NORTH AMERICA For Friday, November 1, 2024

MARKET RECAP at 4 pm ET

Rising AI costs from Microsoft and Meta weighed on **Wall Street**, which closed lower. **Treasury yields** rose on strong consumer spending data and falling wage inflation. **Gold** retreated from record highs and the **dollar** held steady. **Oil** climbed on reports of potential Iranian retaliation against Israel.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	41,763.46	-378.08	-0.90	43,325.09	37,122.95
Nasdaq	18,095.15	-512.78	-2.76	18,785.50	14,477.57
S&P 500	5,705.45	-108.22	-1.86	5,878.46	4,682.11
Toronto	24,156.87	-350.92	-1.43	24,922.92	18,823.89
FTSE	8,110.10	-49.53	-0.61	8,474.41	7,404.08
Eurofirst	2,005.37	-22.53	-1.11	2,091.63	1,839.45
Nikkei	39,081.25	-196.14	-0.50	42,426.77	31,156.12
Hang Seng	20,317.33	-63.31	-0.31	23,241.74	14,794.16

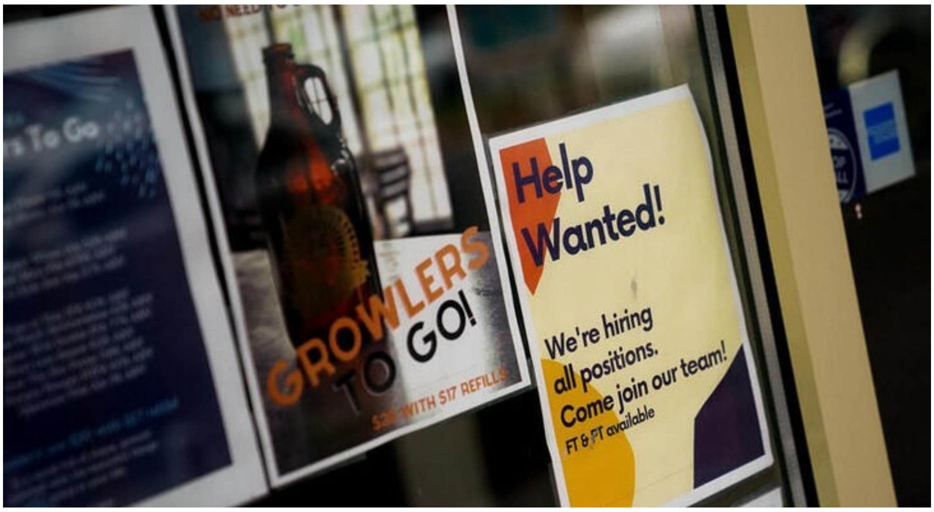
TREASURIES	Yield	Price
10-year	4.2763	-3 /32
2-year	4.1558	0 /32
5-year	4.1407	-2 /32
30-year	4.4710	4 /32

FOREX	Last	% Chng
Euro/Dollar	1.0880	0.23
Dollar/Yen	151.92	-0.97
Sterling/Dollar	1.2898	-0.49
Dollar/CAD	1.3918	0.11
USD/CNH (Offshore)	7.1208	-0.06

COMMODITIES ($)	Price	Chng	% Chng
Front Month Crude /barrel	70.54	1.93	2.81
Spot gold (NY/oz)	2747.50	-38.69	-1.39
Copper U.S. (front month/lb)	4.34	0.0085	0.20
CRB Index Total Return	334.04	-0.43	-0.13

S&P 500	Price	$ Chng	% Chng
GAINERS			
Paycom Software Inc	209.07	36.82	21.38
Entergy Corp	154.75	20.35	15.14
International Paper Co	55.55	6.52	13.30
LOSERS			
Huntington Ingalls Industries Inc	185.12	-65.38	-26.10
Estee Lauder Companies Inc	68.93	-18.22	-20.91
Aptiv PLC	56.82	-12.25	-17.74

Coming Up



An employee hiring sign is seen in a window of a business in Arlington, Virginia, April 7, 2023. REUTERS/Elizabeth Frantz

On the economic front, the Labor Department's monthly employment report is expected to show that **nonfarm payrolls** likely added 113,000 jobs in October after adding 254,000 jobs in September. For the same month, **private payrolls** probably climbed 90,000 jobs, after

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Non-farm payrolls for Oct	0830	113,000	254,000
Private payrolls for Oct	0830	90,000	223,000
Manufacturing payrolls for Oct	0830	-28,000	-7000
Government payrolls for Oct	0830	--	31,000
Unemployment rate for Oct	0830	4.1%	4.1%
Average earnings MM for Oct	0830	0.3%	0.4%
Average earnings YY for Oct	0830	4.0%	4.0%
Average workweek hours for Oct	0830	34.2 hrs	34.2 hrs
Labor force participation for Oct	0830	--	62.7%
U6 Underemployment for Oct	0830	--	7.7%
S&P Global Manufacturing PMI Final for Oct	0945	--	47.8
Construction spending mm for Sept	1000	0.0%	-0.1%
ISM Manufacturing PMI for Oct	1000	47.6	47.2
ISM Manufacturing Prices Paid for Oct	1000	48.5	48.3
ISM Manufacturing Employment Index for Oct	1000	--	43.9
ISM Manufacturing New Orders Index for Oct	1000	--	46.1

adding 223,000 jobs in September. Meanwhile, the **unemployment rate** is expected to have remained unchanged at 4.1% in October. Separately, the Institute for Supply Management (ISM) is expected to report that the country's **manufacturing PMI** likely edged up to 47.6 in October from 47.2 in the prior month. Also, **S&P Global manufacturing PMI data** for October is due.

Reuters/Jessica Rinaldi

Oil giant **Exxon Mobil** is set to report third-quarter results that include its first full quarter of earnings from its $60 billion purchase of shale producer Pioneer Natural Resources. Exxon earlier flagged a year-on-year earnings decline on lower oil prices and weaker refining margins, similar to the quarterly profit drops posted by BP and TotalEnergies this week. Wall Street analysts will be listening for what Exxon says about ramping up its production next year given concerns about slowing global oil demand and its outlook for refining margins.

Chevron is set to report third-quarter earnings before the bell, where investors will focus on impact of commodity price volatility, production outlook and updates on its ongoing tussle with Exxon over Hess' Guyana assets.

Federal Reserve Bank of Dallas President **Lorie Logan** is expected to give a welcome address before the Women in Central Banking Workshop sponsored by the Federal Reserve Bank of Dallas.

IQVIA Holdings is set to report its third -quarter earnings. Investors are looking for any changes to its full-year earnings forecast.

Trojan condom maker **Church & Dwight** is expected to post a rise in third-quarter revenue due to demand for its household and personal care products. Investors will look out for comments on pricing strategies, plans for margin expansion and growth avenues.

Charter Communications is expected to report a rise in revenue in the third quarter helped by strong advertising sales.

Reuters/Gary Cameron

U.S. utility firm **Dominion Energy** is expected to report a rise in third-quarter profit, driven by higher demand for power. Investors will be on the lookout for commentary on potential agreements with data center operators and updates on its recently announced nuclear reactor deal with tech giant Amazon.

In Latin America, **Brazil**'s statistics agency IBGE is expected to release the **industrial production** data, which likely rose 0.9% in September after gaining 0.1% in August. Annually, it grew 2.8% in September following a 2.2% rise in the previous period.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
Cardinal Health	Q1	BMO	$1.63	$1.62	$1.73	$50,895.08
Cboe Global Markets	Q3	BMO	$2.19	$2.19	$2.06	$530.76
Charter Communications	Q3	07:00	$8.55	$8.62	$8.25	$13,662.74
Chevron	Q3	BMO	$2.44	$2.43	$3.05	$48,985.57
Church & Dwight	Q3	BMO	$0.69	$0.68	$0.74	$1,495.37
Dominion Energy	Q3	BMO	$0.93	$0.93	$0.77	$4,178.55
Exxon Mobil	Q3	BMO	$1.88	$1.88	$2.27	$93,938.37
LyondellBasell Industries	Q3	BMO	$1.94	$1.98	$2.46	$10,601.44
PPL	Q3	BMO	$0.42	$0.42	$0.43	$1,914.40
Simon Property Group	Q3	BMO	$1.63	$1.57	$1.82	$1,325.39
T Rowe Price Group	Q3	07:00	$2.36	$2.33	$2.17	$1,834.95
Waters	Q3	BMO	$2.69	$2.68	$2.84	$713.02

**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.

Market Monitor

Wall Street closed lower after Microsoft and Meta Platforms highlighted growing artificial intelligence costs that could hit their earnings, curbing enthusiasm for megacap stocks that have fueled the market rally this year. The **S&P 500** lost 1.86%, to end at 5,705.45 points, while the **Nasdaq Composite** fell 2.76%, to 18,095.15. The **Dow Jones Industrial Average** lost 0.90%, to 41,763.46. For the month, the S&P 500 fell 0.99%, the Nasdaq declined 0.52%, and the Dow dropped 1.34%. "You had three of the Magnificent Seven all say they basically have open-ended budgets for AI spend and investors don't like to hear that," said Carol Schleif, chief investment officer at BMO Family Office. "The intermediate and longer-term implications of this buildout are really important for U.S. long-term growth and long-term productivity. ... In the short run, investors are asking where's the profit from it?"

Traders work on the floor at the New York Stock Exchange in New York City, September 19. REUTERS/Brendan McDermid

Treasury yields mostly rose and **two-year yields** hit a three-month high before Friday's highly anticipated jobs report for October, after data showed falling wage inflation and strong consumer spending. “If tomorrow we get an upside surprise it could make markets question whether the Fed needs to cut in their upcoming meetings, and it could certainly put something like a December rate cut into question,” said Gennadiy Goldberg, head of U.S. rates strategy at TD Securities in New York. **Benchmark 10-year notes** fell 3/32, yielding 4.2763%. **Two-year notes** were flat at a yield of 4.15%, after earlier rising to 4.218%, the highest since Aug. 1. **30-year bonds** edged up 4/32 to yield 4.4710%.

The **dollar** fell against the **yen**, after the Bank of Japan's less dovish remarks and U.S. data suggested upward price pressures continue to ease, keeping the Federal Reserve on track to cut interest rates by 25 basis points next week. "The baseline is still that they cut by 25 basis points next week," said Thierry Wizman, global FX and rates strategist at Macquarie in New York. But with U.S. inflation expectations on the rise, Wizman said, the Fed may pay attention to that and may consider not cutting rates. "Even with the market having adjusted somewhat, it would still come as a surprise," he said. Against the **Japanese yen**, the dollar fell 0.36% to 151.93 yen. The **dollar index** was nearly flat at 103.93. The **euro** rose 0.22% to $1.0873. The **sterling** lost 0.50% to $1.2897.

Oil prices extended gains, rising on an Axios report that Iran is preparing to attack Israel from Iraqi territory in the coming days. **Brent crude futures for January** delivery jumped 1.95% to $74.11 a barrel. Meanwhile, the more actively traded **Brent contract for December** delivery expired. **West Texas Intermediate crude oil futures** climbed 2.84% to $70.56. The attack is expected to be carried out from Iraq using a large number of drones and ballistic missiles, the report said. “This is putting back on the table the possibility that Israel may give an attack on Iran another go,” said Phil Flynn, senior analyst at Price Futures Group, warning that Iranian infrastructure may not be off-limits.

Gold retreated as prices consolidated after hitting a record high, while safe-haven demand ahead of the U.S. presidential election helped the precious metal log its fourth straight monthly gain. "You're going to see a bit more consolidation. We have a lot of major impactful news next week. The U.S. election on Tuesday, Fed meeting on Wednesday. So it's really not surprising to see some traders take profits," said David Meger, director of metals trading at High Ridge Futures. **Spot gold** was last down 1.41% at $2,746.86 an ounce, after earlier hitting a record high of $2,790.15**. U.S. gold futures** fell 1.57% to $2,756.70 per ounce.

Top News

Big Tech's AI splurge worries investors about returns ahead of Amazon results

Big technology companies including Microsoft and Meta are stepping up spending to build out AI data centers in a rush to meet vast demand, but Wall Street is hungry for a quicker payday on the billions invested. Microsoft and Meta both said on Wednesday their capital expenses were growing due to their AI investments. Alphabet, too, reported on Tuesday that these expenditures would remain elevated. Amazon is likely to echo these forecasts. The extensive capital spending could threaten fat margins at these companies, and pressure on profitability is likely to spook investors. Big Tech shares fell, highlighting the challenges the companies face as they seek to balance ambitious AI pursuits with the need to reassure investors they are focused on short-term results. At close, shares of Meta slipped 4.09% to $24.22, while Microsoft ended 6.05% lower at $406.35. Shares of Amazon ended 9.34% lower at $186.19.

AI letters and robot hand are placed on computer motherboard in this illustration taken, June 23, 2023. REUTERS/Dado Ruvic

Merck sees Gardasil China woes carrying into 2025

Merck said that weak sales of Gardasil in China are likely to carry over into 2025 as the vaccine's distributor there reduces inventories amid low demand. Gardasil has been one of Merck's top growth drivers aside from blockbuster cancer treatment Keytruda, and much of its international growth has come from China. The vaccine's sales fell 11% to $2.31 billion in the third quarter, missing the average analyst estimate of $2.46 billion. Merck's overall sales in China fell 40% to $996 million in the third quarter from $1.67 billion a year ago. Merck's third-quarter adjusted earnings of $1.57 a share beat the average analyst estimate by 7 cents. Sales of Keytruda rose 17% to $7.43 billion in the quarter, beating Wall Street expectations of $7.20 billion. Merck's overall sales of $16.66 billion topped analyst forecasts of $16.45 billion. Separately, Bristol Myers Squibb reported a higher-than-expected third-quarter profit, citing strong sales of established drugs like blood thinner Eliquis and cancer treatment Revlimid as well as newer products such as heart medicine Camzyos and cancer cell therapy Breyanzi. To read more, **click here**

Uber shares slide as slowing bookings growth spooks investors

Uber Technologies signaled a further slowdown in its mainstay app-based taxi business as it forecast fourth-quarter gross bookings below Wall Street estimates, sending its shares down. Bookings growth slowed to a more than one-year low in the third quarter and fell short of analysts' forecasts. Overall revenue for the third quarter came in at $11.19 billion, beating the analysts' average estimate of $10.98 billion. Net income attributable to Uber stood at $2.61 billion in the third quarter, including a $1.7 billion pre-tax gain related to the company's equity investments, while operating profit was a record $1.06 billion. Adjusted EBITDA came in at $1.69 billion, compared with expectations of $1.64 billion. The company forecast fourth-quarter adjusted EBITDA between $1.78 billion and $1.88 billion versus expectation of $1.84 billion. Shares of Uber ended 9.34% lower at $72.02.

Estee Lauder pulls annual forecasts on uneven China recovery, new CEO

Estee Lauder shares slumped, after it pulled its annual sales and profit forecasts and cut its dividend as it faces an uncertain outlook in China. The company aims to kickstart a turnaround with its new CEO Stephane de La Faverie, set to take over on Jan. 1. The China government had earlier this month pledged a stimulus package to revive its economy, but Estee Lauder said it does not expect a boost in second-quarter performance from the effort. The stock has lost 40% this year. Estee Lauder’s first-quarter sales in the Asia Pacific region fell 11%, compared to a 3% decline in the prior quarter. Estee Lauder expects second-quarter profit per share between 20 cents and 35 cents, compared with estimates of $1.06. The company declared a quarterly dividend of 35 cents per share, half of its previous dividend. Shares of the company ended 20.98% lower at $68.87.

Comcast weighs spin-off of declining cable networks after strong third quarter

Comcast said it was considering spinning off its cable networks that include CNBC and MSNBC into a separate company, as the media industry grapples with a decline in traditional TV viewership due to cord-cutting by consumers shifting to streaming. The potential spin-off would exclude the NBC broadcast network and the Peacock streaming service. Comcast reported better-than-expected revenue for the third quarter on the back of box office hits and an Olympics -driven surge in ad sales. The strong results elsewhere helped make up for a 5.3% decline in revenue at the company's theme parks business. The company lost 87,000 broadband customers in the quarter, compared with estimates for 143,200 losses, according to FactSet. Comcast's total revenue was $32.07 billion, above estimates of $31.66 billion, with media revenue rising 36.5%.

Ford to lower managers' bonuses if company performance fails to improve, sources say

Ford Motor CEO Jim Farley has told employees that the automaker needs to speed efforts to improve quality and lower costs, and that manager bonuses, which are tied to those metrics, would be slashed to 65% of their total, according to three people familiar with the matter. Farley recently introduced a new performance system where company bonuses are directly tied to progress on key goals in an effort to change the 121-year-old automaker's culture to hold employees more accountable. Ford executives said on Monday that the company would meet only the lower end of its annual guidance. Separately, Nikola reported a bigger-than-expected quarterly loss as the company continues to grapple with high costs related to the production ramp up of its fuel-cell electric truck. To read more, **click here**

ConocoPhillips raises annual output forecast on operational efficiencies

ConocoPhillips surpassed Wall Street's third-quarter profit expectations and elevated its full-year output forecast, crediting the increase to operational efficiencies enhancing production. Production for the quarter stood at 1.92 million barrels of oil equivalent per day, up 6% from 1.8 million boepd in the year-ago quarter, due to higher volumes in the Permian and Eagle Ford basins. ConocoPhillips forecast its full-year output to be between 1.94 million and 1.95 million boepd, compared with 1.93 million to 1.94 million boepd previously. The company increased its existing share repurchase authorization by up to $20 billion and reiterated its $9 billion minimum shareholder return for 2024. On an adjusted basis, it reported a profit of $1.78 per share for the reported quarter. Separately, Cheniere Energy raised its annual core profit forecast after higher demand for liquefied natural gas helped it top third-quarter estimates. To read more, **click here**

Norwegian Cruise lifts profit forecast again after record ticket sales

Norwegian Cruise Line Holdings joined rival Royal Caribbean in raising its annual profit forecast for a fourth time, encouraged by record quarterly revenue and advance ticket sales for 2025. Cruise operators marked robust onboard purchases and resilient demand for their vacation experiences this quarter as consumer spending in the U.S. increased at its fastest pace in 1-1/2 years and inflation slowed sharply. The company's quarterly revenue increased 11% year-over-year to $2.81 billion, compared with analysts' estimates of $2.77 billion. The company said its advance ticket sales balance ended the third quarter at $3.3 billion, about 6% higher than the same period in 2023. It now expects an adjusted profit of $1.65 per share for fiscal 2024, compared with its previous forecast of $1.53. The company posted third-quarter adjusted earnings per share of $0.99, compared with estimates of $0.94.

Cigna forecasts 2025 profit growth of at least 10% after quarterly beat

Cigna projected 2025 profit growth of at least 10%, after posting quarterly results that beat Wall Street expectations, driven by strong demand for its specialty drugs and new clients for its pharmacy benefit management unit. Revenue for the Evernorth healthcare services unit rose 36% to $52.64 billion. Cigna said it expects cost trends to remain elevated above historical levels in 2025. For 2024, the company maintained its forecast for medical cost ratio of between 81.7% and 82.5%, but sees it trending toward the higher end of the range due to increased use of expensive specialty drugs. Cigna also still expects adjusted earnings for the year of at least $28.40 per share. Quarterly net income fell 47.5% to $739 million, or $2.63 per share. Total revenue for the third quarter was $63.7 billion, topping analysts' estimate of $59.4 billion. The company posted adjusted quarterly profit of $7.51 per share, beating Wall Street expectations by 31 cents.

Roblox lifts annual bookings forecast as in-game spending booms; shares jump

Videogame platform Roblox raised its forecast for full-year 2024 bookings, as it continues to benefit from robust spending within its virtual worlds. Roblox's free-to-play model has been attracting significant consumer spending on its platform despite a wider slowdown in gaming activity. Daily active users, a key metric that determines engagement, grew 27% - the highest growth rate in around two years - to 88.9 million in the quarter ended Sept. 30. The company reported third-quarter bookings, which represents the sale of virtual currency, of $1.13 billion, beating the average analysts' estimate of $1.02 billion. It raised its forecast for full-year 2024 bookings to between $4.34 billion and $4.37 billion from its earlier projection of between $4.18 billion and $4.23 billion. Shares of Roblox ended 20.12% higher at $51.82.

A view shows comet C/2023 A3 - Tsuchinshan-ATLAS, meteors and satellite trails in the night sky above the Battle of Didgori memorial complex in Didgori, Georgia, October 30. REUTERS/Irakli Gedenidze

Insight and Analysis

Companies boost social and climate reporting amid ESG backlash
Many companies have stepped up reporting on environmental and social matters in recent years even with sustained pressure from conservative politicians, data reviewed by Reuters shows. The trend shows the importance investors and regulators now place on environmental, social and governance (ESG) issues, analysts said, amid rapid global warming and shifting workforce demographics. Some political conservatives call the attention misplaced or worry the disclosures could give activists leverage to force companies to make unnecessary changes.

FOCUS-Chevron CEO under pressure to halt share slide as Hess deal stalls
Five years ago, Chevron CEO Michael Wirth won Wall Street acclaim as the No. 2 U.S. oil company briefly achieved a market value larger than Exxon Mobil's after he refused to get into a bidding war with Occidental Petroleum over a rival. Fast forward to 2024 and Wirth's legacy is in danger. The CEO is also locked in a must-win arbitration battle with Exxon Mobil that has held up his $53 billion purchase of Hess, a deal that would give Chevron a stake in a lucrative Guyana oilfield. The challenge has delayed the deal by almost two years..

US crypto industry expects friendlier Washington, whoever wins White House
The cryptocurrency industry has spent years clashing with President Joe Biden's administration over regulatory issues, but executives expect an easier ride from Washington, regardless of who wins the White House next week. Crypto asset managers including Bitwise and Canary Capital are planning new products ahead of what many executives expect to be a more crypto-friendly administration, while others including Ripple are planning a fresh push for crypto legislation in the new Congress, said executives and lawyers.

CANADA

Market Monitor


Reuters/Mark Blinch

Canada's main stock index fell in a wider selloff led by technology shares, after uninspiring earnings from Wall Street tech giants dampened overall market sentiment. The **Toronto Stock Exchange's S&P/TSX composite index** lost 1.43% to 24,156.87.

The **information technology** sector mirrored a steep fall in the tech-heavy Nasdaq index, and dropped 2.84% to 239.88.

The **U.S. dollar** was up 0.12% against the **loonie** at C$1.3919.

"The Canadian dollar was looking like it might carve out another bottom this morning ... but Day Two of the gilt market panic following the latest UK budget then took hold, freaking out the stock market and risk-sensitive currencies like CAD," Erik Bregar, director, FX & precious metals risk management at Silver Gold Bull.

COMING UP

On the Canadian front, the **S&P Global manufacturing PMI** for October is set for release.

Air Canada is expected to report lower third-quarter profits, compared with the same three months a year earlier, due to lower yields and higher costs following a recent deal with pilots.

TSE's S&P/TSX composite	Price	C$ Chng	% Chng
GAINERS			
Bausch Health Companies Inc	12.81	1.44	12.66
Tamarack Valley Energy Ltd	4.15	0.26	6.74
Capital Power Corp	56.47	2.17	4.00
LOSERS			
Open Text Corp	41.76	-5.23	-11.13
Badger Infrastructure Solutions	36.22	-4.26	-10.52
Spin Master Corp	29.47	-3.14	-9.63

Top News

Canada's economy stalls in August; central bank's Q3 growth forecast in doubt

Canada's economy is likely to miss the Bank of Canada's revised third-quarter forecast after a slew of temporary factors stalled gross domestic product growth in August, data showed, at a time when business output was already anemic. Economic growth for July also was revised downwards to 0.1% from 0.2%, Statistics Canada said, and added that preliminary data showed growth is likely to have rebounded to 0.3% in September. All this together translates to a 1.0% annualized growth in the third quarter, lower than the Canadian central bank's estimate of 1.5%, a forecast that had already been revised down earlier this month. Goods -producing industries contracted by 0.4% in August, reaching their lowest level since December 2021, Statscan said, with the manufacturing sector declining by 1.2% and contributing the most to GDP. Temporary factors such as work stoppages also contributed.

Cenovus Energy posts 56% fall in quarterly profit on lower production

Canadian oil and gas producer Cenovus Energy posted a 56% slump in third-quarter profit due to a decline in production and throughput volumes following oil sands and U.S. refinery maintenance, as well as lower commodity prices. Cenovus said total upstream production was 771,300 barrels of oil equivalent per day (boepd) in the quarter, down from 797,000 boepd a year earlier, primarily because of maintenance at its Christina

The fixed wellhead platform of Cenovus Energy's West White Rose extension project s seen under construction in Argentia, Placentia Bay, Newfoundland, December 13, 2019. REUTERS/Greg Locke

Lake oil sands facility. The company shuttered an estimated 42,000-47,000 bpd of upstream production in the third quarter, compared with 11,000-14,000 bpd in the previous three months. Cenovus' net income fell to C$820 million, or 42 Canadian cents per share, in the three months ended Sept. 30, from C$1.86 billion, or 97 Canadian cents per share, a year earlier. CEO Jon McKenzie said completing the turnarounds puts Cenovus in a position to boost its performance over the rest of the year and into 2025 and the company was making progress on optimizing oil sands production at its Sunrise and Foster Creek projects. Cenovus is also close to completing a project bring on 20,000-30,000 bpd of new production from its Narrows Lake site.

The suspension of steam generation forces this East Primrose steam plant to flare natural gas at Canadian Natural Resources Limited's Primrose Lake oil sands project near Cold Lake, Alberta, August 8, 2013. REUTERS/Dan Riedlhuber

Port of Montreal workers at two terminals start new strike, employer group says

Unionized workers started an unlimited strike at two terminals of the port of Montreal amid stalled talks on a new labor contract, the employers' association said. The strike affects two terminals operated by Termont, which handle about 40% of the port's container traffic but only about 15% of the port's overall volumes. In a statement, the Maritime Employers Association called on federal Labour Minister Steven MacKinnon to intervene to bring parties back to the negotiating table. "The uncertainty caused by this long delay and the recurrence of labor disputes are affecting the Quebec and Canadian economies, and Canada's reputation as a reliable and resilient trading partner," said the Maritime Employers Association when the strike commenced. Commodities like Western Canadian pulse crops are significant users of the terminals. "Termont is targeted because it is the only company at the Port of Montreal to modify schedules in a punitive way," Canadian Union of Public Employees 375, which represents the longshore workers, said on Oct. 28. Federal Labour Minister Steven MacKinnon said the federal government remained willing to help with mediation.

Canadian Natural to drill fewer natural gas wells amid weak prices

Canadian Natural Resources reported better-than-expected third-quarter profits due to robust oil sands production but the country's largest oil and gas producer is to reduce natural gas drilling as a result of weak prices. The company maintained its 2024 natural gas output forecast of 2.12-2.23 billion cubic feet per day (bcf/d), despite a 4.7% drop in third quarter production to 2.05 bcf/d. That contributed to a 2% drop in Canadian Natural's overall production to 1.36 million barrels of oil equivalent per day (boepd). But oil sands synthetic crude output rose slightly year-on-year to 497,656 barrels per day (bpd), helped by a new monthly production record of 529,000 bpd set in August. Company president Scott Stauth said the terms of the contract were very similar to Canadian Natural's original TMX contract for 94,000 bpd. "That's why it was a good fit for us, but probably more importantly securing those barrels has achieved stronger pricing either through deliveries to the West Coast and California or further Asian markets," Stauth said on an earnings call. Canadian Natural posted net income of C$2.27 billion, or C$1.06 per share, for the three months ended Sept. 30, compared with C$2.34 billion, or C$1.06 per share, a year earlier. Net earnings from operations were 97 Canadian cents per share for the third quarter, higher than analysts' average estimate of 90 Canadian cents per share, according to data.

Saudi Arabia's Hassana eyes investment in Brookfield Middle East fund

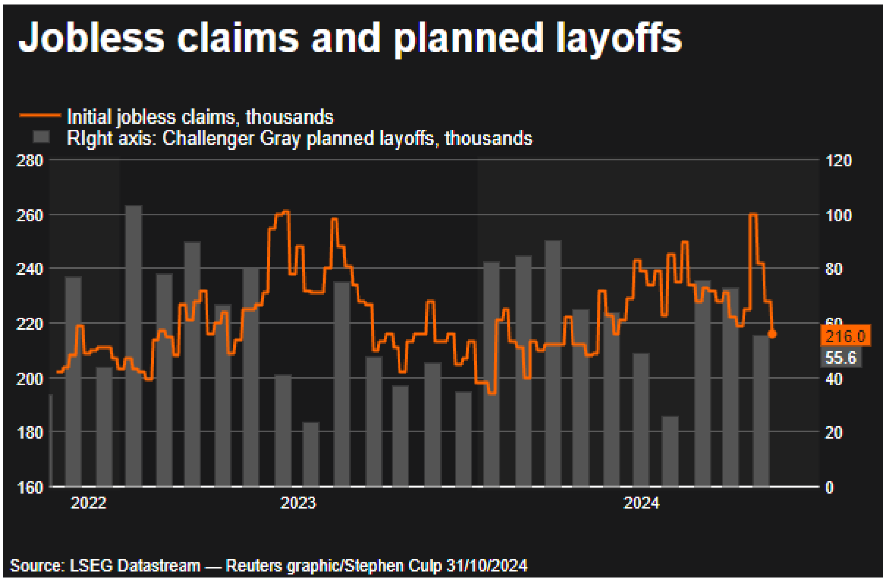
Hassana, the investment arm of Saudi Arabia's main pension fund, is considering becoming an anchor investor in Brookfield's new $2 billion Middle East fund, it said. That would bring Hassana on board with the kingdom's PIF sovereign wealth fund, which announced on Wednesday that it had entered a non-binding agreement to become an anchor investor in the Brookfield Middle East Partners fund. Hassana could allocate up to $500 million to the fund, in addition to Brookfield's own $500 million commitment, the statement said.

WEALTH NEWS

ECONOMY AT A GLANCE

Low US weekly jobless claims, solid consumer spending showcase economy's strength

The number of Americans filing new applications for unemployment benefits fell to a five-month low last week and consumer spending increased more than expected in September. Initial claims for state unemployment benefits dropped 12,000 to a seasonally adjusted 216,000 for the week ended Oct. 26, the lowest level since May, the Labor Department said. The number of people receiving benefits after an initial week of aid decreased 26,000 to a seasonally adjusted 1.862 million during the week ending Oct. 19. Separately, the Commerce Department's Bureau of Economic Analysis showed consumer spending rose 0.5% last month after an upwardly revised 0.3% gain in August.



PREVIEW

Fed seen on track to cut rates next week and in December

With inflation now only just above the Federal Reserve's 2% target and wage pressures easing, U.S. central bankers are widely expected to cut short-term borrowing costs next week in an effort to keep the labor market from further cooling.

EARNINGS

Mastercard's profit beats estimates on resilient consumer spending

Payments processor Mastercard reported a better-than-expected profit for the third quarter, as customers encouraged by economic stability ramped up their spending.

COLUMN

Financial conditions vs real rates - is Fed policy too tight or too loose? McGeever

As if financial markets needed another factor to complicate the near-term outlook for Federal Reserve policy, the economy and asset prices, investors now have to make sense of a growing disconnect between real interest rates and financial conditions.

ANALYSIS

Legal attacks are slowing SEC rulemaking in crucial election year

Rulemaking at the U.S. Securities and Exchange Commission has slowed significantly. Adverse court decisions over the past two years have blocked it from overseeing the $27 trillion private funds industry and curtailed its powers.

RESULTS

Investment bank Lazard's profit surges on dealmaking recovery

Investment bank Lazard reported a surge in third-quarter profit driven by an industry-wide recovery in dealmaking. In a call with journalists, CEO Peter Orszag was optimistic about merger and acquisition activity after the presidential election.

PROFITS

NYSE-parent ICE's profit meets estimates as strong trading offsets higher expenses

Intercontinental Exchange reported third-quarter profit in line with expectations, as strong trading volumes in the energy and options segments helped offset higher expenses for the New York Stock Exchange parent.

President Joe Biden and first lady Jill Biden, in a panda costume, host a trick-or-treaters celebration for Halloween at the White House in Washington, October 30. REUTERS/Nathan Howard

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The Day Ahead - North America is compiled by Anjana J Nair and Shreya Sabharwal in Bengaluru.

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

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