



Wednesday, July 29, 2020

## MACRO VIEW

The **TSX (+0.4%)** rose as the energy sector gained and Wall Street's main stock indices gained on positive earnings updates and ahead of the Federal Reserve policy announcement. **West Texas Intermediate crude oil (+0.7%)** prices rose after an industry report showed that crude inventories in the United States decreased, giving the market a lift, but gains were capped with global increases of coronavirus infections. **Gold (+0.1%)** prices have turned flat after climbing to new highs, while investors wait for the U.S. Federal Reserve's policy decision at 2:00 pm today. North American bond yields inched down with the U.S. 10-year at 0.58%, and the Canadian 10-year at 0.49%. The Canadian dollar edged higher against the greenback as oil prices climbed and rising coronavirus cases in the United States weighed on the U.S. dollar.

U.S. trade deficit in goods fell more than expected by 6.1%, to US\$70.6 billion versus US\$74.9 expected in June, but the level of trade is still well below year-ago levels. U.S. wholesale inventories fell 2% month-over-month to US\$629.6 billion in June of 2020, following a 1.2% drop in May.

## CANADIAN MARKETS

**Aphria (APHA, -13.7%)** posted a much larger adjusted loss per than anticipated, as the company booked \$64 million in impairment charges. Revenue was better than expected, with total kilogram equivalents sold coming in at 12,557 - more than double the prior Q4. Aphria also announced a US\$100 million at-the-market equity financing.

**Cameco (CCO, -14.2%)** beat Q2 sales forecasts but reported a wider adjusted loss per share than analysts' estimates. The company plans to restart its Cigar Lake mine at the beginning of September, with a production goal of up to 5.3 million pounds for 2020.

**Celestica (CLS, +12.6%)** exceeded Q2 revenue and adjusted EPS estimates, with the Connectivity & Cloud Solutions segment growing by 12% while the Advanced Technology Solutions unit shrank by 11%. The company foresees further restructuring activities in 2020.

**Enbridge (ENB, +2.3%)** reported adjusted EBITDA that beat consensus driven by high utilization, higher earnings from positive rate settlements and contributions from new assets that were placed into service in 2019 and Q1/20. Reported distributable cash flow per share topped consensus and the company maintained its full-year distributable cash flow per share guidance but expects headwinds in the second half of 2020.

**Shopify (SHOP, +10.1%)** reported adjusted EBIT of US\$113.7 million (excludes US\$31.6 million impairment charge) vs. consensus of a loss of US\$5.2 million. Total revenue was up 97% Y/Y and ahead of consensus. Gross Merchandise Volume (GMV) grew by 119% year-over-year (Y/Y)

**CGI (GIB.A, +3.8%)** reported revenue and an adjusted EPS that exceeded consensus driven by better margins.

## Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	16,183.95	0.39%	-5.2%	-5.2%
S&P 500	3,240.43	0.68%	0.3%	3.1%
NASDAQ	10,503.61	0.98%	17.1%	20.3%
Dow Jones	26,421.00	0.16%	-7.4%	-4.9%
Nikkei 225	22,397.11	-1.15%	-5.3%	0.7%
Euro Stoxx 50	3,302.98	-0.02%	-11.8%	-4.9%
FTSE EM	2,283.63	0.49%	-1.2%	1.6%

## Canadian Market Movers

SHOP	Shopify Inc	10.1%
GIB/A	Cgi Inc	3.8%
QSR	Restaurant Brand	2.1%
ENB	Enbridge Inc	1.9%
CP	Canadian Pacific	1.7%
KL	Kirkland Lake Go	-2.5%
ABX	Barrick Gold Crp	-2.8%
AEM	Agnico Eagle Min	-3.8%
WEED	Canopy Growth Co	-4.0%
CCO	Cameco Corp	-14.2%

\*As of July 29 2020 10:31 AM. Source: Bloomberg

## U.S. Market Movers

SBUX	Starbucks Corp	5.0%
UNH	Unitedhealth Grp	3.1%
UPS	United Parcel-B	3.0%
MDT	Medtronic	2.5%
PYPL	Paypal Holdings	2.2%
MO	Altria Group Inc	-1.6%
RTX	Raytheon Technol	-1.9%
BA	Boeing Co/The	-2.4%
GE	General Electric	-2.7%
AMGN	Amgen Inc	-2.8%

\*As of July 29 2020 10:31 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%	0.49%	0.85%	0.85%
US 2YR	0.00%	0.13%	0.35%	0.40%
US 10YR	0.00%	0.58%	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 July 29 2020 10:31 AM.; 2 - CIBC forecasts.

Source: Bloomberg

**Element Fleet** (EFN, **+14.2%**) reported adjusted EPS that topped consensus driven by better-than-expected service income. The company provided positive updates on lease collections, reporting a decline in delinquencies. It also reported a number of new customer wins.

**Intact Financial** (IFC, **+3.2%**) reported operating EPS that was ahead of expectations. The overall combined ratio of 89.5% was well below consensus of 93% and better than 97% reported in Q2/19. Direct premiums written came in at \$3.4 billion, up 7% Y/Y, and better than CIBC's estimate of \$3.2 billion.

## U.S. MARKETS

**Boeing** (BA, **-2.4%**) posted a quarterly EPS loss of US\$4.79 versus consensus estimates for a loss of US\$2.54. Revenues were also below estimates. The Commercial Airplanes segment saw revenue fall 78% year-over-year. The company also noted that it would cut production on its 787 and 777 jet programs and delay plans for its ramp-up on the 737 MAX planes.

**General Electric** (GE, **-2.7%**) reported quarterly earnings that came in at a loss of US\$0.15 per share versus an expected loss of US\$0.10. Revenues came in above estimates. Weakness in its aviation business weighed on the results.

**General Motors** (GM, **+1.6%**) reported a quarterly loss of US\$0.50 a share which was better than the expected loss of US\$1.77 per share. Pick-up truck sales and cost-cutting measures helped mitigate the impact stemming from the shutdowns.

**Anthem** (ANTM, **+6.4%**) reported quarterly EPS of US\$9.20 versus estimates of US\$8.87. Revenue was in line with forecasts. The beat was driven by lower medical expenses as non-essential health care procedures were delayed due to the pandemic.

**Starbucks** (SBUX, **+5.0%**) reported a quarterly loss of US\$0.46 per share beating analysts' expectations for a loss of US\$0.59 per share. Global same-store sales exceeded expectations falling 40% year-over-year. In the Americas, same-store sales dropped 41% but were also ahead of forecasts.

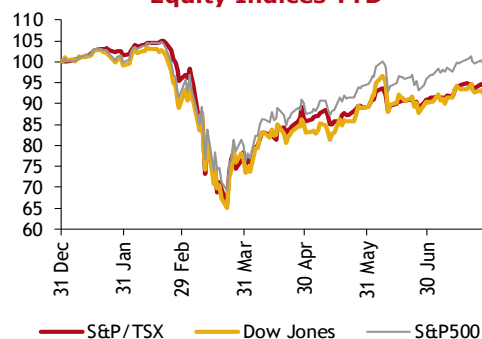
**Visa** (V, **-0.6%**) posted quarterly earnings that beat consensus estimates. Net revenue fell 17% year-over-year but this was slightly better than analysts' forecasts. The company noted that during the quarter payment volume was down 10% year-over-year as consumer spending fell due to the rise in unemployment.

## Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.749	-0.003	-2.7%
US\$/€	0.850	0.004	-4.6%
Gold	\$1,949.47	-\$8.95	28.5%
Copper per 100 lb	\$290.25	-\$1.50	2.9%
Oil (WTI)	\$41.32	\$0.28	-32.3%
Oil (WCS)	\$31.79	\$0.33	-17.6%
Natural Gas (NYMEX)	\$1.81	\$0.01	-17.3%
Natural Gas (AECO)	\$1.61	\$0.09	-5.8%

\*As of July 29 2020 10:31 AM. Source: Bloomberg

## Equity Indices YTD



## Earnings Releases

Name	Date	Est.	Act.
Kinross Gold (K)	07/29	\$0.13	--
Paypal Holdings (PYPL)	07/29	\$0.87	-- *
Shopify Inc - A (SHOP)	07/29	\$0.04	\$1.05 *
Qualcomm Inc (QCOM)	07/29	\$0.70	-- *
Boeing Co/The (BA)	07/29	-\$2.39	-\$4.79 *
Enbridge Inc (ENB)	07/29	\$0.55	\$0.56
Crown Castle Int (CCI)	07/29	\$1.44	-- *
Anthem Inc (ANTM)	07/29	\$9.14	\$9.20 *
Automatic Data (ADP)	07/29	\$0.96	\$1.14 *
Cme Group Inc (CME)	07/29	\$1.63	\$1.63 *
General Electric (GE)	07/29	-\$0.09	-\$0.15 *
Boston Scientific (BSX)	07/29	-\$0.03	\$0.08 *
Lam Research (LRCX)	07/29	\$4.06	-- *

Source: Bloomberg \* = USD

## Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
7/31	Building Permits MoM (Jun)	20.20%	--	--
7/31	GDP MoM (May)	-11.60%	3.50%	--
7/31	GDP YoY (May)	-17.10%	-14.60%	--
7/31	Industrial Product Price MoM (Jun)	1.20%	0.80%	--
7/31	Raw Materials Price Index MoM (Jun)	16.40%	7.00%	--
8/4	Bloomberg Nanos Confidence	48.4	--	--
8/4	MLI Leading Indicator MoM (Jun)	-1.90%	--	--
8/4	Markit Canada Manufacturing PMI (Jul)	47.8	--	--
8/5	Int'l Merchandise Trade (Jun)	-0.68b	--	--
8/7	Net Change in Employment (Jul)	952.9k	--	--

Source: Bloomberg

## Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
7/29	MBA Mortgage Applications	4.10%	--	-0.80%
7/29	Advance Goods Trade Balance (Jun)	-\$74.3b	-\$75.4b	-\$70.6b
7/29	Wholesale Inventories MoM (Jun P)	-1.20%	-0.50%	-2.00%
7/29	Retail Inventories MoM (Jun)	-6.10%	-2.70%	-2.60%
7/29	Pending Home Sales MoM (Jun)	44.30%	15.00%	16.60%
7/29	Pending Home Sales NSA YoY (Jun)	-10.40%	2.20%	12.70%
7/29	FOMC Rate Decision (Upper Bound)	0.25%	0.25%	--
7/29	FOMC Rate Decision (Lower Bound)	0.00%	0.00%	--
7/29	Interest Rate on Excess Reserves	0.10%	0.10%	--
7/30	Revisions: GDP ( )	0	0	0

Source: Bloomberg

BRAD BROWN, CFA - SR. MANAGER, EQUITIES  
JOHNNY TAM, MASC, CFA - ASSOCIATE

PUJA GHOSH, CFA, MBA, MSC. - ASSOCIATE  
ALLAN BISHOP - DIRECTOR, FIXED INCOME

STEVEN DIMITROFF - SUMMER ASSOCIATE

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07/28/2020

Aphria Inc. (2g) (APHA-TSX, C\$8.02)  
 Cameco Corporation (2g) (CCO-TSX, C\$16.03)  
 Celestica Inc. (2a, 2e, 2g, 6a, 12) (CLS-NYSE, US\$7.12)  
 CGI Inc. (2g, 12) (GIB.A-TSX, C\$87.28)  
 Element Fleet Management Corp. (2g, 7) (EFN-TSX, C\$10.00)  
 Intact Financial Corp. (2a, 2c, 2e, 2g, 7) (IFC-TSX, C\$139.10)  
 Shopify Inc. (2g, 12) (SHOP-NYSE, US\$985.00)  
 Enbridge Inc. (2a, 2c, 2e, 2g, 7) (ENB-TSX, C\$42.22)

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