



Friday, September 25, 2020

MACRO VIEW

North America stock indices are mixed, struggling to avoid a fourth straight week of losses. On the data front, U.S. durable goods orders only rose by 0.4% month-over-month in August, missing analysts' forecasts of 1.5%. Excluding transportation, the increase was 0.4% as well, however, core capital goods purchases were slightly stronger than expected and the figure from July was revised upward. On the topic of stimulus, the U.S. House Democrats will be tabling a new US\$2.4 trillion plan which includes unemployment aid and direct payments, hoping to restart talks with the GOP.

Shifting to commodities, West Texas Intermediate crude oil (-1.4%) prices are moving lower. Demand concerns are an obvious driver but there is now speculation that Libyan exports will return in October. Gold (-1.2%) is also trading lower again due to the ongoing rebound of the U.S. Dollar Index (+0.4%). Finally, sovereign 10-year interest rates are flat to lower across the globe. Last night, FTSE Russell confirmed that it will begin including Chinese bonds in its World Government Bond Index starting in October of next year.

CANADIAN MARKETS

Rogers Communications (RCI.B, -0.8%) noted that if the acquisition of Cogeco's (CGO, +1.3%) Canadian assets is approved and completed, it plans to invest \$3.0 billion over the next five years including \$1.5 billion in network investments. Additionally, Rogers has noted that it will safeguard 5,000 jobs in Quebec for the combined entity, maintain Cogeco's headquarters in Montreal with a Quebec President leading the business, and maintain the Cogeco brand in Quebec while continuing its relationships with local suppliers and contractors.

TMX Group (X, -1.6%) announced that it is acquiring transfer agency, corporate trust, and related services provider, AST Investor Services (Canada) for a total value of \$165 million, including \$30 million of cash for regulatory and non-regulatory purposes. TMX is expecting revenue and technology cost synergies of about \$8 million over the first two years. TMX will fund the transaction with cash and debt.

ATS Automation (ATA, -0.8%) has agreed to sell certain assets and transfer employees of one of its German-based subsidiaries to a third party. The transaction is expected to partially offset the costs of the previously announced reorganization of its transportation business. The financial terms of the transactions were not disclosed.

First Majestic Silver (FR, -6.0%) said that the Federal Court in Mexico has nullified the 2012 Advance Pricing Agreement (APA) which was granted when Primero acquired the San Dimas mine. Federal Court also directed the tax authority to re-examine the evidence and basis for the issuance of the APA. First Majestic is currently assessing its legal options.

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	15,850.40	-0.39%	-7.1%	-7.1%
S&P 500	3,237.90	-0.27%	0.2%	3.4%
NASDAQ	10,737.07	0.61%	19.7%	23.5%
Dow Jones	26,810.61	-0.02%	-6.1%	-3.1%
Nikkei 225	23,204.62	0.51%	-1.9%	4.0%
Euro Stoxx 50	3,112.18	-1.50%	-16.9%	-11.1%
FTSE EM	2,217.34	-0.37%	-4.1%	-1.1%

Canadian Market Movers

BPY-U	Brookfield Prope	3.2%
SHOP	Shopify Inc	1.9%
BIP-U	Brookfield Infra	1.7%
IPL	Inter Pipeline L	1.6%
CSU	Constellation So	1.3%
FM	First Quantum	-1.8%
KL	Kirkland Lake Go	-1.8%
CM	Can Impl Bk Comm	-2.2%
NA	Natl Bk Canada	-2.3%
TECK/B	Teck Resources	-2.4%

*As of September 25 2020 10:33 AM. Source: Bloomberg

U.S. Market Movers

BA	Boeing Co/The	2.3%
BMY	Bristol-Myer Sqb	1.9%
UPS	United Parcel-B	1.5%
UNH	Unitedhealth Grp	0.9%
FDX	Fedex Corp	0.9%
ACN	Accenture	-1.5%
BKNG	Booking Holdings	-1.5%
GS	Goldman Sachs Gp	-2.4%
SLB	Schlumberger Ltd	-2.7%
COST	Costco Wholesale	-3.1%

*As of September 25 2020 10:33 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Dec-20 ²	Mar-21 ²
CA 2YR	0.00%	0.26%	0.35%	0.35%
CA 10YR	-0.02%	0.54%	0.70%	0.80%
US 2YR	-0.01%	0.13%	0.25%	0.30%
US 10YR	-0.01%	0.65%	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 September 25 2020 10:33 AM.; 2 - CIBC

forecasts. Source: Bloomberg

U.S. MARKETS

Costco (COST -2.5%) slipped despite posting Q4/2020 earnings of US\$3.04 per share, beating the consensus expectation of US\$2.84 per share. Revenue for the quarter came in at US\$53.38 billion, ahead of analyst estimates of US\$52.09 billion. The retail giant saw an 11.4% increase in its same-store-sales, and a 91% jump in its e-commerce sales, compared to the year-ago quarter.

Vail Resorts (MTN -2.0%) posted an adjusted loss of US\$3.82 per share for their fourth quarter, wider than the consensus loss of US\$3.43 per share. Revenue for the ski-resort company of US\$77.21 million also fell short of an expected US\$138.27 million and was down 68% year-over-year (Y/Y).

The European Union (EU) has granted **AstraZeneca (AZN -0.4%)** partial immunity for their COVID-19 vaccine, in an effort to limit the amount of liability associated with producing a treatment. In the event that unexpected side-effects occur after the COVID-19 vaccine receives regulatory approval, the EU will pay liability claims over an agreed limit. The EU support was reportedly granted since AstraZeneca will have a lower price tag on its vaccine relative to other drugmakers.

Novavax (NVAX +11.2%) announced a U.S. manufacturing deal for its COVID-19 vaccine with **Endo International (ENDO +13.6%)**. Novavax also began late-stage trials for its vaccine in the UK, and expects to begin phase-three clinical trials in the U.S. "very soon".

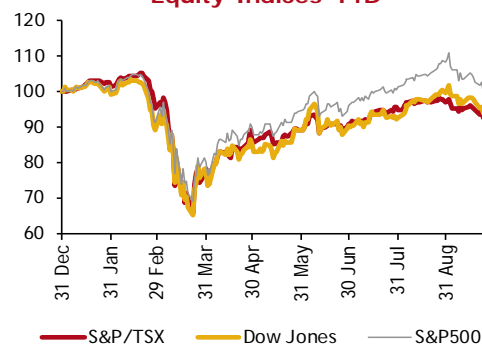
Harley-Davidson (HOG -0.1%) announced that it would be exiting India, the world's largest motorcycle market, and shutting down its manufacturing plant in India as part of its "Rewire" initiative. Rewire focuses on streamlining the motorcycle company's operating model. As part of the changes, Harley-Davidson is working on a distribution deal with India's Hero MotoCorp that would allow for the import and sale of Harley-Davidson motorcycles in India.

Currencies & Commodities

	Price*	Change	YTD
CS\$/US\$	0.746	0.004	-3.1%
US\$/€	0.860	-0.005	-3.5%
Gold	\$1,859.70	-\$8.37	22.6%
Copper per 100 lb	\$295.25	-\$1.55	4.5%
Oil (WTI)	\$40.00	-\$0.31	-34.5%
Oil (WCS)	\$29.38	-\$0.23	-23.8%
Natural Gas (NYMEX)	\$2.23	-\$0.02	1.9%
Natural Gas (AECO)	\$1.81	\$0.16	5.8%

*As of September 25 2020 10:33 AM. Source: Bloomberg

Equity Indices YTD



Earnings Releases

Name	Date	Est.	Act.
Micron Tech (MU)	09/29	\$0.99	-- *
Ihs Markit Ltd (INFO)	09/29	\$0.69	-- *
Mccormick-N/V (MCK)	09/29	\$1.52	-- *
Novagold Res (NG)	09/30	-\$0.02	-- *
Pepsico Inc (PEP)	10/01	\$1.49	-- *
Constellation-A (STZ)	10/01	\$2.50	-- *
Conagra Brands I (CAG)	10/01	\$0.57	-- *
Paychex Inc (PAYX)	10/06	\$0.55	-- *
Lamb Weston (LW)	10/07	\$0.31	-- *
Domino'S Pizza (DPZ)	10/08	\$2.71	-- *
Richelieu Hardw (RCH)	10/08	\$0.40	--
Delta Air Li (DAL)	10/09	-\$2.97	-- *
Nielsen Holdings (NLSN)	10/09	\$0.39	-- *

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
9/28	Bloomberg Nanos Confidence	53.1	--	--
9/29	Industrial Product Price MoM (Aug)	0.70%	--	--
9/29	Raw Materials Price Index MoM (Aug)	3.00%	--	--
9/30	GDP MoM (Jul)	6.50%	2.80%	--
9/30	GDP YoY (Jul)	-7.80%	--	--
10/1	MLI Leading Indicator MoM (Aug)	0.30%	--	--
10/1	Markit Canada Manufacturing PMI (Sep)	55.1	--	--
10/5	Bloomberg Nanos Confidence	--	--	--
10/6	Int'l Merchandise Trade (Aug)	-2.45b	--	--
10/7	Ivey Purchasing Managers Index SA (Sep)	67.8	--	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
9/25	Durable Goods Orders (Aug P)	11.40%	1.50%	0.40%
9/25	Durables Ex Transportation (Aug P)	2.60%	1.00%	0.40%
9/25	Cap Goods Orders Nondef Ex Air (Aug P)	1.90%	1.00%	1.80%
9/25	Cap Goods Ship Nondef Ex Air (Aug P)	2.40%	0.80%	1.50%
9/28	Dallas Fed Manf. Activity (Sep)	8	10	--
9/29	Advance Goods Trade Balance (Aug)	-\$79.3b	-\$81.5b	--
9/29	Wholesale Inventories MoM (Aug P)	-0.30%	--	--
9/29	Retail Inventories MoM (Aug)	1.20%	--	--
9/29	S&P CoreLogic CS 20-City MoM SA (Jul)	0.00%	0.15%	--
9/29	S&P CoreLogic CS 20-City YoY NSA (Jul)	3.46%	3.60%	--

Source: Bloomberg

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09/24/2020

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Keyera Corporation (2a, 2c, 2e, 2g, 7) (KEY-TSX, C\$19.66)

TMX Group Limited (2g) (X-TSX, C\$135.29)

Transcontinental Inc. (2g, 7, 12) (TCL.A-TSX, C\$16.06)

Rogers Communications Inc. (2a, 2c, 2e, 2g, 7, 8, 13) (RCI.B-TSX, C\$51.56)

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