NATIONAL BANK OF CANADA FINANCIAL MARKETS

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March 11, 2025

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG
Dow Jones MINI futures	42,043.00	96.00	0.23%
S&P500 MINI futures	5,637.25	16.50	0.29%
NASDAQ MINI futures	19,518.50	65.75	0.34%
CANADA EQUITY MARKET	**LAST**	**CHANGE**	**%CHG**
S&P/TSX 60 futures	1,476.20	5.60	0.38%
OVERSEAS MARKETS	**LAST**	**CHANGE**	**%CHG**
STOXX EUROPE 600 INDEX	543.86	-2.34	-0.43%
FTSE 100 INDEX	8,580.85	-19.37	-0.23%
DAX GERMANY	22,654.19	33.24	0.15%
CAC 40 Index	8,047.81	0.21	0.00%
NIKKEI 225 INDEX	36,793.11	-235.16	-0.64%
HANG SENG INDEX	23,782.14	-1.35	-0.01%
SHANGHAI COMPOSITE INDEX	3,379.83	13.67	0.41%

COMMODITIES/ FX		LAST	CHANGE
CRUDE OIL WTI		$66.67	$0.64
NATURAL GAS		$4.55	$0.06
GOLD		$2,912.29	$22.89
COPPER		$4.68	$0.04
CAD / USD		$0.6939	$0.0014
CAD / EUR		€ 0.6370	-€ 0.0020
USD / EUR		€ 0.9181	-€ 0.0047
USD / JPY		¥147.59	¥0.33
GOVERNMENT BONDS	**2YR**	**5YR**	**10YR**
CANADA (YLD%)	2.55%	2.65%	3.00%
U.S. (YLD%)	3.90%	3.99%	4.23%

Source: LSEG

Morning News

U.S. stock index futures inched up this morning following this year's biggest one-day drop for Wall Street's main indexes in the previous session, ahead of jobs data later in the day. Monday's stock market selloff reflected what bonds and currencies have been pointing at for weeks, that U.S. growth is going to slow down. The selloff wiped out $4 trillion from the S&P 500's peak last month. President Donald Trump's tariff policies against major U.S. trading partners have whipsawed global markets recently and damaged consumer and business sentiment. The CBOE market volatility index (VIX) closed at its highest level since August. Focus will be on the Labor Department's Job Openings and Labor Turnover Survey, which is due later in the day. A closely watched inflation report is expected tomorrow. Earlier today the National Federation of Independent Business (NFIB) said its Small Business Optimism Index fell 2.1 points to 100.7 last month (see chart). Interest rate futures point to the U.S. Federal Reserve leaving borrowing costs unchanged at its meeting next week, but they also have penciled in that the central bank could lower borrowing costs by at least 75 basis points by December on expectations of slowing growth. Also on the radar will be voting on a funding bill at Capitol Hill to avert a partial federal government shutdown.

Futures tied to Canada's main stock index rose this morning, as investors took a pause after worries around a trade war with the U.S. sent the TSX to a four-month low in the previous session. Canada's benchmark index was dragged by declines for technology and metal mining shares on Monday, as it joined a global market selloff led by a 4% slump in Wall Street's tech-heavy Nasdaq. U.S. President Donald Trump's ever-evolving levies on key trade partners such as Canada and Mexico have triggered risks of recession for all three North American countries. In commodities, oil prices pared earlier losses to rise during trade, helped by weakness in the U.S. dollar. But gains were capped as concerns mounted over a potential U.S. recession and the impact of tariffs on global economic growth. Gold prices rose, supported by safe-haven flows, while attention is on U.S. inflation data tomorrow. All eyes are on the Bank of Canada's monetary policy decision tomorrow, with traders expecting the central bank to provide additional support to the Canadian economy by cutting interest rates by 25 basis points.

European shares were largely flat on Tuesday as investors took a breather following a global stock market rout triggered by concerns that U.S. trade policies could dent economic growth and lead to recession. U.S. President Donald Trump's unpredictable policy moves have stoked high volatility in global markets, especially his back-and-forth tariff moves against major trading partners such as Canada, Mexico and China. Although Trump had floated a 25% tariff on European cars and other goods, he is yet to following through with the plans.

China stocks ended higher today and Hong Kong shares recovered losses, defying a regional gloom after Wall Street's sharp declines, in a sign of growing confidence in China's economy following the rise of DeepSeek. Japan's Nikkei fell to a six-month low today, tracking Wall Street's sharp losses overnight, but it trimmed most of the losses by the close as U.S. stock futures rose. Banks, a symbol of value shares that had been rising amid expectations of aggressive Bank of Japan rate hikes, slipped on Tuesday.

U.S Economic Calendar

Local Time	Indicator Name	Period	Reuters Poll	Actual	Prior	Revised
06:00	NFIB Business Optimism Idx	Feb		100.7	102.8	
10:00	JOLTS Job Openings	Jan	7.630M		7.600M	

Canadian Economic Calendar

No major data expected today

Chart of the day

For NBF Disclosures, please visit URL: https://nbf.bluematrix.com/sellside/Disclosures.action

Morning News

Alimentation Couche-Tard Inc: The company said it is confident there is a "clear path" to overcome U.S. regulatory hurdles in its proposed $47 billion acquisition of Japan's Seven & i, and expressed frustration at the 7-Eleven owner's "limited engagement.” Couche-Tard said it had identified a portfolio of U.S. stores to potentially offload and had begun talks with prospective buyers at the behest of Seven & i. Couche-Tard needed to find a clear divestiture path that identifies specific stores, a time frame, and a credible buyer, before it considers sharing confidential information with its competitor, the person added. Couche-Tard said it planned to finance the buyout with a combination of equity and debt.

Knight Therapeutics Inc: Knight Therapeutics has agreed to acquire generics and specialty branded pharmaceutical company Paladin Pharma for C$120 million. The company said Tuesday it has entered into a definitive asset-purchase agreement with Endo Operations and Paladin Pharma for the acquisition. The upfront payment in cash will also include inventory with a value of C$20 million. Knight said that it may also pay up to another US$15 million for reaching certain milestones. Knight Chief Executive Samira Sakhia said the synergistic transaction adds critical mass and significantly increases the size of its Canadian business as well as in Latin America.The transaction is expected to close sometime mid-year.

Lululemon Athletica Inc: A jury in New York federal court awarded Nike $355,450 on Friday after finding that Lululemon's athletic shoes violated the sneaker giant's patent rights, according to a verdict sheet made public on Monday. Nike had requested at least 5% of Lululemon's revenues from the shoes in damages, according to a court filing. A Lululemon spokesperson called the infringement damages "nominal" and said the company was "very pleased" with the noninfringement verdict on the second patent. The spokesperson said Lululemon intends to appeal the infringement ruling, adding it would not affect the company's products.

NBF Research

RATING AND TARGET PRICE CHANGES

AirBoss of America - Model Update After 4Q Miss, ARS Pressure Partly Offset By AMP, Tariff …; Target: C$5 (Was C$5.75)
BCE Inc. - Forecast Updated for Recent Hybrid Issuance and Our Latest Assumptions on Dividend…; Target: C$36 (Was C$35)
GFL Environmental Inc. - Updating forecasts for ES sale; Target: C$75 (Was C$70)
Northwest Healthcare Properties REIT - Risks are abating; Target: C$5.75 (Was C$5.50)

DAILY BULLETIN HIGHLIGHTS

BCE INC. - Forecast Updated for Recent Hybrid Issuance and Our Latest Assumptions on Dividend & DRIP

BCE (TSX; NYSE):	**C$35.61; US$24.80**
Target:	**C$36.00**
	(Was C$35.00)
Stock Rating:	**Sector Perform**
	(Unchanged)
Est. Total Return:	**12.3%**

Event: Forecast Update and Target Change

Key Takeaways: Bell recently closed the offering of US$2.25B of fixed-to-fixed rate junior subordinated notes in two series. It's not yet clear if the hybrids have been fully swapped to CAD, but once done the effective rates could be 5.30% and 5.72%, respectively, for a blended rate of around 5.50%. Talk persists on when, not if, BCE will cut its dividend. We think the cut comes with or before 4Q25 reporting, with earliest announcement more likely in 2H than 1H. As to size of cut, a pruning of 25% seems half-baked, while a 50% contraction appears more prudent as it would return the dividend yield closer to historical levels, eliminate follow-on talk of more cutting, and position dividend for renewed growth ahead. We'd expect the new 2% DRIP discount to be eliminated at the same time as a 50% dividend cut. We updated our model and target which remains based on average of 2025E DCF & 2026E NAV, implied EV/EBITDA of 6.7x PF2025E & 6.5x 2026E.

GFL ENVIRONMENTAL INC. - Updating forecasts for ES sale: increasing target

GFL (TSX; NYSE):	**C$67.53; US$46.73**
Target:	**C$75.00**
	(Was C$70.00)
Stock Rating:	**Outperform**
	(Unchanged)
Est. Total Return:	**11.2%**

Event: We are providing updated estimates following the closure of GFL's Environmental Services business sale.

Key Takeaways: GFL closed the sale of its Environmental Services (ES) segment last week for an $8 bln EV. It retained a $1.7 bln equity interest (44%) in the business and realized net cash proceeds of ~$6.2 bln. With some large moving parts, we updated our estimates to account for the sale. Proceeds should be used repay up to $3.75 bln of debt in Q1'25E, which lowers 2026E leverage ratio to ~3.0x (was 4.1x in Q4). The remaining proceeds should be used for up to $2.25 bln in share repurchases and general corporate purposes. The sale closure should improve free cash flow conversion and reignite M&A at GFL, helping to accelerate growth. We have updated our estimates to account for the sale and increased our target to $75/sh (was $70/sh). Our new target is based on a sum of parts analysis, which includes a DCF with a 7.75% (was 7.50%) discount rate and a 15x EV/EBITDA target on our 2026E and includes $7 /sh for GFL's JV's (including the ES business).

NORTHWEST HEALTHCARE PROPERTIES REIT - Risks are abating: Increasing target to $5.75

NWH.UN (TSX):	**C$4.87**
Target:	**C$5.75**
	(Was C$5.50)
Stock Rating:	**Outperform**
	(Unchanged)
Est. Total Return:	**25.5%**

Event: NWH reported Q4 FFO/u of $0.10 vs. $0.09 for Q4/23, -8% below NBF and consensus at $0.10 / $0.11.

Key Takeaways: Q4 results featured a few notable developments for NWH. First and foremost, a CEO announcement was not made alongside the release, however Craig Mitchell did indicate he remains on track to step down late-Q2. Concerns relating to Healthscope, while realized after NWH provided a 10-week rent deferral, appear insulated thanks to favourable lease agreements. Overall, this could've been a worse outcome for its key tenant. Lastly, with additional proceeds coming in from Assura and thanks to its recent debenture issuance, NWH has avoided transacting on a harder to sell geography. Despite HSO concerns, given its long-dated WALT and an insulated tenant profile, steady operational performance should persist. We expect this to occur in contrast to concerns of an economic slowdown impacting other real estate asset classes, which over time should restore units to our view of fair value, while providing a 7.8% yield.

OTHER COMMENTS

Fairfax Financial Holdings Ltd. - Full 2024 Financials and Upgraded Outlook Reaffirm Confidence
Nexus Industrial REIT - Mid-single digit growth outlook despite macro uncertainty
Telecom Services - Trump Tariff Talk Makes Telecom Stocks Great Again in Early 2025 at Least From Relative Defensive…
Weekly Canadian Financial Services
Weekly E&P Talking Points: WTI, NYMEX, CNQ, TOU, ATH, NVA, VET
Weekly Energy Infrastructure Review: Q4/24 reporting wraps up as WTI pulls back…

Weekly Property Tour
Weekly Sustainability and Transition Review; February 2025 ESG Flows: CAN Flows Continue to be Robust

RESEARCH FLASHES

Ag Growth International Inc. - Ag cross-currents persist (+ new preso); at least now we are seeing some insider buying
Alaris Equity Partners Income Trust - Q4/24 First Look: EBITDA beat, EPU miss, +4.9% distribution reset for 2025, tariff…
Franco-Nevada Corporation - First Look: Q4 Financials Beat Outweighed by Guidance Below NBF Estimates
Northwest Healthcare Properties REIT - Q4 first take: Assura holdings may be realized as cash proceeds, no incremental…

MORNING HIGHLIGHTS

NEW GOLD INC. - Rainy River and New Afton Mine Tours

NGD (TSX; NYSE American):	**C$4.01; US$2.79**
Target:	**C$6.00** (Unchanged)
Stock Rating:	**Outperform** (Unchanged)
Est. Total Return:	**49.6%**

Event: New Gold hosted site tours of its Rainy River mine in Ontario and New Afton mine in BC from March 5-6 which we attended.

Key Takeaways: New Gold hosted a tour of its Rainy River (Northwestern Ontario) and New Afton (interior BC) mines from March 5-6. Earlier this quarter, New Gold released updated technical reports for both assets, along with updated R&R statements and a three-year outlook (see NBF flash from February 12). The three-year outlook calls for robust gold and copper production at low cash costs, with a decreasing capex profile, which provides a platform for strong FCF generation potential. With the recently announced term out of the 2027 notes to 2032 (see NBF flash from March 4) further strengthening the balance sheet and strong FCF potential over the next several years, we continue to believe NGD is looking to add a “third leg” to its production portfolio and would expect management to look for a producing asset within the Americas.

OCEANAGOLD CORPORATION - 4Q24 Estimate Revisions and Non-Deal Roadshow Takeaways

OGC (TSX):	**C$3.65**
Target:	**C$6.00** (Unchanged)
Stock Rating:	**Outperform** (Unchanged)
Est. Total Return:	**66.0%**

Event: We hosted OceanaGold in New York for marketing on March 6 and 7. We are also updating our estimates for Q4 earnings, the R&R update and two-year guidance. Our target price remains unchanged.

Key Takeaways: On February 19, OceanaGold released 4Q24 earnings, two-year guidance and updated R&R (see NBF first look flash). Additionally, we hosted OceanaGold in New York for marketing on March 6 and 7. Management attendees included Marius van Niekerk (CFO), Brian Martin (SVP, Business Development & Investor Relations) and Alison Paul (SVP, Legal and Public Affairs). Management and investors remain focused on the potential upside at Wharekirauponga (WKP), which is showing early signs of potential to be developed into a significant deposit, especially once the company can drill at advanced rates in 2026. The current federal administration in New Zealand continues to show widespread support for the project. LOM extension potential is evident across the portfolio.

FRANCO-NEVADA CORPORATION - Target Reduction on Lower Guidance; Strong Balance Sheet to Support Further Growth

FNV (TSX; NYSE):	**C$207.23; US$143.61**
Target:	**C$215.00**
	(Was C$220.00)
Stock Rating:	**Sector Perform**
	(Unchanged)
Est. Total Return:	**4.8%**

Event: Incorporating FNV's Q4/24 financial results

Key Takeaways: NBF Estimates have been adjusted to include Q4/24 financial results. We maintain our Sector Perform rating, which balances the company's stable sales outlook and industry-leading financial strength with its premium valuation, uncertainty around long-term recoverable value from Cobre Panamá and a competitive deal environment for new royalties/streams.

MORNING COMMENTS

Franco-Nevada - Target Reduction on Lower Guidance; Strong Balance Sheet to Support…; Target: C$215 (Was C$220)
New Gold Inc. - Rainy River and New Afton Mine Tours
OceanaGold Corporation - 4Q24 Estimate Revisions and Non-Deal Roadshow Takeaways

Evercore ISI Research

CANADIAN HIGHLIGHTS

Surface Transportation

The Rail Review: Trending in the Right Direction (with a bit of "Catch Up")

- Total Class I rail volumes increased by 4.4% in week 10 of 2025. Although carload figures point to a wide spread across the Class I rails, when the Canadian volumes are adjusted for RTMs the outputs appear far more similar. Specifically, Union Pacific again led the group with carloads up 7.2% year over year, followed by Norfolk Southern (up 6.0%), CSX (up 1.7%), Canadian Pacific (carloads up 0.8%, but RTMs up 7.1%), and Canadian National (carloads down 0.2%, but RTMs up 3.8%). With the continent thawing quite a bit, there is likely some catch-up included in the week 10 volumes. From a freight category perspective, Intermodal and Food & Grain were both up 6.7% year over year, followed closely by Coal (up 6.3%), and then Chemicals & Petroleum (up 1.2%), and Autos (up 0.2%). Forest Products (down 2.2%) and Metals & Minerals (down 1.8%) were the two laggards. Three weeks to go in the quarter and the bar remains somewhat ambitious, though still attainable, to meet 1Q expectations. Watch this space… Bullets below focus on the STB and some recent decisions, as well as ambitions to advance even more cases in a palatable timeframe.

Canadian stocks ratings and target changes across the street

Airboss of America Corp BOS.TO: CIBC cuts target price to C$4.75 from C$5.00
Airboss of America Corp BOS.TO: National Bank of Canada cuts target price to C$5 from C$5.75
BCE Inc BCE.TO: National Bank of Canada raises target price to C$36 from C$35
BlackBerry Ltd BB.N: Canaccord Genuity raises target price to US$4.75 from US$3
Franco-Nevada Corp FNV.TO: National Bank of Canada cuts target price to C$215 from C$220
Franco-Nevada Corp FNV.N: Raymond James raises target price to US$162 from US$160
Franco-Nevada Corp FNV.N: Scotiabank raises target price to US$150 from US$155

Franco-Nevada Corp FNV.TO: TD Cowen cuts to hold from buy
GFL Environmental Inc GFL.TO: National Bank of Canada raises target price to C$75 from C$70
Nexus Industrial REIT NXR_u.TO: Raymond James cuts target price to C$8.50 from C$9.00
NorthWest Healthcare Properties REIT NWH_u.TO: National Bank of Canada raises target price to C$5.75 from C$5.50
Pollard Banknote Ltd PBL.TO: Raymond James cuts target price to C$39 from C$46
Veren Inc VRN.TO: Atb Capital Markets cuts target price to C$9.5 from C$11
Wheaton Precious Metals Corp WPM.TO: Peel Hunt raises target price to C$110 from C$95
Whitecap Resources Inc WCP.TO: Raymond James raises to outperform from market perform

S&P/TSX Composite Index Earnings Calendar

Figure 1: S&P/TSX Composite Index Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Labrador Iron Ore Royalty Corp	LIF.TO	AMC	
Peyto Exploration & Development Corp	PEY.TO	AMC	0.99
Transcontinental Inc	TCLa.TO	AMC	0.37

Source: LSEG

Morning News

Kohl's Corp: The company forecast a bigger drop in annual comparable sales than expected, piling on more pressure on new boss Ashley Buchanan as he engineers a turnaround at the U.S. department store chain struggling with uneven demand. The company expects 2025 same-store sales to decline 4% to 6%, compared with estimates for a 0.9% drop.

Oracle Corp: The company CEO Safra Catz on Monday gave a strong growth outlook for its fiscal 2026 and 2027, indicating that the skyrocketing demand for advanced artificial intelligence computing shows no signs of slowing down. The company expects fiscal 2026 revenue to grow 15% while fiscal 2027 revenue is forecast to grow 20%, both surpassing analysts' estimates. Catz also said on the post-earnings conference call that the company's capital expenditure for this fiscal year will more than double to $16 billion and added that demand is "dramatically" outstripping supply. Cloud revenue in the third quarter rose 23% to $6.2 billion. The company reported revenue of $14.13 billion, missing the analysts' average estimate of $14.39 billion. On an adjusted basis, the company earned $1.47 per share, compared with estimates of $1.49 per share.

Eaton Corporation PLC: The power management company said it will buy Fibrebond Corporation in a $1.4 billion deal, as it looks to expand its reach into the data center market. Minden, Louisiana-based Fibrebond designs and builds equipment used by data center, industrial, utility and communication companies. The transaction is expected to close in the third quarter of 2025.

Hinge Health Inc: The company which provides digital exercise therapy programs to help people manage and overcome muscle and joint pain, on Monday filed for its long-sought New York initial public offering. The company which was valued at $6.2 billion in a 2021 funding round, reported a 33.4% increase in revenue for 2024 and a reduction in net losses, according to its IPO paperwork. Revenue rose to $390.4 million in 2024, compared with $292.7 million a year earlier, while net losses shrunk to $11.9 million in the same period from $108.1 million a year earlier. Other major shareholders include Insight Venture Partners, Atomico, 11.2 Capital, and Bessemer Venture Partners. Hinge Health, which has tapped 14 banks for the IPO, will list on the New York Stock Exchange under the symbol "HNGE."

AT&T Inc: The company forecast first-quarter adjusted profit in line with analysts' estimates on Monday, signaling steady demand for its discounted premium plans combining 5G mobile with high-speed fiber data. The U.S. telecom giant has been investing in its high-speed fiber internet offerings to help drive faster subscriber and revenue growth, at a time when the pool of potential new wireless customers shrinks in the United States. On an adjusted basis, the company expects per-share earnings of 48 cents or higher excluding DIRECTV, compared with estimates of 49 cents. The company said on Monday it expects to receive about $1.4 billion to $1.5 billion of cash payments from DIRECTV related to this deal. AT&T also reaffirmed its annual adjusted profit forecast in the range of $1.97 to $2.07 per share.

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FOCUS RESEARCH

Oracle Corporation (ORCL) (Outperform, TP: US$185.00)

A Lot Of Moving Parts: Big Bookings Quarter & FY26 Revenue Acceleration Help Offset F3Q Revenue Shortfall

Bottom line: Oracle served up something for both bulls and bears last night as while revenue/EPS came in a bit shy of forecasts, the company blew away expectations for RPO ($130bn vs. ~$105bn est) and guided to 15% revenue growth in FY26. From a bookings perspective, there were a few larger deals that helped drive the RPO beat, but the company noted that OCI demand is broad based and continues to outstrip capacity. In addition to guiding FY26 revenue to 15% growth, the company is forecasting revenue growth could accelerate to 20% by FY27 – and this does NOT include any contributions from Stargate. Finally, it should be noted that the guidance for F4Q Cloud revenue is 26-28% in c/c (not 24-28%), which indicates acceleration vs. +25% this quarter. Of course, the offset to the strong OCI growth is the fact that OCI margins, especially AI-related revenue, will be a drag on GM's and operating margins will come down in FY26 as a result. Given that we had previously lowered our op. margin target to 42.5% (it comes down another 60bps), our FY26 EPS estimate only comes down by $0.07 as our revenue estimate moves higher (now 13% vs. 11.7%). However, we expect that much of the Street will need to adjust op. margin expectations this morning and this could offset some of the enthusiasm related to the acceleration in bookings/RPO. At these levels, we believe the pros (accelerating revenue/OCI growth) outweigh the cons (mixed F3Q and lower op. margins/FCF) and with Street estimates likely to be reset at levels where they can move higher over the remainder of CY25, we believe the risk/reward skews to the upside for those that can take a view out to the summer/fall. Given the broader pullback in the market, we are tweaking our PT to $185 or ~25x CY26 EPS. In terms of other takeaways from the call, we would highlight: (1) The F3Q revenue shortfall was largely the result of some component shortages which impacted capacity and some license revenue (~$100mn) shifting around. Capacity issues will linger into F4Q but cloud is expected to accelerate in F4Q; 2) RPO growth was aided by a couple larger deals, but this was overall a very balanced bookings quarter. cRPO grew by 17% in F3Q vs. +21% in F2Q;

COMPANY UPDATE

Delta Air Lines, Inc. (DAL) (Outperform, TP: US$80.00)

Softer 1Q25 Update

Summary: Ahead of its conference presentation tomorrow, Delta updated 1Q25 guidance after the close. Delta now expects 1Q EPS of $0.30-0.50 from initial $0.70-1.00 (our recently revised $0.59, street $0.85) on revenue growth of 3-4% y/y (prior guide +7- 9%, our prior +6%). Softer close-in revenue was attributed to lower consumer confidence and companies starting to pull back a bit due to policy uncertainty (A&D, Autos, TMT). Additionally, Delta saw an adverse impact immediately following a high-profile safety event in Toronto (which lingered in the headlines). • Total demand headwind is sized at $500m, with $250m considered “transitory” and confined to 1Q. Company noted we are in one of the weakest seasons of the year, will have a much better feel for where trends stand into spring and summer. • Premium has held up, loyalty growing at a double-digit, international holding up. Sees as more of a domestic issue that may improve as policies come into focus.

ServiceNow, Inc. (NOW) (Outperform, TP: US$1150.00)

Announces Moveworks Acquisition For ~$3bn: A Few Thoughts & Some Rough CY26 Acquisition Math

Earlier today, ServiceNow announced a definitive agreement to purchase Moveworks for $2.85bn in a combined cash + stock deal. Moveworks rounds out ServiceNow’s agentic AI strategy with its front-end AI assistant and enterprise search technology, with the deal rationale being that the combined solutions will create a rounded offering for all parts of the enterprise, including CRM. A few interesting data points from the release and from our own research: 1) Moveworks surpassed ~$100mn in ARR late last year and according to Deloitte’s “2024 Technology Fast 500 Rankings”, grew +800% last year; 2) Moveworks brings a team of +500 AI experts as well as strong adoption from F500 and G2K companies to date, such as Instacart, Palo Alto Networks, and Toyota; 3) Moveworks already has ~5mn employees leveraging its new agentic platform in just 18 months, with nearly ~90% of customers deploying the technology to ALL of their employees; 4) unrelated to the deal, but Pro Plus/NOW Assist has crossed $200mn in ACV as of CY24 year end; 5) Moveworks is commonly used today for front-end employee automation across sales, CRM, finance, and HR. Bottom line: While the rapid growth of the company requires some meaningful assumptions (with a lot of potential variability) in terms of trying to frame the level of near-term revenue upside, we are conservatively assuming ~$300mn in ARR by CY25 year end, leading to ~$350mn in incremental CY26 revenue or ~2% upside to current Street estimates. While the timing of the deal (closing in 2H25) means that the revenue impact in CY25 will be minimal and IR has confirmed that there are not any changes expected to the FY25 profitability targets as a result of the deal, we conservatively assume (-25%) Moveworks FCF margin in our CY26 rough math, leading to a ~1-2% headwind to current CY26 FCF targets. All in, we view this as a TAMexpansive move that offers an accelerated path to building a bigger beachhead of agents in the enterprise. We believe the deal also provides clarity around NOW’s near-term M&A ambitions, which has been a lingering concern for some. Please see inside for our ‘rough math’ on the potential CY26 financial impact and associated valuation impact, and CYOA model available upon request.

OTHER COMMENTS

CenterPoint Energy, Inc. (CNP) Prime for a Re-Rate, Upgrading to Outperform

Retail Broadlines & Hardlines The Week Ahead & Comps Sheet

Arch Capital Group Ltd. (ACGL) 10K Reserve Review & Highlights: Long-Tail Reserves Are Paying Out Faster, But PYD Remains Steady
Cohen & Steers Inc. (CNS) Flattish Feb Flows w/ Retail Green & Inst'l Red - In Front of a Likely Tough March For the Group
Illumina (ILMN) Putting an EPS floor of $4.50 should assure LT investors + math on implied China assumptions
ZipRecruiter, Inc. (ZIP) Key Takeaways From Management Meeting
Sun Country Airlines Holdings Inc (SNCY) 1Q25 update in line with our recent revision, well positioned

S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Lennar Corp	LEN.N	NTS	1.75

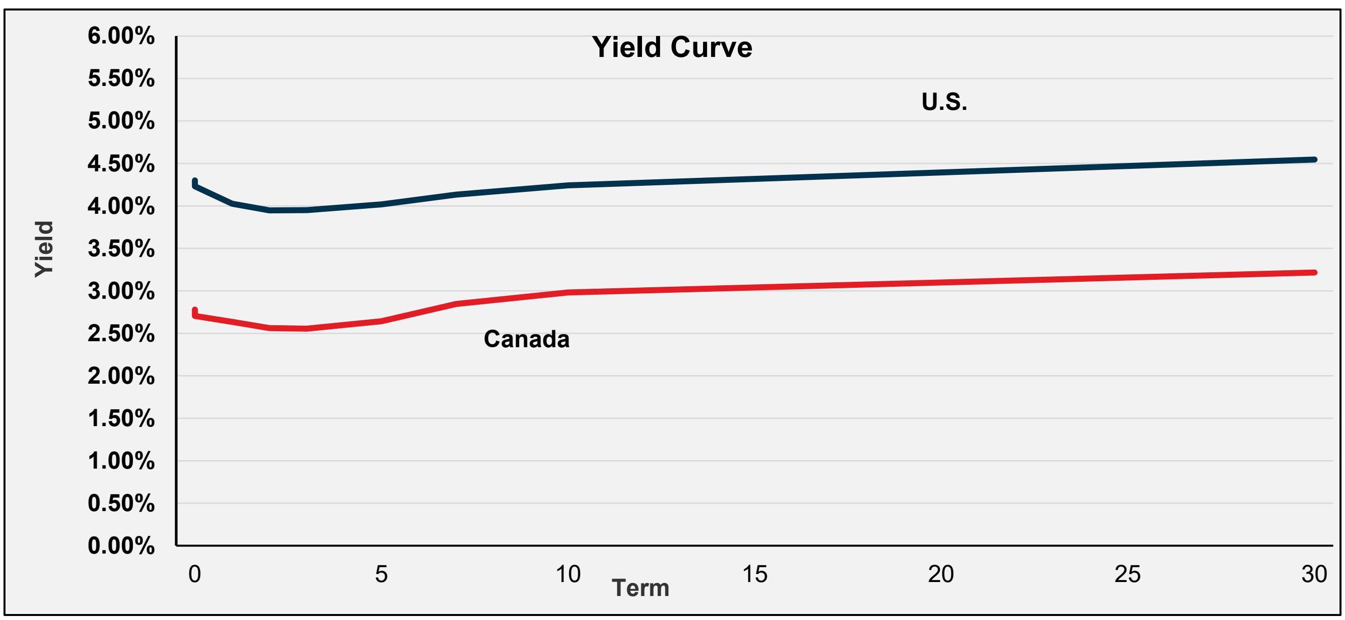
Source: LSEG

Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	3.00%	0.0	CDA 5 year	2.65%	2.3
CDA Prime	5.20%	0.0	CDA 10 year	3.01%	2.2
CDA 3 month T-Bill	2.71%	0.0	CDA 20 year	3.17%	2.1
CDA 6 month T-Bill	2.71%	1.0	CDA 30 year	3.26%	2.4
CDA 1 Year	2.64%	1.5			
CDA 2 year	2.55%	1.7			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	4.25-4.50%	0.0	US 5 year	3.99%	1.9
US Prime	7.50%	0.0	US 10 year	4.23%	1.9
US 3 month T-Bill	4.20%	0.5	US 30 year	4.55%	1.1
US 6 month T-Bill	4.22%	0.3	5YR Sovereign CDS	39.49	
US 1 Year	4.00%	1.0	10YR Sovereign CDS	42.47	
US 2 year	3.91%	1.4			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			640.69	-0.29%	0.83%
BMO Laddered Preferred Shares (ETF)			10.98	-0.63%	0.27%

Source: LSEG

Figure 2: Yield Curve (Canada & U.S.)



Source: LSEG

Forex – March 2025

Highlights

- Trade uncertainty is weighing on the US dollar, which has already declined by 4% against a basket of 24 currencies since the end of January. The greenback's depreciation has been further driven by speculative flows, including a significant reduction in long-dollar positions. However, we believe the recent sell-off may be overdone, and safe-haven demand could provide support for the USD—at least until Washington clarifies its trade policy on April 1.
- The Canadian dollar remains highly volatile amid the persistent threat of US tariffs but has still managed to recover some ground against the USD since touching 1.48 in early February. The looming 25% tariffs on aluminum and steel, the potential 250% tariffs on dairy products, and China’s newly announced high import levies on Canadian agricultural goods are all set to weigh on Canada’s trade balance and broader economy. With these headwinds, the stage is set for further monetary easing by the Bank of Canada in the first half of 2025, likely leading to a weaker loonie.
- The euro staged its most aggressive one-week rebound against the U.S. dollar in 16 years at the start of March, surging 4.7 cents to nearly 1.09. This sharp appreciation propelled the currency past its 200-day moving average, reaching its highest level since November. The European currency found renewed strength on a German push for defence and infrastructure spending which could reach 1 trillion € in the coming years. Moreover, the USD dollar has been on a reversal as uncertainty surrounding trade policy has spooked investors. Despite a comparatively dovish European central bank and the lingering possibility of a U.S.-EU trade dispute set to unfold in April, speculators have essentially returned their short positions to neutral on the currency. While some of the recent appreciation is likely overdone considering a still ambiguous growth and geopolitical outlook, we expect the European currency to head towards a stronger footing in the second half of this year. That said, short-term volatility remains on the menu.
- The Japanese Yen reached its strongest level in 5 months against the USD in the first week of March. Strong wage growth and tenacious food inflation continue to fuel the ramp-up in monetary policy and the latter has likely been an element underpinning the currency’s recent bout of strength. At the same time, JPY may be regaining its status as a safe haven currency, with rising uncertainty around U.S. trade policy adding to its appeal. Speculative positions on the Yen have surged to their longest net-long level on record, based on available data going back to 2006. While we anticipate the yen will maintain a stronger footing in the coming quarters, caution is warranted. Recent comments from Japan’s Finance Minister on excessive currency market volatility, along with the potential for government intervention, could temper further gains.

[Click for the full report]

Figure 1: NBF Currency Outlook

Currency		Current March 7, 2025	Forward Estimates Q1 2025	Q2 2025	Q3 2025	Q4 2025
Canadian Dollar (new forecast)	*(USD / CAD)*	**1.44**	**1.47**	**1.45**	**1.42**	**1.40**
United States Dollar	*(CAD / USD)*	*0.70*	*0.68*	*0.69*	*0.70*	*0.71*
Euro	*(EUR / USD)*	1.09	1.06	1.08	1.10	1.11
Japanese Yen	*(USD / JPY)*	147	149	146	144	142
Australian Dollar	*(AUD / USD)*	0.63	0.63	0.65	0.66	0.67
Pound Sterling	*(GBP / USD)*	1.29	1.26	1.28	1.30	1.31
Chinese Yuan	*(USD / CNY)*	7.24	7.27	7.25	7.22	7.20
Mexican Peso	*(USD / MXN)*	20.3	21.0	20.5	20.0	19.5
Broad United States Dollar (1)		**125.2**	**127.8**	**125.8**	**123.8**	**122.3**

1) Federal Reserve Broad Index (26 currencies)

Source: NBC Economics & Strategy

Figure 2: Canadian Dollar Cross Currencies

Currency		Current March 7, 2025	Forward Estimates Q1 2025	Q2 2025	Q3 2025	Q4 2025
Euro	*(EUR / CAD)*	1.56	1.56	1.57	1.56	1.55
Japanese Yen	*(CAD / JPY)*	103	101	101	101	101
Australian Dollar	*(AUD / CAD)*	0.91	0.93	0.94	0.94	0.94
Pound Sterling	*(GBP / CAD)*	1.86	1.85	1.86	1.85	1.83
Chinese Yuan	*(CAD / CNY)*	5.04	4.95	5.00	5.08	5.14
Mexican Peso	*(CAD / MXN)*	14.1	14.3	14.1	14.1	13.9

Source: NBC Economics and Strategy

Monthly Fixed Income Monitor - March 2025

Forecast Summary

- So it's (economic) war then? Or is it? Predictably, the on-again, off-again, on-again, off-again nature of a U.S.-initiated and increasingly broad trade war has sown economic chaos and prompted a fundamental re-assessment of risk (across global bond markets and other asset classes). Suffice it to say, acute (unprecedented?) geopolitical uncertainty lends a highly contingent nature to our published interest rate forecast, with the U.S. administration having roundly shaken the confidence and conviction of economic decision makers, investors and forecasters alike.

- While hardly the only front in a U.S. trade war, developments at America's northern border have been galvanizing. Notwithstanding the arguably false pretext, announced U.S. tariffs on Canadian imports prompted swift retaliation by Canadian governments, the full extent and nature of Canada's countermeasures yet to be implemented. As we write this, the tariff situation is fluid, with mixed messaging as it relates to the precise coverage and timing of U.S. levies. Regardless, intense policy uncertainty risks short-circuiting what might have been a budding Canadian recovery. Indeed, recent Canadian data (GDP, jobs) had been encouraging, with underlying inflation also having surprised to the upside. But much could change quickly. The outlook for much-needed business investment has been imperiled by trade uncertainty, while domestic consumers are apt to delay purchases. Early reads show tariff-related noise is paralyzing key regional housing markets even as policy interest rates have moved lower.

- While an imperfect response to the economic destruction caused by a trade war, we see little choice but for the Bank of Canada to continue easing monetary policy. Beyond an expected 25 basis point rate cut on March 12th, our current working assumption/forecast envisions additional quarter-point cuts in April, June and July. That would bring the BoC's target rate to 2% by summer, amounting to 300 basis points of cumulative relief in a little more than one year's time. Our BoC call embeds one additional 25 basis point cut in 2025 compared to our previous forecast but don't let this relatively modest change in the projected terminal rate fool you. Absent tariff threats, impressively strong Canadian macroeconomic data would've had us revising up our earlier estimates. On net, call it an additional 50-75 basis points of interest relief relative to a non-tariffed world.

- When it comes to forecast risks, a more aggressive easing stance could be required/justified if trade war fallout is more significant than we expect. Conversely, a quick and genuine de-escalation could argue for a shallower glide path for BoC policy. We've much to control for then, including the evolving suite of fiscal measures and economic reforms that Canadian governments aim to implement. While still early, the first few provincial budgets confirmed marginal fiscal stimulus, with looser budgetary policy generally bending net borrowing needs higher. With sizeable public sector funding needs ahead and ~40% of the nation's debt securities now held externally, it will be increasingly vital to monitor investor attitudes towards Canada risk in all its forms. Just this month, the German bond market showed what large swings in the fiscal balance can mean for government borrowing costs. To be sure, our economic outlook is consistent with rates coming down across the curve. Nonetheless, our longer-term yield forecasts contain a larger-than-'normal' term premium. We'll also readily acknowledge the growing risk that yields get 'stuck' or move higher.

- For the U.S., a long-standing economic resilience narrative may need to be re-examined, as some signals of potential weakness have emerged of late. Complicating the path forward for the FOMC, however, is still-sticky observed inflation and an upward tilt to inflation expectations. U.S. tariffs are unlikely to soothe underlying inflation fears. If, as we expect, U.S. growth loses altitude and the pace of hiring slows, the FOMC could be in a position to re-start rate cuts by June. Consistent with our prior forecast, we assume 75 basis points of FOMC easing in calendar 2025, but would see the balance of risk as tilted to greater accommodation if geopolitical turbulence persists.

Figure 3: U.S. and Canada Rate Projections

United States						
Quarter	Target	3M	2Y	5Y	10Y	30Y
10-Mar-25	**4.50**	**4.20**	**3.94**	**4.01**	**4.24**	**4.55**
Q1:2025	4.50	4.30	3.95	4.05	4.25	4.50
Q2:2025	4.25	4.05	3.80	3.90	4.15	4.40
Q3:2025	4.00	3.80	3.60	3.70	4.00	4.25
Q4:2025	3.75	3.55	3.45	3.55	3.85	4.15
Q1:2026	3.50	3.30	3.30	3.40	3.75	4.05
Q2:2026	3.25	3.10	3.35	3.45	3.85	4.10
Q3:2026	3.25	3.10	3.40	3.55	4.00	4.20
Q4:2026	3.25	3.20	3.50	3.70	4.10	4.30

Canada						
Quarter	Target	3M	2Y	5Y	10Y	30Y
10-Mar-25	**3.00**	**2.71**	**2.54**	**2.63**	**2.98**	**3.22**
Q1:2025	2.75	2.50	2.50	2.60	2.90	3.15
Q2:2025	2.25	2.10	2.25	2.40	2.65	2.90
Q3:2025	2.00	1.95	2.10	2.25	2.60	2.85
Q4:2025	2.00	1.95	2.05	2.25	2.65	2.85
Q1:2026	2.00	2.00	2.15	2.35	2.70	2.90
Q2:2026	2.00	2.20	2.30	2.45	2.75	2.95
Q3:2026	2.25	2.45	2.50	2.65	2.85	3.00
Q4:2026	2.50	2.70	2.65	2.75	2.95	3.05

Source: NBC Economics & Strategy

Click here for full comments

Evercore ISI – Fixed Income Strategy

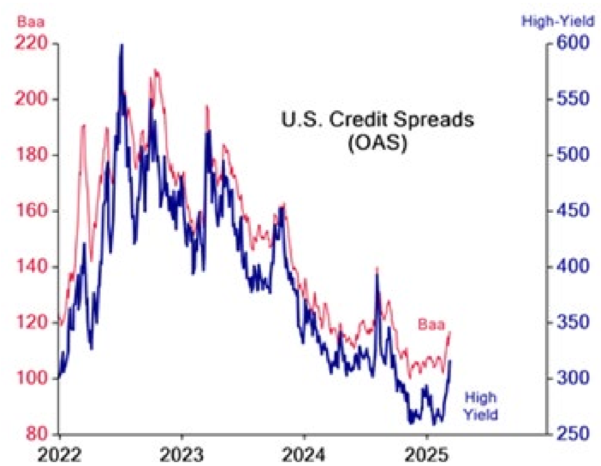
Downside Risk to Inflation

The economic calendar is quiet today. NFIB sentiment fell moderately in Feb. We believe job openings will fall, though consensus has them modest higher. Finally, there is a 3-year Treasury auction, whose preliminary demand indicators suggest a solid auction. Tomorrow, inflation (CPI and PPI) will take center stage. Though inflation does not have the influence on capital markets that it did three months ago, it still will dominate the chatter. We estimate the headline CPI rose less than consensus and the y/y gain should slow.

Capital Markets:

Fixed income markets slipped overnight in part on heightened fears about growth. The 10-year yield is down -1bp to 4. 215% while the 2-year is at 3.900%. Other developed sovereign yields are generally mixed. The dollar continues to fall. Bitcoin, oil and gold are up. Argentina took another towards putting the new IMF program in place. Central Europe are at risk to slower economic growth according to IMF.

Figure 4: Heightened recession fears have started to push credit spreads higher, though they are still low



Source: Evercore ISI Research

Evercore ISI – Global Policy & Central Banking Strategy

Fed – Inflation Expectations Would Allow the Fed to Respond to Material Labor Weakness, Though Not Preempt It

A central question for the market is whether – in the current mode of max tariffs / max tariff uncertainty – the Fed could respond to material weakness in the labor market by cutting rates, or whether it would be prevented from doing so by stagflation fears.

As Fed speakers have highlighted, this judgment would rest mostly on longer-term inflation expectations.

Powell assessed Friday that longer term expectations appear broadly well-anchored.

On Monday the NY Fed survey of consumer expectations provided additional reassurance, with no change in household inflation expectations at the three and five year horizons in February in spite of all the tariff talk.

This follows the Michigan survey that showed a surge in longer-run household inflation expectations.

Fed officials were inclined to aim off the Michigan survey because it was highly partisan with Democrats expecting more inflation and Republicans less. The NY Fed SCE will give them comfort doing so.

It suggests while there is still plenty of disagreement, households in general view tariffs as likely to push up inflation for the first year, but not in the medium term.

This comes as longer term market inflation break-evens and inflation swaps past the one-year horizon have been coming down not up as tariff actions have escalated, falling further Monday amid rising growth concerns.

The message from the market is the adverse effects of max tariffs / max tariff uncertainty on growth outweigh the adverse effects of tariffs on inflation beyond the first year – at least probability weighted, taking into account recession risk further raised by the DOGE shock.

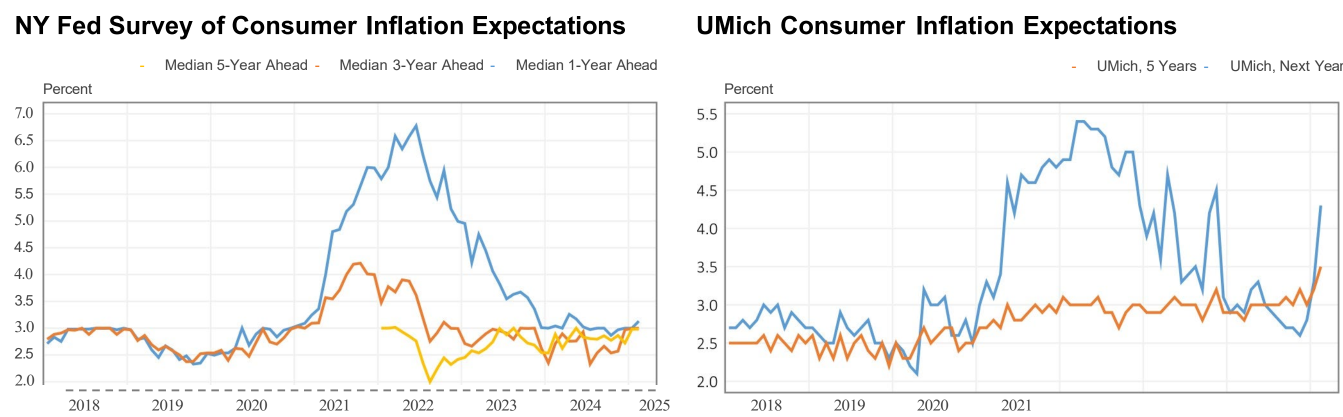
Not all expectations indicators are perfectly locked down. And, they could shift when tariff-driven price increases bite.

But we are confident the current state of inflation expectations would permit the Fed to act with a bad news rate cut if it sees serious cracks in the labor data.

What the Fed cannot do in max tariff / max tariff uncertainty mode is deliver a good news cut on inflation progress or cut preemptively before material labor weakness has materialized.

Which is why this remains a difficult context for risk – one that only really improves if Trump moderates and gives more clarity on trade and DOGE.

Figure 5: NY Fed and UMich Surveys of Consumer Inflation Expectations



Source: Evercore ISI Research, Federal Reserve Bank of New York, University of Michigan

Evercore ISI – Global Policy | Political Analysis

STEEL YOURSELF: Trump 2.0 Steel and Aluminum Tariffs Will Start Much Tougher than Trump 1.0

On March 12, 25% tariffs on steel and aluminum are scheduled to come into force, building significantly on the Trump 1.0 tariffs that were the result of a 232 investigation from 2018.

Unlike the recent Canada/Mexico tariffs that were mainly intended to win concessions on immigration/fentanyl, this latest round of steel and aluminum tariffs reflect core economic and national security goals around reshoring and defending the U.S. industrial base. As such, we think these tariffs will not be subject to the same "on again off again" cycle.

The backdrop for these tariffs is continued global excess production capacity, largely driven by China, which the Administration argues distorts global markets and threatens U.S. producers. The Executive Order states there has been backsliding with regard to reliance on imports and domestic capacity utilization, as well as transshipment of Chinese products via third countries.

As a result, the approach now is much tougher.

- All the current country- and product-specific exemptions are ended.
- The rate on aluminum is increased from 10% to 25%.
- The scope of covered products is significantly expanded, including new "content tariffs" on the steel/aluminum content of products ranging from auto parts to air conditionings to semiconductor manufacturing equipment.
- The 25% appears to stack on top of other existing tariffs, including the recent IEEPA tariffs and the pre-existing China 301.

As time goes on, the Administration may well show some flexibility with respect to reintroducing some exemptions or limiting the stacking. We also expect that affected countries will again retaliate, further putting pressure on the Administration to negotiate.

But for now the tariffs coming into force on Wednesday cover nearly $200B in imports, including ~$50B from the original Trump 1.0 list that will no longer benefit from exemptions, another ~$50B in newly added steel/aluminum products that will also be hit with a full 25%, and ~$100B in derivative products that will face a 25% "content tariff."

Figure 6: Scope of Steel & Aluminum Tariffs by Country (CY2024 Imports, $BN)

	Trump 1.0		Trump 2.0				Total
	Full Tariff		Full Tariff		Content Tariff		
	Aluminum	Steel	Aluminum	Steel	Aluminum	Steel	
China	0.8	0.9	2.0	11.1	16.3	3.9	**35.0**
Mexico	0.4	3.6	0.8	6.3	20.9	1.7	**33.7**
Canada	9.5	7.3	1.1	4.0	10.1	1.6	**33.5**
EU	1.5	7.1	0.7	5.8	11.5	1.5	**28.1**
South Korea	0.8	2.9	0.1	2.0	5.6	0.6	**12.0**
Taiwan	0.1	1.5	0.1	3.0	4.2	0.5	**9.3**
Japan	0.1	1.7	0.0	1.1	5.2	0.4	**8.7**
Vietnam	0.1	1.1	0.3	1.1	2.7	1.0	**6.3**
India	0.5	0.5	0.2	2.1	1.4	0.4	**5.1**
Brazil	0.2	3.0	0.1	0.1	0.2	0.1	**3.7**
Thailand	0.3	0.3	0.2	0.8	1.5	0.3	**3.4**
UK	0.1	0.4	0.1	0.5	1.9	0.3	**3.4**
Malaysia	0.1	0.0	0.0	0.3	1.3	0.1	**1.9**
Turkey	0.2	0.4	0.1	0.4	0.7	0.1	**1.8**
UAE	0.9	0.3	0.0	0.4	0.2	0.0	**1.8**
ROW	2.3	1.3	0.8	1.1	3.1	0.4	**9.0**
Total	**17.8**	**32.3**	**6.5**	**40.1**	**86.8**	**12.9**	**196.5**

Source: U.S. Department of Commerce, U.S. International Trade Commission, Evercore ISI Calculations

Faltering Financials

S&P/TSX Financials - 461.14

- The S&P/TSX Financials are starting to under-perform after a strong period of out-performance since last July.
- Recent weakness broke a four-month top as the index broke support at 470.00.
- Increasing volume as the index broke its 50-day and support reflects the bears taking control.
- The intermediate trend has turned down.
- Next target is 440.00.

Great-West Lifeco Inc. (GWO:TSX) – $52.10

- Time to take money off the table on GWO as it made a weekly reversal to the downside last week.
- The stock made a new all-time high and closed lower on the highest volume in months.
- The short to intermediate trend is down.
- A gap below indicates thin support.
- Target is $45.00.

Bank of Nova Scotia (BNS:TSX) - $69.11

- BNS is technically the weakest bank.
- A recent breakdown at $70.00 completed a six-month top.
- Recent weakness also took the chart below its 200-day.
- Weak relative strength continues to be a problem.
- Target is $60.00.

goeasy Ltd. (GSY:TSX) - $150.44

- The GSY chart broke a top at $156.00 on volume completing a one-year top.
- Weak relative performance is leading the stock lower with the relative strength chart hitting 15-month lows.
- The last support of significance is being tested at $150.00.
- Failing support here opens the door for downside risk to $100.00.

Chart Source: LSEG Priced as of March 10, 2025

First Edition Calls

This Week on TEAMS:

MONDAY: Research Services – **8:30 am English call** / **9h00 appel français**

TUESDAY: Kyle Dahms, NBC Economist - **8:30 am English call** / **9h00 appel français**

WEDNESDAY: Dennis Mark, NBCFM Technical Analyst - **8:30 am English call** / **9h00 appel français**

THURSDAY: Daniel Straus, NBCFM ETFs & Financial Products Managing Director - **8:30 am English call** / **9h00 appel français**

FRIDAY: TBA - **8:30 am English call** / **9h00 appel français**

A replay is available in the Event Calendar of **Research Services SharePoint**

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Convertible Debentures

Convertible Debentures - February 2025

Convertible Debentures Printable Table

This report along with all the research from NBCFM Research Services can also be accessed on our **SharePoint**

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