



Tuesday, October 20, 2020

MACRO VIEW

North American equity markets are trading higher on hopes that U.S. politicians can put together a last-minute stimulus deal, following constructive dialogue between House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin yesterday. Separately, the U.S. reported housing starts of 1.415 million on an annualized basis in September, growing by 1.9% month-over-month. Economists were predicting 1.465 million and 3.5% respectively. However, building permits came in at 1.553 million and grew by 5.2%, topping estimates of 1.520 million and 3.0% respectively.

In commodity markets, **West Texas Intermediate crude oil** (-0.5%) prices are steady but in a virtual meeting yesterday, OPEC and its allies acknowledged that demand remains precarious due to a global resurgence in COVID-19 cases. Some investors are speculating that the group may hold off on reducing their daily production curtailment by two million barrels per day, which is scheduled to take effect on January 1st, 2021. **Gold** (-0.3%) is trading a bit lower as risk appetite increases due to the aforementioned stimulus talks. Similarly, government bond yields in Europe and North America are slightly higher. Lastly, in foreign exchange, the **Euro** (+0.6%) is outperforming the other majors while the **Yen** (-0.1%) is lagging.

CANADIAN MARKETS

Tourmaline Oil's (TOU, +1.5%) spin-off of **Topaz Energy** has priced its initial IPO at \$13 per share with 17.7 million shares available. This will generate total gross proceeds of \$217.5 million for Topaz and \$13 million for Tourmaline.

Brookfield Asset Management (BAM.A, +0.3%) is exploring the opportunity to sell its life-sciences real estate portfolio for US\$3 billion. BAM has approximately 2.3 million square feet of life-sciences real estate portfolio acquired from **Forest City Realty Trust** in 2018. On a separate note, BAM agreed to buy US\$2 billion worth of office property assets from **RMZ Corp.**

TD Asset Management, a subsidiary of **TD Bank** (TD, +0.9%), is facing a class-action lawsuit. The plaintiff alleges that "throughout the class period, TD Asset Management did not actively manage the TD Canadian Equity Fund, instead employed a passive investment strategy, the Closet Indexing Strategy." TD Asset Management denies the allegations and noted that the decisions on the TD Canadian Equity Fund's holdings were based on quantitative and qualitative research.

Magna (MG, +1.8%) appointed **Swamy Kotagiri** as Chief Executive Officer (CEO) effective from January 1st, 2021. Swamy has been with the company for 21 years and currently serves as a president. Don Walker will retire from the CEO position at the end of 2020.

CP Rail (CP, +0.1%) announced Q3/20 revenue of \$1.86 billion, in-line with consensus and down 6.1% year-over-year (Y/Y). Adjusted EPS was

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	16,334.04	0.37%	-4.3%	-4.3%
S&P 500	3,452.87	0.76%	6.9%	8.1%
NASDAQ	11,552.27	0.64%	28.8%	30.2%
Dow Jones	28,374.95	0.64%	-0.6%	0.6%
Nikkei 225	23,567.04	-0.44%	-0.4%	3.7%
Euro Stoxx 50	3,237.03	-0.17%	-13.6%	-7.7%
FTSE EM	2,382.63	0.53%	3.1%	4.3%

Canadian Market Movers

FM	First Quantum	4.6%
BPY-U	Brookfield Prope	3.8%
TECK/B	Teck Resources-B	2.4%
MG	Magna Intl	1.8%
GIL	Gildan Activewea	1.6%
CSU	Constellation So	-0.5%
CVE	Cenovus Energy	-0.6%
CTC/A	Canadian Tire	-1.0%
CNQ	Can Natural Res	-1.2%
WEED	Canopy Growth Co	-5.1%

*As of October 20 2020 10:37 AM. Source: Bloomberg

U.S. Market Movers

GM	General Motors C	3.9%
AIG	American Interna	3.2%
PG	Procter & Gamble	2.2%
C	Citigroup Inc	2.0%
PYPL	Paypal Holdings	2.0%
GILD	Gilead Sciences	-0.8%
INTC	Intel Corp	-1.1%
COP	Conocophillips	-1.8%
PM	Philip Morris In	-1.9%
IBM	Ibm	-6.6%

*As of October 20 2020 10:37 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Dec-20 ²	Mar-21 ²
CA 2YR	0.00%	0.23%	0.35%	0.35%
CA 10YR	0.01%	0.60%	0.70%	0.80%
US 2YR	0.00%	0.15%	0.25%	0.30%
US 10YR	0.02%	0.79%	0.80%	1.00%
	Rate ¹	Dec-20 ²	Mar-21 ²	
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 October 20 2020 10:37 AM.; 2 - CIBC

forecasts. Source: Bloomberg

\$4.12, down 11% Y/Y and below consensus of \$4.23. CP raised its 2020 EPS guidance.

U.S. MARKETS

Procter & Gamble (PG, +2.2%) posted Q1/2021 revenue and earnings results that beat consensus estimates, up 9%, and 20% year-over-year, respectively. PG also provided improved full-year revenue guidance due to better demand for household essentials.

Travelers (TRV, +2.4%) posted Q3/2020 EPS that beat consensus estimates. Revenue also topped the consensus forecasts and was up 3.4% year-over-year (Y/Y) on higher net investment income and net underwriting gains.

Lockheed Martin (LMT, -0.5%) released Q3/2020 EPS that was ahead of consensus. Revenue was up 8.7% Y/Y, and coming in at US\$16.50 billion, ahead of analysts' projections. Lockheed Martin raised its full-year outlook and expects 2021 sales of at least US\$67 billion.

Albertson (ACI, +3.8%) posted a profit of US\$0.60 per share for its second quarter, soaring past the consensus expectation of US\$0.26 per share. Revenue of US\$15.76 came in slightly higher than the consensus estimate and was boosted by a 243% lift in e-commerce sales.

IBM (IBM, -6.5%) reported earnings of US\$2.58 per share for its third quarter, in-line with the consensus projection. A lift in demand for cloud-computing services pushed revenue of US\$17.56 billion slightly ahead of analysts' expectations. Despite releasing better-than-expected results, shares of IBM fell after the company failed to provide guidance, citing uncertainty related to the pandemic.

Logitech (LOGI, +16.8%) earned US\$1.87 per share for its second quarter, up 274% Y/Y, and more than tripling the consensus estimate of US\$0.57 per share. Revenue of US\$1.26 billion also beat out Wall Street's expectations of US\$845.99 million and was up 75% Y/Y. Logitech raised its full-year revenue outlook, targeting between 35-40% sales growth.

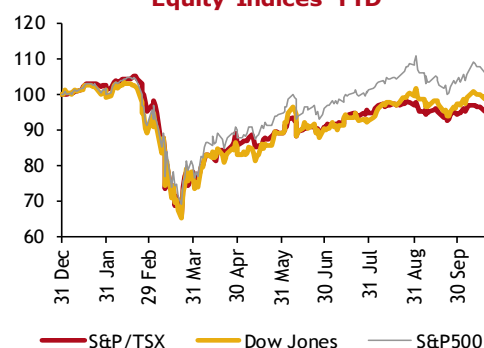
UBS (UBS, +6.2%) reported Q3/2020 earnings of US\$0.56 per share, beating the consensus projection and representing a 99% jump from the year-ago quarter. Revenue also beat, fueled by a lift in the Swiss-based bank's investment banking and wealth management divisions. UBS also earmarked US\$2.5 billion for dividends and a possible share buyback.

Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.761	-0.006	-1.1%
US\$/€	0.845	0.007	-5.3%
Gold	\$1,904.08	-\$0.04	25.5%
Copper per 100 lb	\$312.95	\$4.35	10.8%
Oil (WTI)	\$40.40	-\$0.43	-33.8%
Oil (WCS)	\$30.19	-\$1.43	-21.7%
Natural Gas (NYMEX)	\$2.93	\$0.14	33.9%
Natural Gas (AECO)	\$2.29	\$0.20	33.9%

*As of October 20 2020 10:37 AM. Source: Bloomberg

Equity Indices YTD



Earnings Releases

Name	Date	Est.	Act.
Procter & Gamble (PG)	10/20	\$1.42	\$1.63 *
Netflix Inc (NFLX)	10/20	\$2.13	-- *
Texas Instrument (TXN)	10/20	\$1.28	-- *
Philip Morris In (PM)	10/20	\$1.37	\$1.42 *
Lockheed Martin (LMT)	10/20	\$6.09	\$6.25 *
Can Natl Railway (CNR)	10/20	\$1.45	--
Prologis Inc (PLD)	10/20	\$0.88	\$0.90 *
Canadian Pacific (CP)	10/20	\$4.23	\$4.12
Iqvia Holdings I (IQV)	10/20	\$1.51	\$1.63 *
Paccar Inc (PCAR)	10/20	\$0.97	\$1.11 *
Travelers Cos In (TRV)	10/20	\$3.00	\$3.12 *
Dover Corp (DOV)	10/20	\$1.32	\$1.60 *
Nvr Inc (NVR)	10/20	\$58.72	\$65.11 *

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
10/20	Teranet/National Bank HPI MoM (Sep)	0.60%	--	1.10%
10/20	Teranet/National Bank HPI YoY (Sep)	5.70%	--	6.70%
10/20	Teranet/National Bank HP Index (Sep)	240.43	--	243.01
10/21	Retail Sales MoM (Aug)	0.60%	1.10%	--
10/21	Retail Sales Ex Auto MoM (Aug)	-0.40%	0.90%	--
10/21	CPI NSA MoM (Sep)	-0.10%	-0.10%	--
10/21	CPI YoY (Sep)	0.10%	0.50%	--
10/21	Consumer Price Index (Sep)	137	136.9	--
10/21	CPI Core- Median YoY% (Sep)	1.90%	1.90%	--
10/21	CPI Core- Common YoY% (Sep)	1.50%	1.50%	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
10/20	Housing Starts (Sep)	1416k	1465k	1415k
10/20	Housing Starts MoM (Sep)	-5.10%	3.50%	1.90%
10/20	Building Permits (Sep)	1470k	1520k	1553k
10/20	Building Permits MoM (Sep)	-0.90%	3.00%	5.20%
10/21	MBA Mortgage Applications	-0.70%	--	--
10/21	U.S. Federal Reserve Releases Beige Boo	0	0	0
10/22	Initial Jobless Claims	898k	870k	--
10/22	Continuing Claims	10018k	9625k	--
10/22	Bloomberg Economic Expectations (Oct)	41.5	--	--
10/22	Bloomberg Consumer Comfort	48.2	--	--

Source: Bloomberg

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10/19/2020

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 Canadian Pacific Railway Ltd. (2a, 2c, 2e, 2g, 3a, 3c, 7, 9) (CP-TSX, C\$425.71)
 Magna International Inc. (2a, 2c, 2g, 7) (MGA-NYSE, US\$53.64)
 Tourmaline Oil Corp. (2g) (TOU-TSX, C\$16.98)
 Toronto-Dominion Bank (2a, 2c, 2e, 2g, 3a, 3c, 7) (TD-TSX, C\$59.35)

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