MARKET RECAP at 4 pm ET

Wall Street jumped and two-year Treasury yields edged up as moderate U.S. jobs growth in September offered relief to markets after a week of dismal economic data. Concerns over political risks and U.S.-China trade negotiations weighed on the dollar. Oil rose as worries over softening demand eased. Spot gold prices were little changed.

Coming Up - On Monday

Federal Reserve Chair Jerome Powell will speak at the 61st National Association for Business Economics Annual Meeting on "Trucks and Terabytes: Integrating the 'Old' and 'New' Economies." Federal Reserve Bank of Minneapolis President Neel Kashkari will participate in a fireside chat on the Minneapolis Federal Reserve Bank's work in Indian Country and the Bank's Center for Indian Country Development before the 2019 Fall Finance and Tribal Economies Conference.

The Federal Reserve is scheduled to report consumer credit data for August. Outstanding credit extended to American consumers was likely $15.50 billion compared with $23.29 billion the month before.

LIVECHAT – FX WEEK AHEAD
FX Buzz analyst Jeremy Boulton examines what the week could hold for G7 currencies and select EM FX pairs. (0730 ET/1130 GMT) To join the conversation, click here

Coming Up - Week Ahead

The Labor Department on Thursday is expected to report its consumer price index for September rose 0.1%, the same as the previous month's rise. Core CPI is likely to rise 0.2%, slower than August's 0.3% rise. On Wednesday, the Labor Department will release the Job Openings and Labor Turnover Survey, or JOLTS report, for August. On Tuesday, the department is expected to report its producer price index for final demand rose 1.8% on a yearly basis in September, the same as the previous month's rise. Wholesale inventory data for August is expected on Wednesday. Wholesale inventories are likely to rise 0.4%, the same as in July. On Friday, the Labor Department is expected to report import prices.

KEY ECONOMIC EVENTS

Events | ET | Poll | Prior
--- | --- | --- | ---
Employment Trends for Sep | 1000 | -- | 110.6
Consumer credit for Aug | 1500 | $15.5 bin | $23.29 bin

KEY RESULTS

No major S&P 500 companies are scheduled to report.
slipped 0.1% in September after falling 0.5% the month prior. On the same day, the University of Michigan's consumer sentiment survey for October is likely to be 92 following September's reading of 93.2. On Thursday, weekly jobless claims for the week ending Oct. 5 are expected to be at 219,000, same as the week before.

The Federal Open Market Committee will publish the minutes from its September 17-18 meeting on Wednesday.

Federal Reserve Chair Jerome Powell is expected to speak on "A View From the Federal Reserve" before the National Association for Business Economics 61st Annual Meeting on Tuesday. On Wednesday, he will co-host the "Fed Listens" roundtable along with the Kansas Fed's Esther George.

Federal Reserve Bank of Chicago President Charles Evans will participate in a Q&A session before a Chicago Rotary Club luncheon on Tuesday. Also on Tuesday, Federal Reserve Bank of Minneapolis President Neel Kashkari will participate in a town hall at St. Cloud State University. He will participate in a fireside chat on the Federal Reserve, economy and markets before the Yahoo Finance 2019 All Markets Summit on Thursday. On Friday, he is scheduled to participate in a chat before the Council on Foreign Relations C. Peter McColough Series on International Economics. Federal Reserve Bank of Cleveland President Loretta Mester will participate in the Edward J. and Louise E. Mellen Executive Speaker Series on Thursday. Federal Reserve Bank of Boston President Eric Rosengren will speak before the American Economic Challenges Symposium on Friday. On the same day, Dallas Federal Reserve Bank President Robert Kaplan will speak in San Francisco on policy and the economic outlook.

Delta Air Lines Inc is expected to report higher revenue and profit when it kicks off U.S. airlines' third-quarter results on Thursday helped by continued strong travel demand, though focus will be on the No. 2 U.S. carrier's growth strategy and planned response to new 10% tariffs on Airbus planes from Europe.

Domino's Pizza Inc is likely to report a fall in quarterly same-store sales on Tuesday, hurt by competition from third-party delivery services or "aggregators" such as DoorDash and Postmates. Investors will be on the lookout for the company's comments on fortressing strategy in U.S., a move to increase store count in order to decrease delivery times, competition from the aggregators and future investments in technology.

The International Energy Agency will publish its monthly analysis of supply, demand and other trends in the global oil market on Friday.

On Tuesday, Canada's housing starts data for September and building permits data for August is scheduled for release. Canada's jobs data for September is expected on Friday.

Brazil's IPCA inflation index for September is scheduled for Wednesday. Consumer prices rose 0.11% in August on a monthly basis. The country's retail sales numbers are due on Thursday.

Mexico's annual inflation data for September is expected on Wednesday. Inflation eased to 3.16% in August. On Thursday, the country's central bank will publish minutes from its last monetary policy decision. Industrial output data is scheduled for release on Friday.

Peru's central bank will release their October interest rate decision on Thursday.

On Tuesday, U.S. Energy Secretary Rick Perry is scheduled to speak on "The United States' Arctic energy vision" at the Arctic Circle Assembly in Reykjavik on Thursday.
Wall Street surged after moderate jobs growth in September offered relief from a spate of dismal economic data this week that has rankled markets and fueled concerns the world's largest economy may be sliding into a recession. A rally in technology stocks led by Apple, whose shares ended 2.8% higher, also helped lift the benchmark indexes at the end of a volatile week. HP ended 9.59% lower after the computer maker said it would cut up to 16% of its workforce as part of a restructuring plan that would result in an overall charge of $1 billion. The S&P information technology index climbed 1.71% to 1414.40, while the Philadelphia chip index advanced 1.85% to 1574.39. The Dow Jones Industrial Average was up 1.41% at 26,571.78 points, while the S&P 500 gained 1.42% to 2,952.01. The Nasdaq Composite jumped 1.40% to 7,982.47. For the week, the S&P fell 0.34%, the Dow lost 0.93%, the Nasdaq gained 0.46%.

A moderate increase in U.S. job growth in September drove short-dated yields higher, but the move was not big enough to reverse the fall in two-year note yields this week to two-year lows on evidence of a slowdown in the national manufacturing and services sectors. The 2-year notes were down 1/32 to yield 1.40%. Benchmark notes were up 5/32, yielding 1.52%. The 30-year bonds rose 22/32, yielding 2.01%.

The dollar edged lower after earlier posting gains following a U.S. jobs report that underperformed expectations but was solid overall, as investors remained cautious about political risk in the United States and ongoing trade negotiations with China. "Given that market expectations have shifted after the ADP (private payrolls) and ISM (manufacturing and services) people were bracing for something worse than this. So this is in the ballpark of what is acceptable," said Shaun Osborne, chief market strategist, at Scotiabank in Toronto. "But there are other issues here for the dollar aside from the Fed easing, such as the U.S. political backdrop. And we're still looking at the funding tightness issue," he added. The dollar index was down 0.07% at 98.80. The dollar slipped 0.06% against the Japanese yen to 106.84 yen.

Spot gold prices were little changed. "There were expectations that we might see the biggest decline in jobs number in years and that did not happen. Gold is counting on the Fed cutting more interest rates," said Jeffrey Sica, founder of Circle Squared Alternative Investments. "Considering how dismal the other economic numbers were, this jobs report was fairly acceptable. Yesterday, we saw a real strong sentiment towards the Fed lowering interest rates because of the economic weakness and this (jobs data) might have the reverse effect." Spot gold was down 0.01% at $1,504.61 per ounce. U.S. gold futures edged down 0.19% to $1,510.90 an ounce.
Top News

U.S. unemployment rate drops to 3.5%; job growth moderate
The U.S. unemployment rate dropped to near a 50-year low of 3.5% in September, with job growth increasing moderately, suggesting the slowing economy could avoid a recession for now despite trade tensions that are hammering manufacturing. Nonfarm payrolls increased by 136,000 jobs last month. The two-tenths of a percentage point drop in the unemployment rate from 3.7% in August pushed it to its lowest level since December 1969. The jobless rate declined even as 117,000 people entered the labor force last month. The average workweek was unchanged at 34.4 hours. A report from the Commerce Department showed the trade deficit widened 1.6% to $54.9 billion in August.

Apple raises production of iPhone 11 models by about 10% - Nikkei
Apple has asked suppliers to increase production of its iPhone 11 models by up to 8 million units, or about 10%, Nikkei Asian Review reported, hinting that demand for the recently launched versions of its flagship phone was picking up. "Previously, Apple was quite conservative about placing orders", which were less than for last year's new iPhone, the Nikkei said, quoting a source. "After the increase, prepared production volume for the iPhone 11 series will be higher compared to last year". The recent surge in iPhone orders is concentrated in the cheapest iPhone 11 model and the iPhone 11 Pro model, sources cited by Nikkei said, while Apple has slightly reduced orders for its top range model, the iPhone 11 Pro Max, which has a starting price of $1,099. In other news, Amazon's streaming service, Prime Video, disappeared from Apple's app store. To read more, click here.

Antitrust probers in Congress ask Spotify to detail alleged Apple abuses - sources
U.S. lawmakers have requested information from Apple critic Spotify as part of an antitrust probe, according to sources briefed on the investigation into allegations the iPhone maker engages in anti-competitive behavior to support its own apps. The U.S. House of Representatives Judiciary Committee reached out to the music streaming service with broad requests for information, according to one source, who added the request to the company was narrowed in follow up telephone calls. Apple has said it acts in the best interests of its users and treats all developers equally. It has denied Spotify's claims and says its streaming music rival is seeking to pay it nothing and play by a different set of rules than the millions of other apps on its App Store.

U.S. airlines grapple with 'unfair tax' that adds to aircraft supply disruption
U.S. airlines are scrambling to digest a new 10% tariff on European-made Airbus planes that threaten additional havoc in an aircraft supply market already reeling from frozen deliveries of Boeing's 737 MAX. In a statement late on Thursday, Delta Air Lines called the proposed levy on aircraft from Europe that are already under contract for purchase "an unfair tax on U.S. consumers and companies." The tariff on Airbus planes creates uncertainty for aircraft delivery terms much like the global grounding of Boeing's 737 MAX in March after two fatal crashes and comes at a time of threats to international air travel demand in the midst of slowing global economic growth and trade disputes.
Federal judge leans toward upholding Massachusetts vaping ban
A federal judge in Boston said she was "leaning toward" upholding a four-month ban on the sale of vaping products by Governor Charlie Baker, the toughest prohibition yet in a rapidly developing response to e-cigarettes and their potential link to a lung disease. "I'm leaning toward denying the temporary restraining order" being sought by the vaping industry," U.S. District Judge Indira Talwani said from the bench, after hearing more than an hour of arguments. Trade group Vapor Technology Association (VTA) is challenging Baker's Sept. 24 ban and wants a restraining order to pause the process.

Broadcom faces EU order to suspend some business practices - source
Broadcom will be told by EU antitrust regulators this month to suspend certain business practices including exclusivity clauses with TV and modem makers, a person familiar with the matter said. The EU executive will brief national competition agencies on Oct. 7 on its proposed interim measure before taking a formal decision and informing the company, the person said. Broadcom has previously said it did not expect a material impact on its set-top box or broadband modem business from such a move by the Commission, and that an interim measure would not preclude it from continuing to sell any products.

U.S. NHTSA reviewing claims 2,000 Tesla vehicles should have been recalled
The U.S. National Highway Traffic Safety Administration said it is reviewing a defect petition that claims Tesla failed to issue a recall when it issued a software upgrade in 2,000 Model S and Model X vehicles in May. The vehicles from the 2012 through 2019 model years received a battery management software upgrade in response to a potential defect that could result in non-crash fires, the petition said, adding it believes the update reduces the driving range of the affected vehicles. Separately, Tesla owners summoning their driverless cars in parking lots are likely liable for crashes, lawyers said after a series of internet videos showed problems with cars running new software.

FBI director warns Facebook could become platform of 'child pornographers'
FBI Director Christopher Wray said that Facebook's proposal to encrypt its popular messaging program would turn the platform into a "dream come true for predators and child pornographers." Wray said that Facebook's plan would produce "a lawless space created not by the American people or their representatives but by the owners of one big company." The Justice Department official estimated that tips to law enforcement about possible child exploitation could drop by as much as 70 percent if Facebook encrypts its messaging program.

Meat industry sues California for animal protection 'overreach'
California was sued by the largest U.S. trade group for meat packers and processors, which wants to block enforcement of a voter-approved measure requiring farmers to provide more space for animals being raised for food. The North American Meat Institute, whose members include processors such as Tyson Foods and retailers including Walmart, said enforcing Proposition 12 would hurt producers and consumers by significantly increasing their costs. "Prop 12 hurts the family on a budget with higher prices for pork, veal and eggs, and unfairly punishes livestock producers outside of California by forcing them to spend millions more just to access California markets," Meat Institute President Julie Anna Potts said.

Reuters News moves into events business with FCBI deal
Thomson Reuters said it had acquired events company FC Business Intelligence to tap into the sector and help further promote its Reuters News brand. The company, which will be rebranded Reuters Events and operate as part of the Reuters News division, hosts exhibitions and conferences around the world in sectors including pharmaceuticals, energy, transport, insurance and technology.
SoftBank’s plans for second mega-fund hit by WeWork debacle

SoftBank Group founder and CEO Masayoshi Son is struggling to raise money for a second massive technology investment fund in the wake of the failed public offering of office-rental company WeWork and sliding valuations of other major investments, according to two people familiar with the situation. Son is still determined to go ahead with Vision Fund 2 even though some lieutenants have urged a delay, the two people with knowledge of SoftBank’s internal discussions told Reuters.

Behind the GM strike: Declining productivity at U.S. operations - Reuters analysis

General Motors’ U.S. workforce productivity has declined since the automaker recovered from a 2009 bankruptcy, even as its profit per employee has risen, a Reuters analysis shows. Those trends point to some of the root causes of the United Auto Workers (UAW) strike that has shut down the automaker’s U.S. manufacturing plants for 18 days, already costing the company about $100 million a day.

In a polarized age, Boston Fed wrestles with healing a fractured U.S. economy

For much of the 20th century incomes grew faster in poorer areas of the United States than in richer ones, workers relocated to find the best opportunities, and the benefits of economic growth spread even to the less educated. Starting in the 1980s that process reversed, and the resulting split in the economy between areas that are succeeding and those that are not “calls out for solutions,” Boston Federal Reserve Bank President Eric Rosengren said.
Canada's main stock index rose after the latest U.S. data showed moderate job growth in September, easing worries about a slowdown in the world's largest economy.

The Toronto Stock Exchange's TSX rose 0.49% to 16,449.35.

The U.S. dollar was down 0.17% against its Canadian counterpart at C$1.3312.

August trade deficit shrinks as exports break two-month slump
Canada's trade deficit shrank by almost a third in August to C$955 million as exports broke a two-month slump, rising by 1.8% on increased shipments of energy and aircraft, Statistics Canada said on Friday. Statscan revised July's deficit up to C$1.38 billion from a initial C$1.12 billion.

Overall, eight of 11 export categories posted gains. The data "should change little for the Bank of Canada", which is due to announce its latest interest rate decision on Oct 30, said Benjamin Reitzes, a Canadian rates and macro strategist at BMO Capital Markets. Imports grew by 1.0% as imports of metal and non-metallic products jumped by 9.4%, reflecting an increase in gold asset acquisitions by Canadian firms. Canada sent 75.5% of all its goods exports to the United States in August. Exports to the United States rose by 3.1% while imports edged up by 1.8%.

POLL- Analysts keep faith in Canadian dollar, see positive fundamentals
The Canadian dollar will gain ground against its U.S. counterpart over the coming year, supported by strengthening of the domestic economy and a narrower gap between Canadian and U.S. interest rates, a Reuters poll predicted. The poll of nearly 50 currency analysts showed they expect the Canadian dollar to strengthen 1% to 1.32 per U.S. dollar, or 75.76 U.S. cents, in a month from about 1.33 on Thursday. The loonie is then expected to gain further to 1.3058 in 12 months, which is about the same level as the median projection in September's survey.

Husky to sell Prince George Refinery to Tidewater Midstream
Husky Energy said it would sell its Prince George Refinery to Tidewater Midstream and Infrastructure for C$215 million in cash. The deal will also include closing adjustments for inventory and a contingent payment of up to C$60 million over two years, Husky said. Tidewater said it expects the deal to be over 50% accretive to its distributable cash flow in the first full year of operations. Calgary-based Husky also will enter a five-year offtake deal with Tidewater for refined products from the refinery.
**THE DAY AHEAD**

**WEALTH NEWS**

**BIOFUEL MANDATE**
Trump administration promises biofuel boost to farmers, angering Big Oil
The Trump administration unveiled a plan to boost U.S. biofuels consumption starting next year to help struggling farmers, a move that cheered the agriculture industry but triggered a backlash from Big Oil. The plan would require an unspecified increase in the amount of ethanol that oil refiners must add to their fuel in 2020, and would also aim to remove further barriers to the sale of higher ethanol blends of gasoline like E15, the Environmental Protection Agency said. "President Trump's leadership has led to an agreement that continues to promote domestic ethanol and biodiesel production, supporting our nation's farmers and providing greater energy security," EPA Administrator Andrew Wheeler said.

**FED ON ECONOMY**
With economic signals mixed, Fed policymakers still divided
Last month's slowdown in U.S. jobs growth may be a sign weakness in manufacturing is spreading to the broader economy, or it could simply reflect an expected downshift in a fundamentally healthy labor market.

**TRADE WAR**
Trump sees "very good chance" of China trade deal, says no link to Biden probe request
U.S. President Donald Trump said that his administration has a "very good chance" of making a trade deal with China, and insisted there were no links between China talks and his desire for Beijing to investigate presidential candidate Joe Biden.

**EXCLUSIVE**
Cedar Fair rebuffs $4 billion offer from Six Flags-sources
U.S. amusement park operator Cedar Fair has rejected a $4 billion cash-and-stock offer from larger peer Six Flags Entertainment as inadequate, people familiar with the matter said.

**DATA RULES DILUTION**
U.S. helps Mastercard, Visa score victory in Indonesia in global lobbying effort
U.S. trade officials, at the request of card networks Mastercard and Visa, convinced Indonesia late last year to loosen rules governing its new domestic payment network, according to Indonesian government and industry sources, and emails.

**WALL STREET WEEK AHEAD**
Capital spending outlook another worry ahead of earnings
Investors are preparing for more cautious capital investment outlooks from U.S. companies as worries mount heading into earnings season about the possibility of an economic recession.

**M&A**
Majority of U.S. FCC backs $26.5 billion Sprint, T-Mobile tie-up
A majority of the five-member U.S. Federal Communications Commission has voted to approve a proposed $26.5 billion tie-up of Sprint Corp and T-Mobile US, officials said.
## ON THE RADAR

<table>
<thead>
<tr>
<th>Events</th>
<th>ET</th>
<th>Poll</th>
<th>Prior</th>
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<tbody>
<tr>
<td><strong>Tue:</strong> NFIB Business Optimism Index for Sep</td>
<td>0600</td>
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<td>103.1</td>
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<td>PPI final demand yy for Sep</td>
<td>0830</td>
<td>1.8%</td>
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<td>PPI final demand mm for Sep</td>
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<td>PPI ex food/energy/transport yy for Sep</td>
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<td>Wholesale sales mm for Aug</td>
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<td>--</td>
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<tr>
<td>TR IPSOS PCSI for Oct</td>
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<td>58.94</td>
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<td><strong>Thu:</strong> Core CPI mm, SA for Sep</td>
<td>0830</td>
<td>0.2%</td>
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<td>Core CPI yy, NSA for Sep</td>
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<td>Real weekly earnings mm for Sep</td>
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<td>CPI mm NSA for Sep</td>
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<td>Initial jobless claims</td>
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<td>Jobless claims 4-week average</td>
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<td>Continued jobless claims</td>
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<td>1.653 mln</td>
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<td>Cleveland fed CPI for Sep</td>
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<td><strong>Fri:</strong> Import prices mm for Sep</td>
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<td>Export prices mm for Sep</td>
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<td>U Mich 1 year inflation preliminary for Oct</td>
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<td>2.8%</td>
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<tr>
<td>U Mich 5-year inflation preliminary for Oct</td>
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U.S. Democratic presidential candidate Elizabeth Warren reacts as she holds an outdoor rally in San Diego, California, U.S., October 3. REUTERS/Mike Blake