm in eliminating wage gaps that affect newer workers the most. It was not clear when main-table bargaining was resuming after lengthy talks on Monday. Concerns are mounting among some auto officials and congressional aides that no deal will be reached before the Friday noon deadline. Workers on the picket lines in Toledo, Ohio, on Tuesday said the union should stay the course. U.S. Representative Debbie Dingell, a Michigan Democrat, said her message to automakers and the UAW was to

stay at the table and "listen to each other." The White House said that acting Labor Secretary Julie Su and adviser Gene Sperling will continue to speak to all sides from Washington rather than travel to Detroit. U.S.

## **Disney to nearly double parks spending to \$60 billion over 10 years**

Walt Disney said it would nearly double its capital expenditure for its parks business to about \$60 billion over the next 10 years. Disney CEO Bob Iger and Josh D'Amaro, the company's parks chief, announced the accelerated pace of investment at a gathering of Wall Street analysts and investors at Walt Disney World Resort in Orlando, Florida, focused on the company's parks business. Disney said its parks, experiences and products segment has expanded at a combined annual growth rate of 6% since fiscal 2017, and generated \$32.3 billion in operating income over the last 12 months, according to a presentation included in a regulatory filing. Periods of significant investment - including the addition of Cars Land at Disney California Adventure or Disney's Hollywood Studios in Orlando - have spurred attendance, Disney noted in a blog

post. According to the regulatory filing, Disney said it has a strong enough balance sheet, and borrowing capacity, to fund its growth initiatives. Disney also plans to nearly double the capacity of its cruise line, adding two ships in fiscal 2025 and another in 2026.

## **Amazon plans to hire 250,000 US workers for holiday season**

Amazon said it plans to add 250,000 U.S. workers for the holiday shopping season, 67% more than the number of people it hired for the past two years, as it scrambles to expand next-day delivery for shoppers. Amazon's boost in hiring comes after it added 50 new fulfillment centers, delivery stations and same-day delivery in the United States, and as it prepares for its expanded fall Prime Event, scheduled for Oct. 10-11. Amazon's seasonal hiring includes full-time, part-time and seasonal fulfillment employees, it said. New seasonal workers hired to pick, sort, pack and ship orders will get a sign-on bonuses between \$1,000 and \$3,000 in select locations, compared to associates who received \$3,000 bonuses in 2022 and 2021 in some locations, it said. Separately, Some workers within Amazon's once-storied hardware



A file photo of people visiting Disney Resort in Shanghai, China September 5. REUTERS/Aly Song

division – responsible for popular devices like the Kindle reader and Echo voice-assistant – say morale within the division has suffered amid staff cutbacks and a pipeline of devices in development that they fear are unlikely to prove hits. To read more, [click here](#)

### **Arm shares post third daily loss as post-IPO buzz fizzles**

Shares in Arm Holdings were down, posting their third daily decline out of the stock's first four sessions as a listed company, as investor interest faded in the biggest IPO for the year so far. With short sellers looking to profit from the stock, it last traded at \$55.31 after touching a high of \$69 on Friday. The chip designer, in which Softbank holds a roughly 90% stake, closed at \$63.59 on Thursday, which was almost 25% higher than its IPO price of \$51. Redburn Atlantic, an equity research and trading company, launched coverage of ARM with a "neutral" rating and a \$50 price target, arguing that recommending ARM at current valuations would require "higher conviction in a multi-year earnings acceleration from a weak (full year 2023) base." The shares of Arm ended 4.88% lower at \$55.17.

### **Target to hire 100,000 workers for holiday season, start promotions in October**

Target said it would hire nearly 100,000 employees for the holiday season, like in the past two years, and start offering discounts for the festive period as early as October. Target's holiday hiring numbers have been the same as "retailers who have been facing tough (inventory theft) shrink issues" have been hiring partly also to keep the situation under control, said Jessica Ramirez, senior analyst at Jane Hali and Associates. Major retailers, including Target, have warned of a hit to profit resulting from inventory theft. In a bid to draw shoppers, the big-box retailer said it would start offering items under \$25 across categories, including apparel, home goods and daily essentials, as well as host a "Deal of the Day" program from October.

Target only has "a small window of opportunity around the holidays" to get discretionary sales through the door, said Sarah Henry, managing director and portfolio manager at Logan Capital Management.

### **Intel pitches the 'AI PC' at software developer event**

A new Intel chip due in December will be able to run a generative artificial intelligence chatbot on a laptop rather than having to tap into cloud data centers for computing power, the company said. The capability, which Intel showed off during a software developer conference held in Silicon Valley, could let businesses and consumers test ChatGPT-style technologies without sending sensitive data off their own computer. It is made possible by new AI data-crunching features built into Intel's forthcoming "Meteor Lake" laptop chip and from new software tools the company is releasing. Chief Executive Officer Pat Gelsinger said Microsoft's "Copilot" AI assistant will be able to run on Intel-based PCs. Separately, Arizona is in talks with Taiwanese chipmaker TSMC on advanced packaging, Governor Katie Hobbs said as the U.S. state seeks to attract more investment and address challenges that TSMC's massive project has encountered there. To read more, [click here](#)

### **Google launches last-ditch effort to overturn \$2.6 billion EU antitrust fine**

Alphabet's Google made a last-ditch effort at Europe's top court to overturn a \$2.6 billion EU antitrust fine imposed for market abuse related to its shopping service, saying that regulators failed to show that its practices were anti-competitive. Google lawyer Thomas Graf said the European Commission had failed to show that the company's different treatment of rivals was abusive and that different treatment alone was not anti-competitive. "Companies do not compete by treating competitors equally with themselves. They compete by treating them differently. The whole point of competition is for a company to differentiate itself from rivals. Not to

align with rivals so that all are the same," he told the panel of 15 judges. Separately, Google said that Bard, its generative artificial intelligence, will have the ability to fact-check its answers and analyze users' personal Google data as the tech giant scrambles to catch up to ChatGPT in popularity. To read more, [click here](#)

### **Boston Scientific to buy chronic back pain therapy maker Relivant**

Medical devices maker Boston Scientific said it would buy private medical tech company Relivant Medsystems for an upfront cash payment of \$850 million, gaining access to an FDA-cleared therapy for chronic pain. The Massachusetts-based company is also obliged to pay Relivant additional undisclosed payments based on sales performance over the next three years. Relivant is expected to generate sales in excess of \$70 million in 2023, Boston Scientific said, adding that it expects the deal to slightly add to 2025 adjusted earnings, with its contribution increasing thereafter. Boston Scientific expects to close the transaction in the first half of 2024.

### **Moderna to cut mRNA drug substance production at Lonza facility**

Moderna said it will cut production of mRNA drug substance for its COVID-19 vaccine at Lonza's facility in Switzerland this quarter as part of a plan to align manufacturing of the shots with lower post-pandemic demand. Lonza's facility in Visp, Switzerland, was dedicated to making vaccine ingredients and help boost the Moderna's deliveries to Europe, Canada and other nations outside the United States. Moderna expects to absorb the demand currently supported by Lonza at its internal manufacturing site at Norwood in Massachusetts for 2024-25, the company said. In 2025, Moderna expects additional capacity from its new mRNA manufacturing facilities in the UK, Canada and Australia when completed and also continues to maintain external drug substance capacity at Rovi in Spain.



Family members embrace freed American Emad Shargi after he and four fellow detainees were released in a prisoner swap deal between U.S and Iran, and arrived at Davison Army Airfield at Fort Belvoir, Virginia, September 19. REUTERS/Jonathan Ernst/Pool

## Insight and Analysis

### **More SE Asia firms consider U.S. IPOs, filling void left by China peers**

Several Southeast Asian companies are considering listing in the United States, banking on strong investor appetite for emerging market growth in the absence of Chinese stock offerings. Senior executives in leading SME digital financing platform Funding Societies, Singapore-based entertainment firm Gushcloud International and Thai insurance technology firm Sunday told Reuters they were looking into New York as one of their initial public offering venues.

### **PREVIEW-FedEx quarterly profit likely boosted by rivals' pain**

FedEx benefited from misfortunes experienced by rivals UPS and Yellow during its latest quarter as the global delivery firm continued slashing costs to match ongoing softness in global e-commerce demand, according to company officials and financial analysts. Analysts broadly expect FedEx to report higher year-over-year profit for the fiscal first quarter that ended on Aug. 31. That is because some worried UPS customers shifted packages to the FedEx network ahead of the expiration of that rivals' contract covering union-represented workers.

### **BREAKINGVIEWS-Bernie Sanders's push for four-day weeks has merit**

U.S. Senator Bernie Sanders is joining a 100-year-old battle. The United Auto Workers on Friday began strikes at Detroit carmakers Ford Motor, General Motors and Stellantis. Sanders voiced enthusiasm for their biggest demand: moving to a four-day workweek while maintaining five-day pay. Rising productivity has historically enabled labor to win a steady fall in working hours. While the UAW's proposal is disruptive, revolutions in manufacturing and beyond deserve more gains.



# CANADA

## Market Monitor

**Canada's main stock index** extended declines for a second consecutive session, dragged down by rate-sensitive technology stocks after hotter-than-expected inflation data fanned fears that the Bank of Canada might raise interest rates further. The Toronto Stock Exchange's **S&P/TSX**

**composite index** closed 1.34% lower at 20,218.89. **Information technology** stocks dropped 2.10% to 183.84, while **utilities** shares fell 2.05% to 284.67.

The **U.S. dollar** fell 0.30% against its **Canadian counterpart** to C\$1.3444.

TSE's S&P/TSX composite	Price	C\$ Chng	% Chng
<b>GAINERS</b>			
Methanex Corp	58.33	2.77	4.99
Cogeco Communications Inc	64.23	1.41	2.24
Stelco Holdings Inc	36.50	0.71	1.98
Algoma Steel Group Inc	9.26	0.14	1.54
<b>LOSERS</b>			
Equinox Gold Corp	5.69	-1.42	-19.97
Bausch Health Companies Inc	10.38	-0.92	-8.14
Lithium Americas Corp	25.37	-2.06	-7.51
Energy Fuels Inc	10.92	-0.73	-6.27

## Top News

### Canadian inflation jumps; October rate hike bets rise

Canada's annual inflation rate in August jumped to 4.0% from 3.3% in July on higher gasoline prices, data showed, a sign the central bank may be forced to raise interest rates yet again after 10 hikes since March of last year. The consumer price index rose 0.4% on a month-over-month basis in August, Statistics Canada said, compared with a predicted 0.3% gain. Two of the three core inflation measures also rose. The annual rate, the highest since the 4.4% reported in April, is double the Bank of Canada's 2% target. The main driver was a 0.8% year-on-year increase in gasoline prices, which had dropped 12.9% in the 12 months to July. Bank of Canada Deputy Governor Sharon Kozicki in a speech after the data were released said "ups and downs of the size we've seen in the past couple of months are not that unusual," which is why the central bank focused on measures of core inflation. "Underlying inflation is still well above the level that would be consistent with achieving our target of 2% CPI inflation," she said.

### Canada's Trans Mountain pipe expansion to disrupt oil flow to U.S., boost prices

Canada's Trans Mountain oil pipeline expansion, which will nearly triple the flow of crude from Alberta to Canada's



A file photo of people shopping for fruits and vegetables at a supermarket in Ottawa, Ontario, March 27. REUTERS/Patrick Doyle

Pacific Coast beginning early next year, will shake up North America's supply by diverting barrels now mainly delivered to refiners and exporters in the U.S. Midwest and Gulf Coast. Its startup could add as much as \$2 per barrel to prices paid by U.S. Midwest oil refineries that sit along Canada's existing main oil-export route. Plants that benefited from discounted oil include those operated by BP, Citgo Petroleum, Exxon Mobil and Koch Industries' Flint Hills Resources, analysts said.

### Canada's Silfab to set up solar cell factory in South Carolina

Canada's Silfab Solar said it will invest \$150 million in a new solar cell manufacturing plant in South Carolina, expanding its U.S. operations to the East Coast. Silfab said the new facility in Fort Mill, South Carolina, will create 800 jobs and begin operations in the third quarter of 2024. It will initially produce 2 gigawatts (GW) of cells and 1.2 GW of modules annually, a company spokesperson said.

# WEALTH NEWS

## FOMC PREVIEW

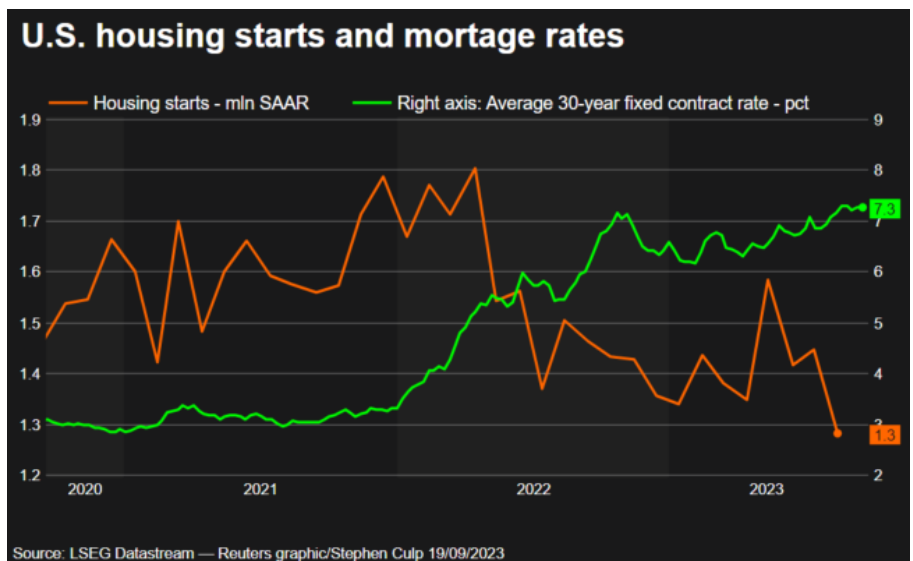
### **Fed to hold rates steady, but signal policy path in meeting this week**

The U.S. Federal Reserve kicks off a two-day policy meeting with officials widely expected to keep interest rates on hold for now, but also flagging in new economic projections whether they feel rates still need to rise further before the end of the year.

## ECONOMIC DATA

### **US housing starts hit three-year low; surge in permits point to underlying strength**

U.S. homebuilding plunged to a more than three-year low in August as a resurgence in mortgage rates weighed on demand for housing, but a jump in permits suggested new construction remained supported by a dearth of homes on the market. Housing starts tumbled 11.3% to a seasonally adjusted annual rate of 1.283 million units last month, the lowest level since June 2020. Data for July was revised lower to show starts accelerating to a rate of 1.447 million units instead of 1.452 million units. Permits for future homebuilding jumped 6.9% to a rate of 1.543 million units, the highest since October 2022.



## RISKS TO ECONOMY

### **Yellen says U.S. 'soft landing' can weather strike, govt shutdown, student loan risks**

U.S. Treasury Secretary Janet Yellen told Reuters that a "soft-landing" scenario for the U.S. economy can withstand near-term risks including a United Auto Workers strike, a government shutdown threat, a resumption of student loan payments and spillovers from China's economic woes.

## FAILED TO ADVANCE

### **U.S. House Republicans fail to advance defense spending bill as shutdown looms**

House of Representatives Republicans failed to move forward on a fiscal 2024 U.S. defense spending bill, as internal party divisions threatened the ability of Congress to fund the government and avert a partial shutdown at the end of the month.

## RESIGNATION

### **Cboe CEO Tilly resigns over personal relationships with colleagues**

Cboe Global Markets CEO Edward Tilly has resigned after failing to disclose personal relationships with colleagues, the exchange operator said, and named board member Fredric Tomczyk in his place.

## REGULATORY SCRUTINY

### **US authorities scrutinize if Credit Suisse misled investors before rescue -filing**

U.S. authorities are seeking evidence from Credit Suisse to assess whether the bank misled investors about its financial health as it teetered towards a state-backed rescue by UBS six months ago.

## ADVOCACY CAMPAIGN

### **Coinbase kicks off grassroots campaign to advance US legislation**

Coinbase, the largest U.S. cryptocurrency exchange, is stepping up its grassroots advocacy campaign in a bid to advance legislation that will provide regulatory clarity for the industry, the company said.

## KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
FedEx	Q1	AMC	\$3.76	\$3.74	\$3.44	\$21,809.75
General Mills	Q1	BMO	\$1.08	\$1.08	\$1.11	\$4,883.02

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

*I/B/E/S EPS and revenue estimates, and StarMine Smart Estimates, provided by Refinitiv.*

*The Day Ahead - North America is compiled by Archak Sengupta and Benny Thomas in Bengaluru.*

*For questions or comments about this report, email us at: [TheDay.Ahead@thomsonreuters.com](mailto:TheDay.Ahead@thomsonreuters.com).*

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