



Friday, August 07, 2020

## MACRO VIEW

The **TSX (-0.2%)** is trending lower on the back of weaker oil prices and global COVID-19 concerns, while Wall Street's main stock indices lower following a slowdown in employment growth and geopolitical tensions. **West Texas Intermediate crude oil (-1.5%)** prices slipped on worries that fuel demand growth will drop as COVID-19 cases increase and U.S. economic stimulus talks have stalled. **Gold (-1.6%)** prices pulled back, but are trading near record-highs as the U.S. dollar moves higher and on geopolitical tensions. North American bond yields steadied with the U.S. 10-year at 0.54%, and the Canadian 10-year at 0.47%. The Canadian dollar fell against the greenback as a trade dispute between Canada and the U.S. offset stronger-than-expected domestic jobs data.

Employment in Canada increased by 419,000 in July as more parts of the economy reopen. The national unemployment rate fell to 10.9% from 12.3% in June and 13.7% in April. U.S. private-sector jobs increased more than expected in July by 1.76 million versus 1.48 million expected. The unemployment rate did better than the estimates, falling to 10.2% from 11.1%.

## CANADIAN MARKETS

**CCL Industries (CCL.B, +6.0%)** surpassed Q2 top and bottom-line estimates, with the Innovia business seeing organic growth of 4.2%. Acquisitions and foreign exchange contributed positively to revenue. However, organic sales for the Avery and Checkpoint segments fell by over 30%. The company lifted its 2020 capital expenditures guidance.

**Open Text (OTEX, -1.0%)** reported FQ4 revenue and adjusted EBITDA that topped consensus. It reported a constant currency organic decline of 1% in fiscal 2020. It is guiding to flat year-over-year (Y/Y) growth in revenue in fiscal 2021.

**Constellation Software (CSU, -2.6%)** posted revenue that was below consensus while EBITDA (excluding government assistance) exceeded consensus. It reported a constant currency organic revenue decline of 7%, which was impacted by travel restrictions and lower sales within industries that were severely hit by the pandemic.

**Pembina Pipeline (PPL, -0.3%)** reported EBITDA that beat. Distributable cash flow per share also beat consensus. It has maintained its 2020 adjusted EBITDA guidance, however, it expects adjusted EBITDA to be closer to the lower end of its range.

**Sun Life Financial (SLF, +0.3%)** reported an underlying EPS that was ahead of consensus. Its Canada segment produced core earnings growth of 16% Y/Y, U.S. reported a 12% Y/Y growth in core earnings while Asia posted a 2% Y/Y decline in core earnings.

**Parkland Fuel (PKI, +3.6%)** reported adjusted EBITDA that was well ahead of consensus. The results were driven by strong fuel margins and better-than-expected convenience store sales in Canada. The company's

## Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	16,546.98	-0.19%	-3.0%	-3.0%
S&P 500	3,342.88	-0.19%	3.5%	6.6%
NASDAQ	11,099.18	-0.08%	23.7%	27.5%
Dow Jones	27,311.93	-0.27%	-4.3%	-1.4%
Nikkei 225	22,329.94	-0.39%	-5.6%	-0.2%
Euro Stoxx 50	3,250.58	0.31%	-13.2%	-6.1%
FTSE EM	2,286.73	-1.43%	-1.1%	2.0%

## Canadian Market Movers

CCL/B	Ccl Inds B	6.0%
CTC/A	Canadian Tire	2.4%
AQN	Algonquin Power	1.5%
SAP	Saputo Inc	1.1%
CNQ	Can Natural Res	1.0%
CSU	Constellation So	-2.6%
WPM	Wheaton Precious	-2.6%
K	Kinross Gold	-2.8%
FM	First Quantum	-5.0%
BHC	Bausch Health Co	-5.2%

\*As of August 7 2020 10:33 AM. Source: Bloomberg

## U.S. Market Movers

BIIB	Biogen Inc	10.0%
UPS	United Parcel-B	3.2%
FB	Facebook Inc	2.9%
FDX	Fedex Corp	2.6%
BKNG	Booking Holdings	2.4%
NFLX	Netflix Inc	-1.5%
OXY	Occidental Pete	-1.6%
CRM	Salesforce.Com	-1.6%
IBM	Ibm	-1.6%
CVX	Chevron Corp	-1.7%

\*As of August 7 2020 10:33 AM. Source: Bloomberg

## Benchmark Bonds & Rates

	Chg <sup>1</sup>	Yld <sup>1</sup>	Sep-20 <sup>2</sup>	Dec-20 <sup>2</sup>
CA 2YR	0.00%	0.27%	0.35%	0.40%
CA 10YR	0.01%	0.47%	0.85%	0.85%
US 2YR	0.00%	0.12%	0.35%	0.40%
US 10YR	0.01%	0.54%	0.90%	0.95%
	Rate <sup>1</sup>	Sep-20 <sup>2</sup>	Dec-20 <sup>2</sup>	
CA Prime	2.45%	-	-	
CA Overnight Tgt	0.25%	0.25%	0.25%	
Fed Funds Tgt	0.25%	0.13%	0.13%	

1 - As of August 7 2020 10:33 AM.; 2 - CIBC forecasts.

Source: Bloomberg

Canada segment volumes have steadily improved through the quarter and have continued into July and are now trending about 15% lower than in 2019.

**Waste Connections (WCN, -0.9%)** reported adjusted EBITDA that beat expectations. Adjusted EBITDA margin declined by 90 basis points Y/Y, driven by lower margins from its E&P segment. 2020 revenue and EBITDA guidance was slightly lower than consensus.

**Magna International (MG, +0.1%)** reported revenue that beat consensus while posting an adjusted EPS loss of US\$1.71, lower than consensus for a loss of US\$1.61. It has reinstated its 2020 guidance, with adjusted EBIT margin expected to be in a range of 2.9% to 3.3%.

## U.S. MARKETS

Travel website **Booking Holdings (BKNG, +2.4%)** posted EPS and revenue that topped expectations. Gross bookings were down over 90% in Q2. The company noted that they have seen some improvement in booking trends since April. Also within the travel industry, **TripAdvisor (TRIP, -4.4%)** reported an EPS miss but saw revenue top expectations. The company's hotels, media & platform segment saw revenue down 85% while its experiences & dining segment revenue fell 89%.

**T-Mobile US (TMUS, +8.1%)** reported EBITDA that topped consensus expectations. EPS and revenue missed forecasts. The results were due to the increased demand for its services as many worked remotely and increased their usage during lockdowns. T-Mobile saw 1.245 million total net subscriber additions and noted that with over 98 million total customers it is now the second-largest wireless provider in the U.S.

**Dish Network (DISH, +6.7%)** reported quarterly EPS and revenue that came in above estimates. Dish lost 96,000 Pay-TV customers but this was substantially less than the 267,000 loss expected by analysts.

**Uber Technologies (UBER, -5.0%)** reported a loss of US\$1.02 per share which was more than the expected loss of US\$0.86. Overall revenue declined 29% year-over-year as Uber's Mobility division fell 67% while its Delivery business grew 103% year-over-year.

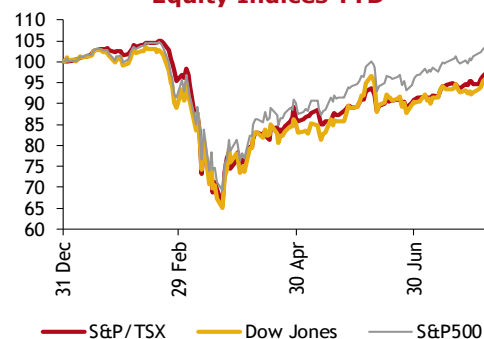
**News Corp (NWSA, +3.2%)** posted an EPS that was better than expected. Revenue fell 22% year-over-year but topped expectations.

## Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.747	0.008	-3.0%
US\$/€	0.849	-0.010	-4.8%
Gold	\$2,033.24	-\$30.31	34.0%
Copper per 100 lb	\$282.85	-\$8.20	0.3%
Oil (WTI)	\$41.29	-\$0.66	-32.4%
Oil (WCS)	\$29.60	-\$0.31	-23.3%
Natural Gas (NYMEX)	\$2.20	\$0.04	0.6%
Natural Gas (AECO)	\$1.78	\$0.00	4.1%

\*As of August 7 2020 10:33 AM. Source: Bloomberg

## Equity Indices YTD



## Earnings Releases

Name	Date	Est.	Act.
Brookfield Renew (BEP-U)	08/07	\$0.04	-\$0.14 *
Magna Intl (MG)	08/07	-\$1.69	-\$1.71 *
Dish Network-A (DISH)	08/07	\$0.60	\$0.78 *
Power Corp Cda (POW)	08/07	\$0.64	--
Ventas Inc (VTR)	08/07	\$0.75	\$0.77 *
Ccl Inds B (CCL/B)	08/07	\$0.46	\$0.59
Kimco Realty (KIM)	08/07	\$0.24	\$0.24 *
Boralex Inc -A (BLX)	08/07	-\$0.04	-\$0.07
Teranga Gold (TGZ)	08/07	\$0.10	\$0.17 *
Cominar Rea-Tr U (CUF-U)	08/07	\$0.25	\$0.19
Enerplus Corp (ERF)	08/07	-\$0.08	-\$2.74
Barrick Gold Crp (ABX)	08/10	\$0.18	-- *
Duke Energy Corp (DUK)	08/10	\$1.03	-- *

Source: Bloomberg \* = USD

## Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
8/7	Net Change in Employment (Jul)	952.9k	380.0k	418.5k
8/7	Full Time Employment Change (Jul)	488.1	--	73.2
8/7	Part Time Employment Change (Jul)	464.8	--	345.3
8/7	Unemployment Rate (Jul)	12.30%	11.00%	10.90%
8/7	Hourly Wage Rate Permanent Employees Yo¹	6.80%	5.40%	5.70%
8/7	Participation Rate (Jul)	63.80%	64.50%	64.30%
8/7	Ivey Purchasing Managers Index SA (Jul)	58.2	--	68.5
8/10	Bloomberg Nanos Confidence	49.8	--	--
8/10	Housing Starts (Jul)	211.7k	200.6k	--
8/14	Manufacturing Sales MoM (Jun)	10.70%	6.00%	--

Source: Bloomberg

## Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
8/7	Change in Nonfarm Payrolls (Jul)	4800k	1480k	1763k
8/7	Two-Month Payroll Net Revision (Jul)	--	--	17k
8/7	Change in Private Payrolls (Jul)	4767k	1200k	1462k
8/7	Change in Manufact. Payrolls (Jul)	356k	255k	26k
8/7	Unemployment Rate (Jul)	11.10%	10.60%	10.20%
8/7	Average Hourly Earnings MoM (Jul)	-1.20%	-0.50%	0.20%
8/7	Average Hourly Earnings YoY (Jul)	5.00%	4.20%	4.80%
8/7	Average Weekly Hours All Employees (Jul)	34.5	34.4	34.5
8/7	Labor Force Participation Rate (Jul)	61.50%	61.80%	61.40%
8/7	Underemployment Rate (Jul)	18.00%	--	16.50%

Source: Bloomberg

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08/06/2020

CCL Industries (2g, 13) (CCL.B-TSX, C\$45.27)  
 Constellation Software Inc. (2g, 7) (CSU-TSX, C\$1631.83)  
 Magna International Inc. (2a, 2c, 2g, 4a, 4b, 7) (MGA-NYSE, US\$49.13)  
 Open Text Corporation (2g, 9) (OTEX-NASDAQ, US\$46.25)  
 Parkland Corp. (2a, 2e, 2g) (PKI-TSX, C\$37.04)  
 Pembina Pipeline Corporation (2a, 2c, 2e, 2g, 7) (PPL-TSX, C\$34.49)  
 Sun Life Financial Inc. (2a, 2c, 2e, 2g, 7) (SLF-TSX, C\$53.98)  
 Waste Connections Inc. (i) (WCN-NYSE, US\$103.13)

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