

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Wall Street ended sharply higher, supported by technology sector as investors assessed strong jobs data which revealed the economy's resilience. **Treasury yields** surged. The **dollar** eased against a basket of currencies, while **gold** gained. **Oil** prices rose, but posted their steepest weekly losses since March.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	33,400.41	280.84	0.85	35,679.13	28,660.94
Nasdaq	13,431.34	211.51	1.60	14,446.55	10,265.04
S&P 500	4,308.52	50.33	1.18	4,607.07	3,794.33
Toronto	19,246.07	108.26	0.57	20,843.21	17,873.18
FTSE	7,494.58	43.04	0.58	8,047.06	7,206.82
Eurofirst	1,764.56	13.73	0.78	1,868.30	1,678.85
Nikkei	30,994.67	-80.69	-0.26	33,772.89	25,661.89
Hang Seng	17,485.98	272.11	1.58	22,700.85	17,094.00

TREASURIES	Yield	Price
10-year	4.7988	-20 /32
2-year	5.0855	-4 /32
5-year	4.7548	-10 /32
30-year	4.9643	-35 /32

FOREX	Last	% Chng
Euro/Dollar	1.0587	0.37
Dollar/Yen	149.32	0.55
Sterling/Dollar	1.2241	0.42
Dollar/CAD	1.3662	-0.31
USD/CNH (Offshore)	7.3088	0.06

COMMODITIES (\$)	Price	Chng	% Chng
Front Month Crude /barrel	82.88	0.57	0.69
Spot gold (NY/oz)	1829.21	9.21	0.51
Copper U.S. (front month/lb)	3.63	0.0850	2.40
CRB Index Total Return	312.43	2.60	0.84

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Pioneer Natural Resources Co	237.35	22.39	10.42
Marketaxess Holdings Inc	238.73	13.12	5.82
MGM Resorts International	36.49	1.70	4.89
LOSERS			
Domino's Pizza Inc	341.60	-21.63	-5.95
Church & Dwight Co Inc	85.99	-4.24	-4.70
Lamb Weston Holdings Inc	93.46	-4.29	-4.39

Coming Up - On Monday

Amid investor worries over the direction of the Federal Reserve's interest rates, Dallas Fed's **Lorie Logan** will speak on the U.S. outlook and monetary policy before the National Association for Business Economics' 65th Annual Meeting. Fed's **Philip Jefferson** is also on tap to speak on monetary policy transmission at the same event. Separately, Fed's **Michael Barr** is expected to make remarks on banking regulations at the American Bankers Association event.

OPEC issues its annual **World Oil Outlook**, providing updated forecasts for long-term demand and supply and

its assessment of investment needed in the industry.

Applied Digital Corp is expected to post first-quarter revenue above Wall Street estimates as demand for data storage and high-power computer systems has increased with businesses turning to generative artificial intelligence offerings.

Mexico's consumer prices in September are expected to have increased 0.45%, and **core inflation** for the month likely rose 0.36%.

Producer prices data for September is also scheduled for release.

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Employment Trends for Sept	1000	--	113.02

Coming Up - Week Ahead

REUTERS/Stephanie Keith



Some of the biggest U.S. banks are set to report their quarterly earnings on Friday. **JPMorgan Chase & Co** is expected to report a rise in third-quarter profit, with analysts expecting the largest U.S. bank by assets to outperform broader weakness within

the sector. Executive commentary on the strength of U.S. consumers, the state of the economy and the lingering impact of the crisis that hit the sector earlier this year is in focus. **Wells Fargo & Co** is expected to report third-quarter results with investors and analysts focused on the outlook for loan growth, consumer spending resilience and signs of further stress in the commercial real estate sector potentially hitting the lender. **Citigroup Inc** is expected to report a drop in third-quarter profit, with investors and analysts focusing on the third-largest U.S. bank detailing its reorganization plan.

Inflation trends in the U.S. will take

center stage as two key sets of price measures are scheduled for release. The Labor Department's **consumer price index (CPI)**, due on Thursday, is expected to have risen 0.3% in September from a gasoline-fueled 0.6% rise in August. In the 12 months through September, the **CPI** growth may have edged lower to 3.6% from August's level of 3.7%. **Excluding the volatile food and energy components**, the **core CPI** may have inched 0.3% higher in September, marking a 4.1% growth year-on-year. Meanwhile, the **producer price index (PPI) for final demand**, due on Wednesday, likely rose 0.3% in September after rising 0.7% in August. The producer prices may have gone up by 1.6% year-on-year in September, following a similar rise in the previous period. The **core PPI** possibly rose 0.2% in the month and may have gone up 2.3% year-on-year in September. On Friday, focus turns towards **import prices**, which may have inched up 0.5% in September and the **export prices** are also expected to have risen by 0.5% for the month. Due on the same day, University of Michigan's survey measuring preliminary **consumer sentiment** will likely show a reading of 67.4 for October. In the labor market, Thursday's data is set to indicate that **weekly jobless claims** likely rose 3,000 to a seasonally adjusted 210,000 for the week ending October 7.

Federal Open Market Committee is expected to issue minutes of meeting from its September 19-20 event on Wednesday.

On Tuesday, Atlanta Fed's **Raphael Bostic** will participate in a moderated conversation on the U.S. economic outlook with American Bankers Association chief policy officer **Naomi Camper** at the ABA event. Fed's **Christopher Waller** will speak on the evolution of monetary policy before the Mercatus Center at a George Mason University Conference. San Francisco Fed's **Mary Daly** participates in a townhall discussion in coordination with the Chicago Council on Global Affairs

on economic challenges facing young Americans. In Morocco, at the New South Marrakesh Economic Festival, Fed's **Michelle Bowman** participates in a discussion on financial stability on Wednesday. Separately, Fed's **Raphael Bostic** will speak about the economic conditions before the Metro Atlanta Chamber's ATLeaders lunch. Boston Fed's **Susan Collins** gives the 2023 Goldman Lecture in Economics at a Wellesley College event and later on Thursday she is expected to speak on the economy. On Friday, Philadelphia Fed's **Patrick Harker** is scheduled to make remarks on the economic outlook at the Delaware State Chamber of Commerce event.

BlackRock Inc on Friday is expected to post a fall in its third-quarter earnings, as market volatility due to rising interest rates and fears of recession pressure the world's largest asset manager's fee income. Investors will be looking at assets under management, total inflows and will parse executive commentary on the health of the economy. Also, on Friday, **PNC Financial Services Group** is set to beat Wall Street estimates for third-quarter profit on higher income from interests fueled by the U.S. Federal Reserve's elevated lending rates.



PepsiCo Inc is expected to post a rise in third-quarter revenue on Tuesday as the company gains from steady demand for its beverages and laps in the last of the benefits from price hikes. Investors will look for comments on marketing spend, the impact of the popularity of weight loss drugs, private-label competition and a shift in consumer demand.

Meanwhile, **Domino's Pizza Inc** on Thursday is expected to post a marginal drop in third-quarter sales as cost-conscious consumers turn away of its higher delivery fees and menu prices. Investors will watch out for comments on margins and commodity costs amid easing supply chain issues.

United Health Group will kickstart the third-quarter earnings season for health insurers before markets open on Friday. Investors will look for any updates or comments on the company's 2024 forecasts, quarterly medical costs, and membership for its federal and state government-backed insurance plans. Comments on demand trends for new weight-loss and diabetes drugs and biosimilars in its pharmacy benefit management business will also be closely watched.

Walgreens Boots Alliance Inc is scheduled to report its fourth-quarter earnings on Thursday. Investor focus is expected to be on the company's forecast for the financial year 2024 as well as commentary on leadership changes at the second-largest pharmacy chain operator in the U.S.

Delta Air Lines Inc is expected to report higher third-quarter profit on Thursday, but the focus will be on the level of travel demand amid softening domestic fares.

Tesla Inc's directors and lawyers for shareholders on Friday will seek court approval of a \$919 million settlement that includes returning \$735 million in compensation to the company to resolve a lawsuit alleging they grossly overpaid themselves.

The **Australian Competition and Consumer Commission's** decision on the \$A15.3 billion bid for **Origin Energy Ltd** from **Brookfield** is due to be delivered on Tuesday.

Canadian building permits data is scheduled on Wednesday. The value of Canadian building permits likely fell by 0.8% in August, after dropping 1.5% in the month before.

Market Monitor

Stocks closed sharply higher with technology shares, as investors assessed Friday's jobs report that showed U.S. hiring rose broadly in September but also that wage growth was slowing. "You have an economy that's moving forward, the Federal Reserve is probably sitting on the sidelines and oil prices are not working against you today. You have a stock market that's extremely oversold," said Rober Pavlik, senior portfolio manager at Dakota Wealth in Fairfield, Connecticut. The **information technology sector** was up 1.94% to 2991.10, followed by **communication services** sector that gained 1.82% to 228.99. The **Dow Jones Industrial Average** rose 0.85% to 33,400.41, the **S&P 500** gained 1.18% to 4,308.50 and the **Nasdaq Composite** added 1.60% to 13,431.34. For the week, the S&P 500 rose 0.5%, the Dow fell 0.3% and the Nasdaq added 1.6%.

Benchmark 10-year Treasury yields hit 16-year highs after data showed that employers added 336,000 jobs in September, well above the 170,000 that was expected by economists. "The topline number was much hotter than expected but hourly wages are cooling off nicely," said Peter Cardillo, chief market economist at Spartan Capital Securities in New York. "This puts in question whether or not the Fed stays on hold." The **benchmark 10-year notes** fell 19/32, to yield 4.7946%, after reaching 4.887%, its highest since 2007. The **30-year bonds** were down 1-1/32, yielding 4.9598%. Meanwhile **two-year notes** dropped 4/32, to yield 5.0833%.

The **dollar** eased against a basket of currencies, as investors assessed Friday's jobs report that showed U.S. hiring rose broadly in September but



A file photo of traders work on the floor of the New York Stock Exchange in New York City, September 28. REUTERS/Brendan McDermid

also that wage growth is slowing. "This morning's data pushed expectations for the first rate cuts further into late 2024, but failed to convince market participants of another hike this year, meaning that short-term yields - which play a dominant role in driving foreign exchange moves - remained relatively stable," Karl Schamotta, chief market strategist at Corpay in Toronto said. The **dollar index** fell 0.25% to 106.07, while **euro** gained 0.36% to \$1.0586.

Oil prices rose, but posted their steepest weekly losses since March, after another partial lifting of Russia's fuel export ban compounded demand fears due to macroeconomic headwinds. **Brent futures** were up 0.42% at \$84.42 per barrel. **U.S. West Texas Intermediate crude futures** were 0.53% higher at \$82.75 a barrel. For the week, Brent posted a decline of about 11% and WTI recorded an over

8% drop, on worries that persistently high interest rates will slow global growth and hammer fuel demand, even if supplies are depressed by Saudi Arabia and Russia, who said they will continue supply cuts to year end.

Gold prices gained, helped by a technical rebound after a nine-day losing streak, although robust U.S. jobs data raised worries over another U.S. rate hike and kept bullion on track for its second weekly drop. The bounce in gold prices despite the strong jobs data indicates that selling pressure has been exhausted and there is covering of short positions, said Tai Wong, a New York-based independent metals trader. **Spot gold** was up 0.52% at \$1,829.40 per ounce. **U.S. gold futures** were 0.63% higher at \$1,843.40 per ounce.

Yields in Focus

Treasury yields' wrecking-ball surge gets fresh fuel after blowout jobs report

The U.S. Treasury yield surge that has shaken markets in recent weeks may have further to run, after a stunningly strong U.S. jobs report bolstered the case for more tightening from the Federal Reserve. Jobs growth for September nearly doubled expectations as nonfarm payrolls increased by 336,000 for the month, strengthening views that policymakers will need to keep interest rates elevated to cool inflation. That's bad news for investors who were looking for a respite from a rise in Treasury yields that has wreaked havoc throughout markets over the past month, bruising stocks, supercharging the dollar and pushing mortgage rates to their highest levels in more than two decades.

ANALYSIS-Trend hedge funds come out winners in bond market rout

A fresh rout in government bonds has sparked alarm across world markets, battering equities. Yet in one corner of the hedge fund world, there's a sigh of relief. So-called trend following and systematic hedge funds have long positioned for a fall in government bond prices given higher-for-longer inflation. They stand out as winners from the latest bond selloff, with bond yields from the United States to Germany this week hitting multi-year highs as concern about elevated interest rates and high debt levels took hold, derailing stock markets in turn.

Global economy's glide to 'soft landing' gets bumpy as bond yields jump

Rocketing U.S. government bond yields that have led to a global jump in borrowing costs are raising new risks for economic policymakers hoping to lower inflation without triggering a major crisis. The world's finance officials, who will gather in Morocco next week for the annual meetings of the International Monetary Fund and

Yields on long-term U.S. government debt have soared

— Yield on 30-year Treasury bonds



Source: LSEG | F. Guerrero | Breakingviews | October 6, 2023

[Click on the chart for a detailed and interactive graphic](#)

World Bank, may disagree over the exact drivers of a global bond rout that now appears to reflect more than guessing how far central bankers will raise interest rates. The cause - whether high government deficits, China's suddenly turgid economy, or political dysfunction in the U.S. Congress - may be less important, though, than the implications for a world financial system that had seemed headed for a "soft landing" from the post-pandemic breakout of inflation.

COLUMN-'Risk-free risk' re-emerges as bonds minesweep 5%-plus: Mike Dolan

To say investors were unprepared for 5% U.S. Treasury yields is perhaps the market understatement of the year - but they are now frantically feeling around to see if rates can go higher still and what landmines that might set off. Real and nominal U.S. government borrowing rates have exploded over the past month, with benchmark 10-year yields coming within 12 basis

points of the 5% mark this week for the first time since 2007. Twenty-year bonds are now above that and 30-year paper briefly topped it on Tuesday. And in the backdrop, 30-year fixed mortgage rates have ballooned above 7.5% for the first time since 2000.

Bond rout won't end Fed balance sheet cuts, but endgame bubbling into view

The bond market tumult that has sent real-world borrowing costs surging is unlikely to deter the Federal Reserve from pressing onward with shedding nearly \$100 billion of bonds each month from its \$8 trillion balance sheet, analysts say. That's because even as yields have surged and sparked new fears over a potential recession, the move has been relatively orderly even if it's been outsized. Key measures of bond market volatility and liquidity are not flashing the warning signs they did just this past spring when SVB failed and forced the Fed to launch a new emergency bank lending facility.

Top News

Pioneer shares jump on Exxon mega-merger talks

Shares of Pioneer Natural Resources climbed on news that Exxon Mobil, the largest U.S. oil and gas company, was in advanced talks to buy the shale producer in a deal valued at a whopping \$60 billion. A deal would be Exxon's biggest since its \$81 billion acquisition of Mobil in 1998. It would make the company one of the leading producers in the lucrative Permian basin, the largest U.S. shale oil field as the country's oil production closes in on an all-time record of 13 million barrels a day. The premium is in line with other E&P mergers this year, but "still strikes us as slightly low for a company with the unique scale and quality of inventory held by Pioneer," said Andrew Dittmar, a director at Enverus. Friday's gains leave Pioneer's stock short of the implied offer, as it is possible that the two companies will not reach an agreement. Pioneer shares ended 10.42% higher at \$237.35, while Exxon closed down 1.65% to \$107.19.

Tesla cuts US prices of Model 3, Y in push to meet delivery goal

Tesla has cut U.S. prices of its Model 3 compact sedan and the Model Y SUV, ratcheting up its price war just days after the third-quarter deliveries of the world's most valuable automaker missed market expectations. The latest cuts come as the company strives hard to deliver a record 476,000 vehicles in the last three months of 2023 to meet the annual target of handing over 1.8 million vehicles. The standard Model 3 sedan is now \$1,250 cheaper at \$38,990, while the Model Y long-range variant costs \$2,000 less at \$48,490, the automaker's website showed. Tesla also cut prices for its higher-priced variants of the two models. Overall, the standard Model 3's prices have come down by about 17% since the start of the year, while the Model Y long-range variant has seen a drop of over 26%.



Exxon Mobil logo and stock graph are seen through a magnifier displayed in this illustration taken September 4, 2022. REUTERS/Dado Ruvic

UAW says its 'strike is working,' holds off on more walkouts

The United Auto Workers held off on additional strikes against Detroit Three auto plants, citing progress in talks, particularly with General Motors, which eliminated a major sticking point in talks by allowing workers at joint-venture battery plants to be covered by a labor agreement, the union said. "Our strike is working, but we're not there yet," UAW President Shawn Fain said in a livestreamed update on negotiations with automakers GM, Ford Motor and Stellantis. Until Friday, the UAW had ratcheted up action against different automakers weekly to try to get its demands met. Threatening to strike against GM's Arlington, Texas, plant that makes cash-cow SUVs like the Cadillac Escalade spurred GM to agree that EV battery factories would become union plants with UAW contracts, Fain said. GM's concession could be critical if rivals follow suit. "This defines the transition to EVs," said Harley Shaiken, labor professor at

the University of California, Berkeley. "Clearly, GM's concession on the master agreement will positively be matched by Ford and Stellantis." The fate of the battery plants was seen as a major sticking point in the talks.

Strike by 75,000 Kaiser Permanente healthcare workers enters third day

About 75,000 unionized healthcare workers at Kaiser Permanente, one of the top U.S. medical employers, entered the third day of a planned 72-hour strike, although both parties agreed to restart contract talks focusing on staffing shortages and pay next week. Nurses, medical technicians and other support personnel at hundreds of Kaiser hospitals and clinics in California, Oregon, Washington state, Colorado, Virginia and the District of Columbia, took to picket lines on Wednesday morning in the largest strike ever in the U.S. healthcare sector. Kaiser has said its hospitals and emergency departments have remained open despite the walkout,

staffed by doctors, managers and "contingency workers." The union warned of another strike if "Kaiser executives continue to commit unfair labor practices and bargain in bad faith." "It is possible that the coalition will issue a 10-day strike notice after Saturday, which could lead to further striking by Kaiser employees after those ten days," it said.

ChatGPT-owner OpenAI is exploring making its own AI chips -sources

OpenAI, the company behind ChatGPT, is exploring making its own artificial intelligence chips and has gone as far as evaluating a potential acquisition target, according to people familiar with the company's plans. The company has not yet decided to move ahead, according to recent internal discussions described to Reuters. However, since at least last year it discussed various options to solve the shortage of expensive AI chips that OpenAI relies on, according to people familiar with the matter. These options have included building its own AI chip, working more closely with other chipmakers including Nvidia and also diversifying its suppliers beyond Nvidia.

Amgen completes \$27.8 billion Horizon Therapeutics deal

Amgen said it had completed the \$27.8 billion acquisition of Horizon Therapeutics after it received the go-ahead from the U.S. Federal Trade Commission (FTC) last month on certain conditions. Under the settlement terms with the FTC following its lawsuit to block the deal, Amgen is prevented from using anti-competitive tactics to extend the market dominance of Horizon's fast-growing thyroid eye disease treatment Tepezza and gout drug Krystexxa. The deal closure was within the fourth-quarter timeline set by the two companies, and is expected to add to Amgen's adjusted earnings from next year. Amgen, which has gained Horizon's two key products Tepezza and Krystexxa, said it will provide an updated annual forecast during its third-quarter earnings call.

Chevron Australia LNG workers back strike threat in second meeting, no talks

Workers at Chevron's two liquefied natural gas (LNG) facilities in Western Australia voted to restart strikes, with unions accusing the U.S. oil major of reneging on a deal that ended strikes last month. Night-shift workers at Chevron's Gorgon and Wheatstone facilities voted to restart strikes in the afternoon meeting, the Offshore Alliance, a coalition of two unions, said in a statement. The vote followed a similar move by colleagues at a meeting less than 24-hours earlier. Reuters reported on Thursday, the bulk of workers at the facilities had voted to strike. "It's disappointing but hardly surprising Chevron have welched on the deal given the bad faith they have shown bargaining with their workforce over the last year or so," Offshore Alliance's Brad Gandy said in a statement.

REUTERS/Lucy Nicholson



Microsoft looks to close Activision deal next week - The Verge

Microsoft is aiming to close its \$69 billion deal for "Call of Duty" publisher Activision Blizzard on Oct. 13 if it gets approval from Britain's antitrust regulator, the Verge reported, citing a source. The Xbox maker had in July extended the cutoff date for the deal to Oct. 18 to get more time to secure approval from the UK. Microsoft won preliminary approval from the Competition and Markets Authority last month after Activision agreed to sell its streaming rights to Ubisoft Entertainment. If successful the purchase would mark the biggest deal in the gaming industry, bringing together Microsoft's heft in the console

market with Activision's titles including "Call of Duty" and "World of Warcraft".

Snapchat's AI chatbot may pose privacy risk to children, says UK watchdog

Snapchat may have failed to properly assess privacy risks to children from its artificial intelligence chatbot, Britain's data watchdog said, adding it would consider the company's response before making any final enforcement decision. The Information Commissioner's Office (ICO) said if the U.S. company fails to adequately address the regulator's concerns, "My AI", launched in April, could be banned in the UK. "The provisional findings of our investigation suggest a worrying failure by Snap to adequately identify and assess the privacy risks to children and other users before launching 'My AI'", Information Commissioner John Edwards said. Snap said it was reviewing the ICO's notice and that it was committed to user privacy.

Amazon launches first test satellites for Kuiper internet network

Amazon's first pair of prototype satellites for its planned Kuiper internet network were launched into space from Florida, the company's first step before it deploys thousands more into orbit to beam internet service globally and compete with SpaceX's Starlink. The mission aims to test Amazon's first pieces of technology in space as the e-commerce and web services giant looks to deploy 3,236 more satellites in the next few years and offer broadband internet globally, a feat Elon Musk's SpaceX is targeting with its nearly 5,000 Starlink satellites in orbit. In the days leading up to the launch, Amazon divulged few specifics about the two satellites, which were built at its satellite plant in Redmond, Washington. Amazon has vowed to invest \$10 billion into its Kuiper project, which was announced in 2019, the year SpaceX began deploying its first operational Starlink spacecraft. U.S. regulators require Amazon to deploy half its planned satellite constellation by 2026.



Maria Gonzalez, a Venezuelan migrant seeking asylum in the United States, sits with her 2-year-old granddaughter, Edith, on the banks of the Rio Bravo river, as the Texas National Guard block the crossing at the border between the U.S. and Mexico, in Ciudad Juarez, Mexico, October 5. REUTERS/Jose Luis Gonzalez

Insight and Analysis

US-China tech war: RISC-V chip technology emerges as new battleground

In a new front in the U.S.-China tech war, President Joe Biden's administration is facing pressure from some lawmakers to restrict American companies from working on a freely available chip technology widely used in China - a move that could upend how the global technology industry collaborates across borders. At issue is RISC-V, pronounced "risk five," an open-source technology that competes with costly proprietary technology from British semiconductor and software design company Arm. RISC-V can be used as a key ingredient for anything from a smartphone chip to advanced processors for artificial intelligence.

BREAKINGVIEWS-Dating apps can embrace gamification of hookups

Serial swipers on Tinder are going to pay for that dopamine rush. The dating app owned by Match said last week it's rolling out a subscription tier called "Tinder Select" that will cost \$500 a month. The \$12 billion company could make even more money if it approached hookups the way computer games hook users. The company run by Bernard Kim has been struggling to jolt growth at its dating destinations, which include Hinge, OKCupid, and Plenty of Fish. Tinder, its largest brand, grew revenue by 7% to \$3.2 billion last year. Bumble expanded its top line at twice that rate. That's problematic considering the value Tinder provides to those looking for companionship.

Theaters look to Taylor Swift to shake off box office strike pain

Cultural juggernaut Taylor Swift packed stadiums on her concert tour, made voting cool again by urging her fans to do their civic duty and had teenage girls tuning in to professional football games to see her cheer from the stands. In her next act, Swift is poised to lift another corner of the economy: a movie box office still trying to recover from the pandemic and Hollywood strikes. When "Taylor Swift: The Eras Tour" hits movie theaters on Oct. 13, it will serve as a high-profile test of whether such "alternative content" as a concert film can bring audiences to cinemas, creating more consistency for a business that ebbs and flows with the theatrical release calendar.

CANADA

Market Monitor

Canada's main stock index rose, supported by gains in commodity-linked stocks, while domestic data showed more-than-expected job additions in September.

The **Toronto Stock Exchange's S&P/TSX composite index** ended 0.57% higher at 19,246.07.

The **materials sector**, which includes precious and base metals miners and fertilizer companies, gained 1.25% to 306.70%. The **energy sector** rose 1.29% to 256.06.

The **U.S. dollar** was 0.31% lower against its **Canadian counterpart** at C\$1.3662.

TSE's S&P/TSX composite	Price	C\$ Chng	% Chng
GAINERS			
Hudbay Minerals Inc	6.40	0.37	6.14
Osisko Mining Inc	2.69	0.13	5.08
Ballard Power Systems Inc	4.89	0.23	4.94
Lightspeed Commerce Inc	19.51	0.78	4.16
LOSERS			
Parex Resources Inc	23.63	-1.07	-4.33
Tilray Brands Inc	2.81	-0.12	-4.10
Restaurant Brands International Inc	86.09	-2.12	-2.40
Dye & Durham Ltd	13.60	-0.33	-2.37

Top News



Canada jobs, wage gains blow away expectations, up chances for rate hike

Canada's economy more than tripled expectations by adding 63,800 jobs in September and wages continued to soar, data showed, upping the chances for another rate hike. The jobless rate stayed at 5.5% for a third consecutive month, Statistics Canada said. The average hourly wage for permanent employees rose 5.3% from September 2022, up from the 5.2% annual rise in August. "That employment report today really blew away market expectations. Wage growth is also beating market expectations," said Michael Greenberg, a portfolio manager for Franklin Templeton Investment Solutions. "Despite the aggressive rate hikes by the Bank of Canada, clearly demand

remains strong and companies continue to hire. This suggests we could well see another rate hike in November or December," Greenberg said.

Trans Mountain to start line fill on Canada oil pipeline next quarter

Line fill on the Trans Mountain oil pipeline expansion will start in the first quarter of 2024 and take about six to seven weeks to complete, the Canadian government-owned corporation building the project said. Filling the pipeline with oil, a final step before crude deliveries start, will require about 4.5 million barrels, Trans Mountain said. "We expect commercial operations to commence near the end of Q1 2024," a Trans Mountain spokesperson said. The expansion will nearly triple the capacity of the pipeline running from Alberta to Canada's Pacific Coast to 890,000 barrels per day, but the C\$30.9 billion project has struggled with years of regulatory delay and massive cost overruns. Once operational, TMX will open up new markets for Canadian crude on the U.S. West Coast and Asia. The exact date of line fill is being carefully watched by oil market traders as it will

boost demand and should raise prices for Canadian crude.

France blocks US takeover of Canada-owned French nuclear valve makers

France blocked a deal that would have seen the takeover of two Canadian-owned French maker of valves used in nuclear reactors because it did not think commitments made by U.S. bidder Flowserve were sufficient, a finance ministry source said. Flowserve, which makes pumps and valves, said on Thursday it was dropping its \$245 million takeover of Montreal-based Velan, whose French subsidiaries Segault and Velan SAS make valves used in nuclear plants, submarines and aircraft carriers. "The minister (Bruno Le Maire) took the decision to reject the two acquisitions because the commitments to reduce all risks associated with the deal were not sufficient," the French finance ministry source told journalists on Friday. The French government has extensive powers to vet proposed takeovers of French companies that it considers to be strategically sensitive, though outright rejections are rare.

WEALTH NEWS

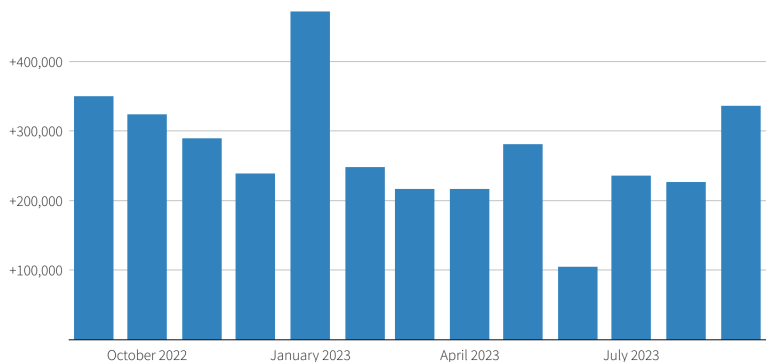
ECONOMIC NEWS

US job growth sizzles in September; wage inflation cooling

U.S. employment increased by the most in eight months in September as hiring rose broadly, pointing to persistent labor market strength that could give the Federal Reserve ammunition to raise interest rates again, though wage growth is slowing. The larger-than-expected surge in nonfarm payrolls last month and sharp upward revisions to July and August's jobs counts reported by the Labor Department in its closely watched employment report cemented expectations that economic activity accelerated in the third quarter. Nonfarm payrolls increased by 336,000 jobs last month, the largest rise since January. The economy created 119,000 more jobs than previously reported in July and August. Average hourly earnings rose 0.2% after a similar gain in August. That lowered the annual increase in wages to 4.2%, the smallest gain since June 2021, from 4.3% in August. The unemployment rate was unchanged at an 18-month high of 3.8% in September as household employment rose modestly while more people entered the labor market.

Monthly change in US jobs

Employers added 336,000 jobs in September



Data are seasonally adjusted. Published October 6, 2023 at 12:35 PM GMT
Sources: Bureau of Labor Statistics, LSEG

[Click on the chart for a detailed and interactive graphic](#)

RESILIENCE IN ECONOMY

Blowout US job growth pokes hole in Fed's cooldown narrative

U.S. employers in September turned their back on Federal Reserve officials who have been expecting job growth to cool, adding 336,000 positions in a return to the fevered hiring seen during the coronavirus pandemic and potentially bolstering the case for another interest rate increase.

WALL STREET WEEK AHEAD

Surging Treasury yields upend stock market's "bond proxies"

Soaring Treasury yields have stunned the U.S. equity market in recent weeks, with some of the worst fallout hitting a group of stocks expected to have bond-like qualities.

OPEC OUTLOOK

OPEC raises oil demand view in long-term outlook, sources say

OPEC has raised its medium- and long-term oil demand outlook in a forthcoming report, three OPEC sources said, despite the transition toward renewable energy, highlighting the oil exporting group's more bullish view compared to other forecasters.

CRYPTO FRAUD TRIAL

Sam Bankman-Fried's reassurances about FTX were false, ex-lieutenant testifies

Sam Bankman-Fried's former lieutenant and business partner recounted the FTX cryptocurrency exchange's dramatic collapse on the witness stand, stating his former boss' tweets assuring customers the exchange was "fine" were false.

REGULATORY AGENDA

US consumer watchdog warns payment systems risk Chinese-style surveillance

The top U.S. agency for consumer financial protection is considering regulatory moves to help protect the public from the kind of excessive surveillance of their financial data enabled by payment structures in China, its director said.

ETF INFLOWS & OUTFLOWS

Major solar ETF sees record outflows this year; Sept inflows signal brighter days

Solar ETF Invesco Solar saw record net outflows in the first three quarters of 2023 as the industry struggles with higher interest rates and elevated project costs, but September inflows have raised hopes of a turnaround in fortunes.

ON THE RADAR

Events	ET	Poll	Prior
Tue: NFIB Business Optimism Index for Sept	0600	--	91.30
Wholesale inventory, r mm for Aug	1000	-0.1%	-0.1%
Wholesale sales mm for Aug	1000	--	0.8%
Wed: PPI Machine Manufacturing for Sept	0830	--	178.9
PPI Final demand yy for Sept	0830	1.6%	1.6%
PPI Final demand mm for Sept	0830	0.3%	0.7%
PPI ex-Food/Energy yy for Sept	0830	2.3%	2.2%
PPI ex-Food/Energy mm for Sept	0830	0.2%	0.2%
PPI ex-Food/Energy/tr yy for Sept	0830	--	3.0%
PPI ex-Food/Energy/tr mm for Sept	0830	--	0.3%
Refinitiv IPSOS PCSI for Oct	1100	--	52.02
Thu: Core CPI mm, SA for Sept	0830	0.3%	0.3%
Core CPI yy, NSA for Sept	0830	4.1%	4.3%
CPI index, NSA for Sept	0830	307.372	307.026
Core CPI Index, SA for Sept	0830	--	309.66
CPI mm, SA for Sept	0830	0.3%	0.6%
CPI mm, NSA for Sept	0830	3.6%	3.7%
Real weekly earnings mm for Sept	0830	--	-0.1%
CPI mm NSA for Sept	0830	--	0.440%
CPI Index SA for Sept	0830	--	306.270
CPI Wage Earner for Sept	0830	--	301.551
Initial Jobless Claims	0830	210,000	207,000
Jobless Claims 4-Week Average	0830	--	208,750
Continued jobless claims	0830	--	1.664 mln
Cleveland Fed CPI for Sept	1100	--	0.3%
Federal budget for Sept	1400	--	\$89.00 bln
Fri: Import Prices mm for Sept	0830	0.5%	0.5%
Export prices mm for Sept	0830	0.5%	1.3%
Import prices yy for Sept	0830	--	-3.0%
U Mich Sentiment Preliminary for Oct	1000	67.4	68.1
U Mich Conditions Preliminary for Oct	1000	70.4	71.4
U Mich Expectations Preliminary for Oct	1000	65.5	66.0
U Mich 1-year inflation preliminary for Oct	1000	--	3.2%
U Mich 5-year inflation preliminary for Oct	1000	--	2.8%



A firefighting helicopter flies over Santa Ursula as wildfires rage out of control on the island of Tenerife, Spain, October 5. REUTERS/Borja Suarez

(The Day Ahead - Canada edition will not be published on Monday, October 9, on account of the Thanksgiving Day holiday)

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

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