



Thursday, March 04, 2021

MACRO VIEW

The **TSX (-1.1%)** and Wall Street's main indices edged down as investors are focused on the speech later today from Federal Reserve Chair Jerome Powell. Investors are watching for indications as to the direction of growth and inflation. **West Texas Intermediate crude oil (+2.3%)** advanced, as the possibility that OPEC producers might decide against increasing output at their meeting later today supported a drop in U.S. fuel inventories. **Gold (-0.4%)** slipped on a firm U.S. dollar. North American bond yields steadied in morning trade with the U.S. 10-year at 1.47%, and the Canadian 10-year at 1.41%. The Canadian dollar strengthened against the greenback as oil prices rose and ahead of a speech by Federal Reserve Chairman Jerome Powell at 12:05 pm.

Canada's labour productivity fell 2% in Q4, with hours worked rising faster than business output following the lockdown measures due to COVID-19. Hours worked in the business sector rose 4.6%, the second-largest increase on record. U.S. weekly jobless claims rose by 9,000 to a total of 745,000, versus 750,000 expected. Severe winter storms in the southern U.S. states took a toll on the labor market, resulting in a slight increase.

CANADIAN MARKETS

Kinaxis Inc. (KXS, -15.0%) reported Q4/20 adjusted EBITDA of US\$6.1 million, below the consensus of US\$7.3 million. The revenue of US\$54.9 million was above consensus. EBITDA margins of 11% were 250 basis points below the expectations due to an increase in operating expenses as the company added headcount and also due to the impact of lower license revenue which has higher margins. For 2021, Kinaxis is guiding to total revenue in the range of \$242 to \$247 million, consensus is at \$257 million. Adjusted EBITDA margin guidance of 11% to 14% was well below the consensus of 24%.

Turquoise Hill Resources (TRQ, -7.0%) noted that its CEO, Ulf Quellmann, has resigned after top shareholder **Rio Tinto (RIO LN, -4.5%)** noted that it plans to vote against his re-election. The former finance chief, Steeve Thibeault, will replace Quellmann on an interim basis.

Stelco Holdings' (STLC, -8.7%) largest shareholder, Bedrock Industries, agreed to sell 7 million shares in a bought deal at \$26.25 per share, a 5.5% discount to yesterday's close. After the deal, the ownership will reduce from 46.4% to 38.5%, excluding 15% over-allotment.

Element Fleet Management (EFN, +3.3%) announced Q4/20 adjusted EPS of \$0.23, beating consensus of \$0.21. Total assets under management, excluding interim funding, was at \$15.1 billion, down 2% year-over-year (Y/Y). Total Activations was \$1.7 billion, a decrease from \$2.0 billion in last year.

Parex Resources (PXT, +5.6%) reported in-line cash flow from operations per share of US\$0.61 for Q4/20. Parex largely pre-released key Q4/20 metrics, including quarterly production, capital expenditure,

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	18,121.50	-1.09%	3.9%	3.9%
S&P 500	3,800.02	-0.52%	1.2%	0.4%
NASDAQ	12,873.49	-0.96%	-0.1%	-0.8%
Dow Jones	31,256.05	-0.04%	2.1%	1.4%
Nikkei 225	28,930.11	-2.13%	5.4%	0.5%
Euro Stoxx 50	3,696.68	-0.43%	4.1%	1.7%
FTSE EM	2,812.25	-2.07%	5.3%	4.5%

Canadian Market Movers

WN	Weston (George)	1.6%
L	Loblaw Cos Ltd	1.4%
TRP	Tc Energy Corp	1.3%
ATD/B	Alimen Couche-B	1.3%
MRU	Metro Inc/Cn	1.2%
CCO	Cameco Corp	-5.0%
SHOP	Shopify Inc	-5.5%
TECK/B	Teck Resources	-6.4%
WEED	Canopy Growth Co	-6.6%
FM	First Quantum	-6.7%

*As of March 4 2021 10:31 AM. Source: Bloomberg

U.S. Market Movers

MDLZ	Mondelez Inter	2.2%
UNH	Unitedhealth Grp	2.0%
KHC	Kraft Heinz Co/T	1.9%
SO	Southern Co	1.6%
KO	Cocaola Co/The	1.6%
BLK	Blackrock Inc	-2.5%
FDX	Fedex Corp	-2.8%
PYPL	Paypal Holdings	-3.2%
BKNG	Booking Holdings	-3.5%
TSLA	Tesla Inc	-3.9%

*As of March 4 2021 10:31 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Mar-21 ²	Jun-21 ²
CA 2YR	0.00%	0.27%	0.35%	0.40%
CA 10YR	0.00%	1.41%	0.80%	0.85%
US 2YR	0.00%	0.14%	0.30%	0.30%
US 10YR	-0.01%	1.47%	1.00%	1.10%
	Rate ¹	Mar-21 ²	Jun-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 March 4 2021 10:31 AM.; 2 - CIBC forecasts.

Source: Bloomberg

and an unaudited cash flow netback, with year-end reserves on February 4, 2021. Parex expects Q1/21 average production to be approximately 46,500-47,500 barrels of oil equivalent (boe) per day.

U.S. MARKETS

Okta (OKTA, -5.0%) announced that it will be acquiring fellow software company Auth0 for US\$6.5 billion. The all-stock deal represents roughly 21% of Okta's market cap and is expected to close in July. Separately, Okta reported Q4/2020 earnings that topped estimates, however, issued weaker-than-expected guidance for Q1.

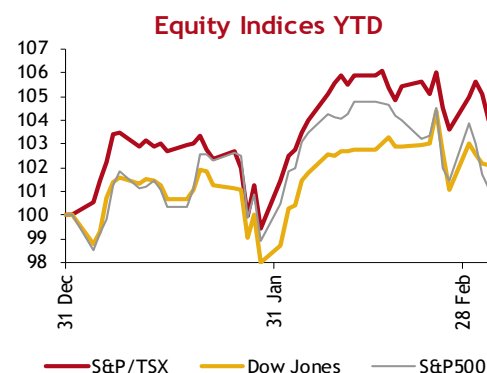
Marvell Technology (MRVL, -7.0%) posted Q4/2020 earnings of US\$0.29 per share, which was in line with Wall Street's estimate. Revenue came in ahead of the consensus expectation, however, shares of the chipmaker slipped after it issued a disappointing full-year outlook.

Burlington Stores (BURL, +13.8%) reported better-than-expected earnings and revenue for its fourth quarter. The clothing retailer's same-store-sales were unchanged from the year-ago quarter, with analysts' expecting a 10% decline.

Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.792	-0.002	0.7%
US\$/€	0.831	-0.003	1.6%
Gold	\$1,717.88	\$6.65	-9.5%
Copper per 100 lb	\$400.45	-\$13.75	13.6%
Oil (WTI)	\$62.68	\$1.40	29.2%
Oil (WCS)	\$51.02	\$1.21	53.8%
Natural Gas (NYMEX)	\$2.77	-\$0.04	9.2%
Natural Gas (AECO)	\$2.40	\$0.04	23.1%

*As of March 4 2021 10:31 AM. Source: Bloomberg



Earnings Releases

Name	Date	Est.	Act.
Broadcom Inc (AVGO)	03/04	\$6.57	-- *
Costco Wholesale (COST)	03/04	\$2.45	-- *
Can Natural Res (CNQ)	03/04	\$0.18	\$0.63
Kroger Co (KR)	03/04	\$0.69	\$0.81 *
Cooper Cos Inc (COO)	03/04	\$2.78	-- *
Algonquin Power (AQN)	03/04	\$0.22	-- *
Gap Inc/The (GPS)	03/04	\$0.18	-- *
Parkland Corp (PKI)	03/04	\$0.40	--
Labrador Iron Or (LIF)	03/04	\$1.16	--
Chartwell Retire (CSH-U)	03/04	\$0.00	--
Nfi Group Inc (NFI)	03/04	\$0.14	\$0.13 *
Martinrea Intern (MRE)	03/04	\$0.54	--
Vermilion Energy (VET)	03/08	-\$0.19	--

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
3/4	Labor Productivity QoQ (4Q)	-10.30%	-1.90%	-2.00%
3/5	Int'l Merchandise Trade (Jan)	-1.67b	-1.40b	--
3/5	Ivey Purchasing Managers Index SA (Feb)	48.4	--	--
3/8	Bloomberg Nanos Confidence	59.4	--	--
3/8	Bloomberg March Canada Economic Surv	0	0	0
3/10	Bank of Canada Rate Decision	0.25%	0.25%	--
3/12	Net Change in Employment (Feb)	-212.8k	--	--
3/12	Full Time Employment Change (Feb)	12.6	--	--
3/12	Part Time Employment Change (Feb)	-225.4	--	--
3/12	Capacity Utilization Rate (4Q)	76.50%	--	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
3/4	Challenger Job Cuts YoY (Feb)	17.40%	--	-39.10%
3/4	Nonfarm Productivity (4Q F)	-4.80%	-4.70%	-4.20%
3/4	Unit Labor Costs (4Q F)	6.80%	6.60%	6.00%
3/4	Initial Jobless Claims	730k	750k	745k
3/4	Continuing Claims	4419k	4300k	4295k
3/4	Langer Consumer Comfort	47.3	--	48.9
3/4	Factory Orders (Jan)	1.10%	2.10%	2.60%
3/4	Factory Orders Ex Trans (Jan)	1.40%	--	1.70%
3/4	Durable Goods Orders (Jan F)	3.40%	3.40%	3.40%
3/4	Durables Ex Transportation (Jan F)	1.40%	1.40%	1.30%

Source: Bloomberg

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Stock Prices as of

03/03/2021

Element Fleet Management Corp. (2g, 3a, 7) (EFN-TSX, C\$12.57)

Kinaxis Inc. (2g) (KXS-TSX, C\$163.16)

Parex Resources Inc. (2g) (PXT-TSX, C\$21.62)

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