



Thursday, February 25, 2021

MACRO VIEW

The TSX (-0.3%) and Wall Street's main indices traded lower with weakness in the materials and technology sectors. **West Texas Intermediate crude** (-0.3%) oil prices pulled back from a 13-month high as U.S. supply outages are slowly coming back on line following the Texas deep freeze. **Gold** (-1.4%) prices edged lower on higher U.S. Treasury yields. The selloff in North American bond yields deepened with the U.S. 10-year at 1.47%, and the Canadian 10-year at 1.47%. The Canadian dollar gained to hit a three-year high against the greenback, as the U.S. continues to fall and Canada's bond yields advance at a faster pace than U.S. Treasuries.

U.S. jobless claims tumbled by 111,000 to 730,000 versus 845,000 expected, the lowest since Nov. 28, with disruptions to reporting claims in storm swept Texas. U.S. durable goods orders rose 3.4% versus a 1% rise forecast in January over the previous month. The increase in order bookings was led by an increase in orders for passenger jets, fighter planes and other military hardware.

CANADIAN MARKETS

Toronto-Dominion Bank (TD, -1.5%) reported adjusted EPS of \$1.83, ahead of consensus of \$1.50, mostly driven by lower provision for credit losses (PCL), which came in at \$313 million, well below the consensus of \$975 million with a total PCL ratio of 17 basis points (bps), down from 49 bps last quarter. Wholesale Banking revenue was up 25% year-over-year (Y/Y). Canadian Banking Net Interest Margin (NIM) of 2.65% declined by 29 bps Y/Y mainly due to lower interest rates. CET1 ratio came in at 13.6%, up from 13.1% last quarter.

Canadian Imperial Bank of Commerce (CM, +0.3%) reported adjusted EPS of \$3.58, which beat the consensus of \$2.81, while PCL of \$147 million, which include a release of \$89 million from performing loans, came in lower than the consensus of \$402 million. Capital markets net income was up 30% Y/Y, while the Canadian Personal & Commercial segment posted a 13% Y/Y net income growth, primarily due to lower PCLs. CET1 ratio came in at 12.3%, up from 12.1% last quarter.

Loblaw (L, +2.4%) reported adjusted EPS of \$1.26, in line with the consensus of \$1.25. Food Retail same-store sales (SSS) growth came in at 8.6%, with its Market division posting 10.6% growth and Discount division delivering 7.4% growth, while Drug Retail SSS was 3.7% with pharmacy SSS growth of 5% and front store SSS growth of 2.8%. For 2021, it expects double-digit EPS growth (excluding the impact of the 53rd week), and for earnings growth to outpace revenue growth.

Maple Leaf Foods (MFI, +6.1%) reported Q4/20 adjusted EBITDA of \$109 million, ahead of consensus at \$94.2 million. Sales for Q4/20 was \$1.13 billion, up from \$1.02 billion in the in Q4/19. The company noted strong retail demand and pricing power helped offset lower foodservice volumes. Looking into 2021, for Meat, the company is guiding mid- to high-single-digit revenue growth on a 52-week comparable basis. Plant

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	18,426.96	-0.31%	5.7%	5.7%
S&P 500	3,910.55	-0.38%	4.1%	2.3%
NASDAQ	13,426.05	-1.26%	4.2%	2.4%
Dow Jones	31,757.67	-0.64%	3.8%	2.0%
Nikkei 225	30,168.27	1.67%	9.9%	5.0%
Euro Stoxx 50	3,706.68	0.02%	4.3%	2.5%
FTSE EM	2,893.99	0.85%	8.4%	6.4%

Canadian Market Movers

GIL	Gildan Activewear	10.1%
CCO	Cameco Corp	3.1%
L	Loblaw Cos Ltd	2.4%
WN	Weston (George)	1.7%
CNR	Can Natl Railway	1.4%
BAM/A	Brookfield Ass	-1.5%
BPY-U	Brookfield Prope	-2.1%
WPM	Wheaton Precious	-2.2%
FM	First Quantum	-3.4%
TECK/B	Teck Resources	-3.5%

*As of February 25 2021 10:38 AM. Source: Bloomberg

U.S. Market Movers

KHC	Kraft Heinz Co/T	2.3%
NKE	Nike Inc L B	2.0%
ORCL	Oracle Corp	1.8%
WBA	Walgreens Boots	1.4%
MMM	3M Co	1.3%
RTX	Raytheon Technol	-2.1%
MA	Mastercard Inc	-2.4%
DOW	Dow Inc	-2.5%
NVDA	Nvidia Corp	-3.2%
BKNG	Booking Holdings	-4.7%

*As of February 25 2021 10:38 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Mar-21 ²	Jun-21 ²
CA 2YR	0.06%	0.29%	0.35%	0.40%
CA 10YR	0.16%	1.47%	0.80%	0.85%
US 2YR	0.04%	0.17%	0.30%	0.30%
US 10YR	0.10%	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 February 25 2021 10:38 AM.; 2 - CIBC

forecasts. Source: Bloomberg

protein revenue growth is expected to be in line with its previously stated long-term target of 30%.

Gildan Activewear (GIL, +10.1%) reported Q4/20 revenue of US\$690 million or up 5% year-over-year (Y/Y), beating a consensus of US\$614 million. EPS was up 10% Y/Y to US\$0.45 per share and EBITDA was up 13% Y/Y to US\$145 million. Gildan did not issue 2021 guidance, however, the company noted imprints POS is currently down 10% to 15%. In retail, GIL is seeing Y/Y growth in activewear and underwear sales partially offset by a decline in socks sales.

Altus Group (AIF, +12.2%) announced Q4/20 adjusted EBITDA of \$26.7 million or up 19.7% Y/Y, beating the consensus of \$22 million. Total revenue of \$139 million was slightly above the consensus of \$134 million. The better-than-expected result was primarily driven by tax results. The new chief executive officer Mike Gordon noted the company has a target of \$400 million for its 2023 analytics revenue.

U.S. MARKETS

Best Buy (BBY, +1.4%) reported Q4/2020 earnings of US\$3.48 per share, which beat the consensus of US\$3.45 per share. Revenue of US\$16.94 billion fell short of estimates, with same-store sales rising 12.6% year-over-year compared to an expected increase of 14.5%.

Moderna (MRNA, +6.8%) posted a wider-than-expected loss of US\$0.69 per share for its fourth quarter, compared to the consensus loss of US\$0.35 per share. Revenue of US\$570.74 million exceeded expectations of US\$279.41. The drugmaker anticipates that it will generate US\$18.4 billion in revenue this year from the sale of its COVID-19 vaccine.

Nvidia (NVDA, -3.2%) slipped despite reporting Q4/2020 earnings of US\$3.10 per share, which topped the consensus estimate of US\$2.81 per share. Revenue also surpassed Wall Street's estimates, and Nvidia provided a better-than-expected revenue forecast for Q1/2021.

Wayfair (W, +5.2%) released Q4/2020 earnings of US\$1.24 per share, topping the consensus estimate of US\$0.86 per share. Revenue of US\$3.67 billion was shy of analysts' estimates, and order volumes were lower than expected.

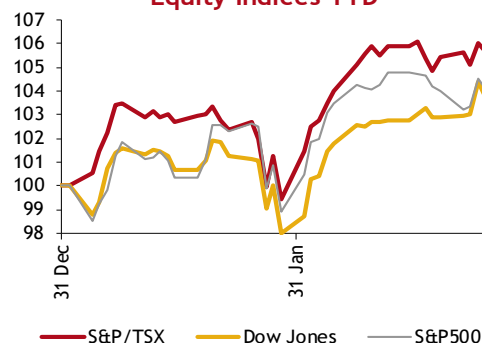
Norwegian Cruise Lines (NCLH, -4.8%) brought in US\$9.58 million of revenue during its fourth quarter, ahead of an expected US\$3.35 million. The cruise line operator lost US\$2.33 per share during the quarter, versus the consensus loss of US\$2.17 per share.

Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.800	-0.001	1.8%
US\$/€	0.818	0.006	0.0%
Gold	\$1,774.19	-\$30.82	-6.5%
Copper per 100 lb	\$427.25	-\$3.15	21.2%
Oil (WTI)	\$63.02	-\$0.20	29.9%
Oil (WCS)	\$52.50	\$0.00	58.3%
Natural Gas (NYMEX)	\$2.81	-\$0.04	10.8%
Natural Gas (AECO)	\$2.39	\$0.00	22.6%

*As of February 25 2021 10:38 AM. Source: Bloomberg

Equity Indices YTD



Earnings Releases

Name	Date	Est.	Act.
Toronto-Dom Bank (TD)	02/25	\$1.49	\$1.83
American Tower C (AMT)	02/25	\$2.17	\$2.14 *
Autodesk Inc (ADSK)	02/25	\$1.07	-- *
Can Impl Bk Comm (CM)	02/25	\$2.81	\$3.58
American Electri (AEP)	02/25	\$0.79	\$0.87 *
Sempra Energy (SRE)	02/25	\$1.60	\$1.90 *
Best Buy Co Inc (BBY)	02/25	\$3.47	\$3.48 *
Loblaw Cos Ltd (L)	02/25	\$1.25	\$1.26
Edison Intl (EIX)	02/25	\$1.20	-- *
Pembina Pipeline (PPL)	02/25	\$0.58	--
Teleflex Inc (TFX)	02/25	\$3.05	\$3.28 *
Aes Corp (AES)	02/25	\$0.44	\$0.48 *
Jm Smucker Co (SJM)	02/25	\$2.18	\$2.45 *

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
2/25	CFIB Business Barometer (Feb)	58.7	--	62.5
2/26	Industrial Product Price MoM (Jan)	1.50%	1.90%	--
2/26	Raw Materials Price Index MoM (Jan)	3.50%	--	--
3/1	Bloomberg Nanos Confidence	58.2	--	--
3/1	Current Account Balance (4Q)	-\$7.53b	--	--
3/1	MLI Leading Indicator MoM (Jan)	0.70%	--	--
3/1	Markit Canada Manufacturing PMI (Feb)	54.4	--	--
3/2	Quarterly GDP Annualized (4Q)	40.50%	--	--
3/2	GDP MoM (Dec)	0.70%	--	--
3/2	GDP YoY (Dec)	-2.80%	--	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
2/25	Durable Goods Orders (Jan P)	0.50%	1.10%	3.40%
2/25	Durables Ex Transportation (Jan P)	1.10%	0.70%	1.40%
2/25	Cap Goods Orders Nondef Ex Air (Jan P)	0.70%	0.80%	0.50%
2/25	Cap Goods Ship Nondef Ex Air (Jan P)	0.70%	0.60%	2.10%
2/25	Initial Jobless Claims	861k	825k	730k
2/25	Continuing Claims	4494k	4460k	4419k
2/25	GDP Annualized QoQ (4Q S)	4.00%	4.20%	4.10%
2/25	Personal Consumption (4Q S)	2.50%	2.50%	2.40%
2/25	GDP Price Index (4Q S)	2.00%	2.00%	2.10%
2/25	Core PCE QoQ (4Q S)	1.40%	1.40%	1.40%

Source: Bloomberg

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02/24/2021

Canfor Corporation (2g, 3a) (CFP-TSX, C\$25.54)
 Canfor Pulp Products Inc. (2a, 2e, 2g, 3a) (CFX-TSX, C\$9.40)
 Loblaw Companies Limited (2a, 2c, 2e, 2g) (L-TSX, C\$60.86)
 Toronto-Dominion Bank (2a, 2c, 2e, 2g, 3a, 3c, 7) (TD-TSX, C\$79.40)
 Whitecap Resources Inc. (2g) (WCP-TSX, C\$5.91)
 Altus Group Limited (2g) (AIF-TSX, C\$49.09)
 Gildan Activewear Inc. (2g, 3a, 3c) (GIL-NYSE, US\$27.24)
 Maple Leaf Foods Inc. (2g) (MFI-TSX, C\$23.75)

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