NATIONAL BANK OF CANADA
FINANCIAL MARKETS

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June 4, 2025

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG
Dow Jones MINI futures	42,563.00	-35.00	-0.08%
S&P500 MINI futures	5,979.75	-1.75	-0.03%
NASDAQ MINI futures	21,699.50	-6.50	-0.03%
CANADA EQUITY MARKET	**LAST**	**CHANGE**	**%CHG**
S&P/TSX 60 futures	1,577.50	-2.10	-0.13%
OVERSEAS MARKETS	**LAST**	**CHANGE**	**%CHG**
STOXX EUROPE 600 INDEX	550.56	2.12	0.39%
FTSE 100 INDEX	8,814.69	27.67	0.31%
DAX GERMANY	24,187.77	96.15	0.40%
CAC 40 Index	7,801.80	37.96	0.49%
NIKKEI 225 INDEX	37,747.45	300.64	0.80%
HANG SENG INDEX	23,654.03	141.54	0.60%
SHANGHAI COMPOSITE INDEX	3,376.20	14.23	0.42%

COMMODITIES/ FX		LAST	CHANGE
CRUDE OIL WTI		$63.09	-$0.32
NATURAL GAS		$3.70	-$0.02
GOLD		$3,361.58	$9.60
COPPER		$4.85	$0.04
CAD / USD		$0.7297	$0.0010
CAD / EUR		€ 0.6398	-€ 0.0009
USD / EUR		€ 0.8768	-€ 0.0026
USD / JPY		¥143.59	-¥0.41
GOVERNMENT BONDS	**2YR**	**5YR**	**10YR**
CANADA (YLD%)	2.62%	2.87%	3.27%
U.S. (YLD%)	3.92%	3.99%	4.41%

Source: LSEG

Morning News

According to a majority of economists in a Reuters poll, the Bank of Canada (BoC) is expected to hold interest rates at 2.75% today, with rising core measures of inflation and better-than-expected gross domestic product growth in the first quarter seen favoring policymakers towards a pause. Economists are expecting that the central bank will likely adopt a wait-and-see approach as the impact of tariffs imposed by U.S. President Donald Trump plays out on the Canadian economy. They, nevertheless, still see at least two more rate cuts this year. Canada's annual inflation rate fell to 1.7% in April due to a drop in energy prices, but closely tracked core measures of inflation rose above the bank's target range of 1% to 3% in the same month. In addition, GDP growth also surprised in the first quarter, taking away some incentive to cut rates. Data showed last week that first-quarter gross domestic product grew by 2.2% on an annualized basis driven by exports to the U.S., helping shrink expectations of a rate cut. Currency swap markets show the odds for no rate cut today now stand at close to 78%. However, there are more and more signs that tariff impacts are starting to take a toll on the economy, prompting some economists to call for a cut. Domestic consumption was practically absent in the first quarter, an advance estimate of April GDP was not encouraging as was the unemployment rate, which rose to 6.9% in April, the highest since November. Also potentially weighing on the Canadian economy, Trump signed an executive proclamation that activates starting today a hike in the tariffs on imported steel and aluminium to 50% from the 25% rate introduced in March. The increase applies to all trading partners except Britain, the only country so far to strike a preliminary trade agreement with the U.S. during a 90-day pause on a wider array of Trump tariffs. Washington doubled its tariffs on steel and aluminium imports, the same day the U.S. administration expects trading partners to make "best offers" to avoid other punishing import levies from taking effect in early July. Canada is especially exposed to the aluminium levies since it exports to the U.S. roughly twice as much as the rest of the top 10 exporters' volumes combined. The increase in the levies jolted the market for both metals this week, especially for aluminium, which has seen price premiums more than double this year, but with little capacity to increase domestic production and the U.S. getting about half of its aluminium from foreign sources, U.S. import volumes are likely to be unaffected unless the price increases undercut demand. In markets, U.S. stock index futures nudged higher today as Hewlett Packard Enterprise's results fanned AI optimism and some tech shares gained, while investors awaited fresh data to better gauge the economic fallout of President Donald Trump's tariffs. In Canada, futures tied to Canada's main stock index also rose this morning as oil prices held steady, while gold and copper prices edged higher.

U.S Economic Calendar

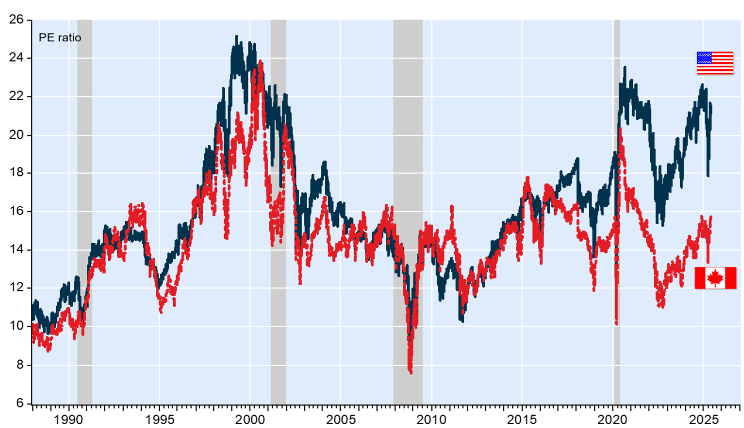
Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
07:00	MBA Mortgage Applications	30 May, w/e		-3.9%	-1.2%	
07:00	MBA 30-Yr Mortgage Rate	30 May, w/e		6.92%	6.98%	
08:15	ADP National Employment	May	110k	37k	62k	60k
09:45	S&P Global Comp PMI Final	May			52.1	
09:45	S&P Global Svcs PMI Final	May			52.3	
10:00	ISM N-Mfg PMI	May	52.0		51.6	
10:00	ISM N-Mfg Bus Act	May			53.7	
10:00	ISM N-Mfg Employment Idx	May			49.0	
10:00	ISM N-Mfg New Orders Idx	May			52.3	
10:00	ISM N-Mfg Price Paid Idx	May			65.1	

Canadian Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
08:30	Labor Productivity Rate	Q1		0.2%	0.6%	1.2%
09:45	BoC Rate Decision	5 Jun	2.75%		2.75%	

Chart of the day

Canada: Discount narrows, but still significant
12-month forward PE: S&P 500 vs S&P/TSX



NBC Economics and Strategy (data via Refinitiv)

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Morning News

Brookfield Asset Management: Brookfield Asset Management said on Wednesday that it plans to invest up to 95 billion Swedish crowns (US$9.9 billion) to build a data centre for artificial intelligence in Sweden. BAM has been investing heavily in Europe and earlier this year laid out plans to invest 20 billion euros to develop AI projects in France, making it Europe's largest AI infrastructure cluster. BAM said its data centre in the Swedish city of Strangnas, west of Stockholm, would create more than 1,000 permanent jobs and around 2,000 jobs during a 10-15 year construction process. The site is not only close to the capital Stockholm, but also other university towns such as Eskilstuna, Västerås, Linköping and Uppsala. BAM already owns a property at the site and is looking to sign a land allocation agreement with the municipality to plan for two years to build the AI centre. If the conditions for an AI centre are in place, the municipality will sell the land to BAM for 525 million crowns, but in the event of unmet conditions, the land will return to the municipality, Strangnas municipality said.

NBF Research

RATING AND TARGET PRICE CHANGES

Algonquin Power & Utilities Corp. - Investor update provides visibility on...; Stock Rating: Sector Perform (Was OP)

DAILY BULLETIN HIGHLIGHTS

ALGONQUIN POWER & UTILITIES CORP. - Investor update provides visibility on three-year earnings reset, moving to Sector Perform

AQN (NYSE; TSX):	**US$6.22; C$8.54**
Target:	**US$6.75** (Unchanged)
Stock Rating:	**Sector Perform** (Was Outperform)
Est. Total Return:	**12.7%**

Event: We are providing an update following AQN's investor update

Key Takeaways: AQN was up 16% after providing its investor update. EPS guidance is largely inline with cons for '25E/'26E and ahead of cons. for '27E, but a lag to our previous forecasts driven by capex, HLBV (non-cash) and rate case award assumptions. However, earnings growth should come, driven largely by operating cost discipline and completion of rate cases. AQN is forecasting $2.5 bln of investment into regulated assets over the next three years, taking its rate base to $9.1 bln by '27E. The company was recently awarded $770 mln in transmission projects in the SPP transmission plan, which should have attractive returns and little regulatory lag. We believe AQN could fund future growth with some asset recycling. We maintain our US$6.75/sh target, based on a long-term DCF with an 8.25% discount rate and equal to 15x our '27E EPS. However, following strong performance of the stock (up 40% this year), we are moving to SP.

TECSYS INC. - Tecsys 2025 User Conference Takeaways

TCS (TSX):	**C$41.97**
Target:	**C$50.00** (Unchanged)
Stock Rating:	**Outperform** (Unchanged)
Est. Total Return:	**19.9%**

Event: Conference Attendance Note

Key Takeaways: We had the opportunity to attend the Tecsys User Conference and joined many healthcare supply chain professionals in discussions about best practices, decision-making and the latest industry trends. Compared to the 2023 conference, our impression is that Tecsys has been increasingly evolving to resemble its established SaaS supply chain peers with a refreshed operating model that combines end-to-end visibility with cloud-native architecture, predictive data analytics and AI-driven risk scoring. Based on our discussions with customers and partners, we believe Tecsys still offers the most competitive solutions in its target verticals, with a multi-year trajectory of consistent market share gains and margin expansions. This note summarizes detailed takeaways on key growth drivers, the competitive landscape, the macro environment and customer feedback.

TRISURA GROUP LTD. - Management Reiterates Confidence in Outlook

TSU (TSX):	**C$40.42**
Target:	**C$57.00** (Unchanged)
Stock Rating:	**Outperform** (Unchanged)
Est. Total Return:	**41.0%**

Event: 2025 Investor Day

Key Takeaways: Overall, the management team presented a confident outlook for the business. Management reiterated financial objectives, highlighted the ample financial flexibility to fund growth aspirations and outlined a positive view for growth and profitability in all business lines. Therefore, we reiterate our favorable view that TSU will deliver clean and profitable quarters in the immediate term. We continue to use a 16x P/E on our NTM + 1YR estimates to arrive at our $57 price target.

OTHER COMMENTS

Fiera Capital Corp. - Off-restriction following debenture offering
Tecsys Inc. - Tecsys 2025 User Conference Takeaways
Trisura Group Ltd. - Management Reiterates Confidence in Outlook

RESEARCH FLASHES

Algonquin Power & Utilities Corp. - Investor update and outlook highlights potential for recovery, in line with consensus…
Computer Modelling Group Ltd. - CMG and Baker Hughes Announce Advance Digital Integration

MORNING HIGHLIGHTS

PET VALU HOLDINGS LTD. - ~$576 million secondary offering; Termination of investor rights agreement

PET (TSX):	**C$30.54**
Target:	**C$33.00** (Unchanged)
Stock Rating:	**Outperform** (Unchanged)
Est. Total Return:	**9.6%**

Event: PV Holdings S.à r.l., Roark Capital Partners II AIV AG, L.P., RCPS Equity Cayman LP & Roark Capital Partners Parallel II AIV AG, L.P. will sell 20.0 mln shares under a bought deal secondary offering.

Key Takeaways: (1) The gross proceeds to selling shareholders will be ~$576 mln; PET will not receive any proceeds. (2) This transaction will result in Roark fully divesting its remaining stake in Pet Valu. (3) The investor rights agreement will terminate, which includes the nomination of Board directors by Roark, among other stipulations. (4) The full divestiture by Roark will remove an equity overhang from the shares, which we view to be constructive over the medium term. (5) Maintain Outperform rating; price target is $33.

MORNING COMMENTS

Pet Valu Holdings Ltd. - ~$576 million secondary offering; Termination of investor rights agreement

Canadian stocks ratings and target changes across the street

Agnico Eagle Mines Ltd AEM.N: RBC raises target price to US$145 from US$115
Alamos Gold Inc AGI.N: RBC raises target price to US$34 from US$30
Algonquin Power & Utilities Ltd AQN.N: National Bank of Canada cuts to sector perform from outperform
Algonquin Power & Utilities Ltd AQN.N: Raymond James raises target price to US$6 from US$5
Artemis Gold Inc ARTG.V: RBC raises target price to C$34 from C$32
B2Gold Corp BTG.N: RBC raises target price to US$4.50 from US$4
Centerra Gold Inc CG.TO: RBC raises target price to C$13 from C$12
Eldorado Gold Corp EGO.N: RBC raises target price to US$27 from US$23
Equinox Gold Corp EQX.TO: RBC raises target price to C$12 from C$11
First Quantum Minerals Ltd FM.TO: RBC raises target price to C$25 from C$24
G Mining Ventures Corp GMIN.TO: RBC raises target price to C$27 from C$23
Hudbay Minerals Inc HBM.TO: RBC raises target price to C$17 from C$16
IAMGOLD Corp IAG.N: RBC raises target price to US$9 from US$8
K92 Mining Inc KNT.TO: RBC raises target price to C$19 from C$18
Lundin Gold Inc LUG.TO: RBC raises target price to C$54 from C$50
New Gold Inc NGD.N: RBC raises target price to US$6 from US$4.50
Oceanagold Corp OGC.TO: RBC raises target price to C$8.50 from C$8
Orla Mining Ltd OLA.TO: RBC raises target price to C$18 from C$15
Or Royalties Inc OR.TO: BMO raises target price to C$33 from C$31
Pan American Silver Corp PAAS.N: RBC raises target price to US$34 from US$32
Seabridge Gold Inc SA.N: RBC raises target price to US$35 from US$30
Skeena Resources Ltd SKE.TO: RBC raises target price to C$23 from C$20
Torex Gold Resources Inc TXG.TO: RBC raises target price to C$60 from C$50
Wesdome Gold Mines Ltd WDO.TO: RBC raises target price to C$22 from C$19

S&P/TSX Composite Index Earnings Calendar

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

Company	Symbol	Time	Consensus EPS Estimate
Descartes Systems Group Inc	DSG.TO	AMC	0.43
Transcontinental Inc	TCLa.TO	AMC	0.55

Source: LSEG

Morning News

CrowdStrike Holdings Inc: The cybersecurity firm forecast second-quarter revenue below Wall Street estimates, signaling weaker government and enterprise spending on cybersecurity products, sending the company's shares down after the bell on Tuesday. CrowdStrike said on a post-earnings call it expects second-quarter free cash flow to be impacted by about $29 million due to outage and related expenses. The company reported total revenue of $1.10 billion in the first quarter, in line with analysts' average estimate. On an adjusted basis, it earned 73 cents per share, compared with 79 cents a year earlier. CrowdStrike forecast second-quarter revenue to be between $1.14 billion and $1.15 billion, compared with estimates of $1.16 billion. The company's board also approved a share repurchase program of up to $1 billion on Tuesday.

Hewlett Packard Enterprise Co: The server maker beat Wall Street's second-quarter revenue and profit estimates on Tuesday, driven by demand for its artificial-intelligence servers and hybrid cloud segment. Shares of the company, which also recorded an impairment charge of $1.36 billion in the reported quarter, rose in extended trading. For the quarter ended April 30, the company reported revenue of $7.63 billion, ahead of analysts' average estimate of $7.45 billion. Adjusted profit per share for the second quarter was 38 cents, beating an estimate of 32 cents per share. Server revenue was up 5.7% to $4.06 billion and revenue for the hybrid cloud segment grew 13% to $1.45 billion. Hewlett Packard tightened its annual revenue forecast growth to be up 7% to 9%, compared to its prior forecast of 7% to 11% growth. The company forecast third-quarter revenue between $8.2 billion and $8.5 billion, compared to an estimate of $8.17 billion.

ONEOK Inc: The pipeline operator said on Tuesday that it had bought the remaining stake in Delaware Basin JV from NGP XI Midstream Holdings in a cash-and-stock deal valued at $940 million. By acquiring the remaining 49.9% interest, ONEOK has gained sole ownership of the basin, which operates natural gas gathering and processing facilities in West Texas and New Mexico's Delaware Basin, with a total processing capacity exceeding 700 million cubic feet per day. The company said that the deal comprises $530 million in cash and $410 million in ONEOK common stock. ONEOK operates a 60,000-mile pipeline network that transports natural gas, natural gas liquids, refined products, and crude oil.

Tesla Inc: A decline in Tesla's China-made electric vehicle sales extended to an eighth month in May, as the U.S. automaker's sales woes were compounded by brutal price wars in the world's largest auto market. Deliveries of China-made Model 3 and Model Y vehicles, including both domestic sales and exports to Europe and other markets, fell 15% in May from a year earlier to 61,662 vehicles, after a 6% fall in April, data from the China Passenger Car Association showed on Wednesday. Its China-made EV deliveries were up 5.5% from April. Tesla's EV sales rout also continued across much of Europe last month, as its aging model lineup and CEO Elon Musk's political activities deterred buyers. To spur sales in China, its largest market in the first quarter, Tesla last week offered smart assisted driving capability transfers to new vehicles in the country through the end of June.

Evercore ISI Research

FOCUS RESEARCH

Walmart, Inc (WMT) (Outperform, TP: US$107.00).

Shareholders' Day Preview: 5 Keys Debates

Walmart’s annual Shareholders’ Day store tours and executive meetings are set for 6/5-6/6, with our Sam’s Club Deep Dive set for 6/11 (in person in NYC). With the stock up 10% YTD (vs. the S&P +1%), sustaining the share gain momentum, driving positive traffic, and unlocking margin expansion are top of mind. In the medium to long term Walmart’s ability to navigate tariff volatility while also monetizing their innovative marketing business/ membership base/ and fulfillment services along with a potential Flipkart IPO are a few ways to keep the stock compounding. What should investors hope to learn this week? Plans to win share/drive traffic, while also enabling EBIT growth faster than sales via the potential margin benefits of the evolving business mix toward higher margin ancillary profit membership, advertising, 3P, + automation boost evident in the supply chain and via scaled efficiency for eComm (inc last mile). We believe Walmart is positioned for share gain and margin expansion as it executes at a high level and leans into scale to widen the competitive moat. We deep dive 5 key focal points ahead of the Shareholders Day event below and inside, with our takeaway webcast on Monday. Our $107 Base Case uses a CY26 P/E of 35.5x (~a 1.8x S&P premium) to reflect margin potential, steady traffic and ongoing market share gain. WMT remains in our Fab Five Portfolio with ORLY, SHW, AMZN and HD.

TARGET PRICE CHANGE

CrowdStrike Holdings, Inc (CRWD) (In Line, TP: US$440.0)

We're Taking A Breather & Moving To The Sidelines: Awaiting More Clarity Before Reengaging - D/G To In Line

We're stepping back on CRWD, awaiting more clarity before reengaging. The recent F1Q was solidly executed but not exceptional, with some revenue recognition dynamics causing adjustments. The full valuation and recurring one-time events make it challenging to see meaningful upside at current levels. Revenue Recognition Dynamics: The lack of top-line upside in F1Q revenue was influenced by the CCP program's partner activity, with incentives recorded as contra-revenue under ASC 606, causing a temporary divergence between ARR and subscription revenue. ARR and Revenue Outlook: F2Q net new ARR growth is expected around 6%, with management reaffirming a reacceleration in 2H driven by Falcon Flex uptake, broader module adoption, improved pipeline visibility, and expected CCP renewals.

Additional Key takes:

• Execution and Guidance: Despite solid execution, the softer F2Q guide and unchanged FY26 revenue outlook raise concerns.

• Financial Highlights: EPS of $0.73 beat forecasts, and FCF margins stood at a strong 25.3%, surpassing expectations.

• Challenges Ahead: Lingering unaddressed issues and full valuation pose challenges for significant upside in the near term.

The move to In Line reflects the need for more clarity and confidence in management's guidance and upcoming performance

COMPANY UPDATE

Apple Inc (AAPL) (Outperform; TP:$250.0)

WWDC Preview - A Transition Year WWDC Preview - A Transition Year

Expectations are more modest this year at WWDC compared to the buzzier events of 2024 and 2023. Anticipate Apple opening its foundation models for app developers, facilitating on-device AI. Also on the horizon is the expansion of Apple Intelligence partners, possibly including Perplexity and Gemini, integrated into iOS. A significant OS overhaul is in the works, alongside a new naming convention (e.g., iOS 26). Battery life remains crucial, with a new AI-powered battery management feature expected. A centralized gaming app, accounting for a substantial slice of App Store revenue, will also be a highlight. Despite some minor AI announcements, the prevailing sentiment that "Apple is behind on AI" might persist, though this underestimates Apple's strategic focus on efficient models and a capital-light approach, opting for revenue-sharing over hefty AI capex. Major AI features are likely reserved for 2026 to avoid past delays. This year's WWDC is set to be more low-key, with 2026 holding more substantial updates. AI Announcements in 2025: Apple seems to be taking a cautious approach with AI features this year. The highlight will be opening foundational models to app developers for on-device AI. Expect a new AI-powered battery management mode and a translate app compatible with AirPods and Siri. Some AI enhancements for Safari and Photos are also on the docket. Other Announcements in 2025: A significant overhaul of operating systems is planned, adopting a new user interface inspired by VisionOS. The OS will also shift to a year-based naming convention. Additional Key takes:

• 2026 Announcements: Anticipate major AI updates next year, including LLM Siri and a Chat-GPT-like chatbot. "Swift Assist" for Xcode is also in the pipeline, but not expected this year.

• Strategic Focus: Apple's focus on smaller, efficient models and a capital-light AI strategy could yield compelling returns without the risks of massive capex.

Overall, this year's WWDC is poised to be more about incremental improvements, with the real excitement likely coming in 2026.

OTHER COMMENTS

Danaher (DHR) Takeaways from field trip
Charles River (CRL) 'S'omething's 'O'ff w/'T'he 'P'rice - Properly Valuing Manufacturing Points to RMS/DSA Upside
U.S. Bancorp (USB) “Believe That” …IR Meeting Takeaways
Wells Fargo & Company (WFC) Free Bird!
Post Holdings (POST) Free cash flow accretive acquisition; Increasing target to $131
Viper Energy, Inc. (VNOM) Keeps it Moving in Midland
Snowflake, Inc. (SNOW) Fresh Powder: Summit ’25 Highlights Expanding Data Platform & AI Opportunity; PT to $240
Molson Coors (TAP) Fireside notes pressure in May from weak Memorial Day weather and outlines portfolio strategy more broadly
FactSet Research Systems Inc (FDS) Thoughts on (Abrupt) CEO Retirement
Incyte Corporation (INCY) First Look at mCALR at EHA - Initial Data is Promising
Hewlett Packard Enterprise Co. (HPE) Less Doom, More Bloom – More Upside Ahead

S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Dollar Tree Inc	DLTR.OQ	BMO	1.42

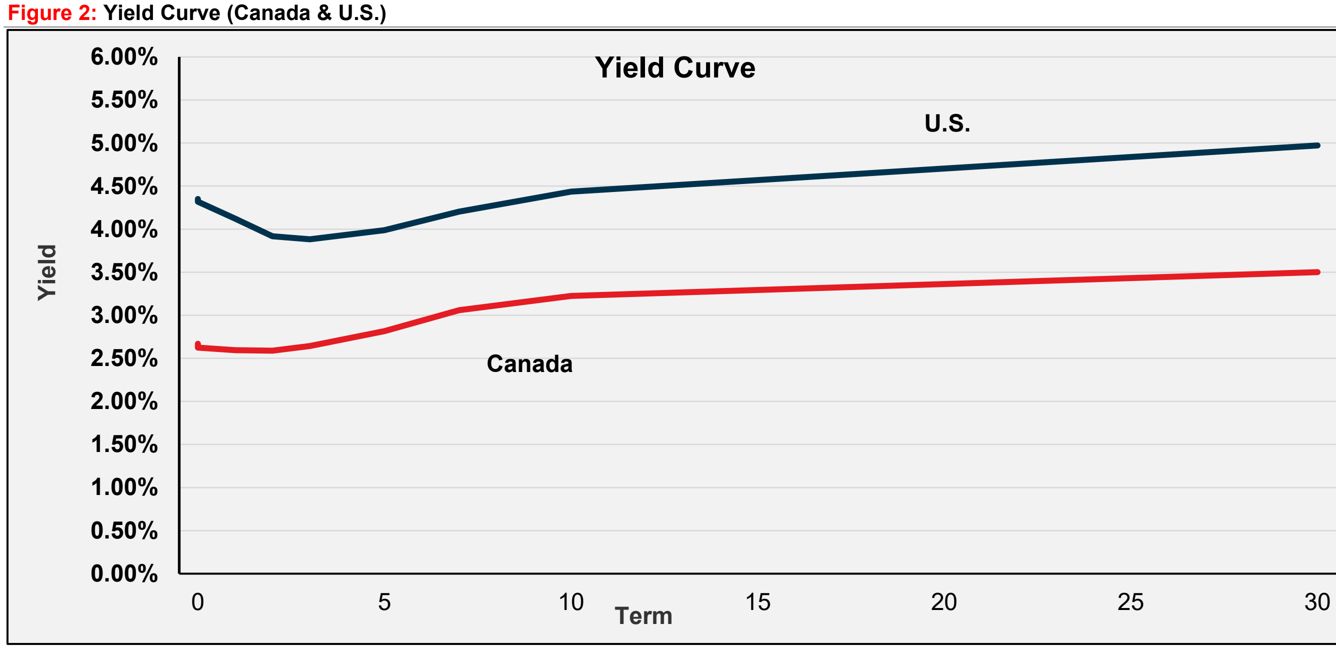
Source: LSEG

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

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.75%	0.0	CDA 5 year	2.90%	1.6
CDA Prime	4.95%	0.0	CDA 10 year	3.30%	2.0
CDA 3 month T-Bill	2.65%	0.0	CDA 20 year	3.51%	1.9
CDA 6 month T-Bill	2.64%	0.5	CDA 30 year	3.57%	1.9
CDA 1 Year	2.62%	0.5			
CDA 2 year	2.63%	0.2			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	4.25-4.50%	0.0	US 5 year	4.03%	0.0
US Prime	7.50%	0.0	US 10 year	4.45%	-0.6
US 3 month T-Bill	4.25%	0.2	US 30 year	4.97%	-1.2
US 6 month T-Bill	4.30%	0.5	5YR Sovereign CDS	49.98	
US 1 Year	4.13%	0.0	10YR Sovereign CDS	53.93	
US 2 year	3.96%	0.2			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			651.38	0.03%	2.51%
BMO Laddered Preferred Shares (ETF)			11.35	0.27%	3.65%

Source: LSEG

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



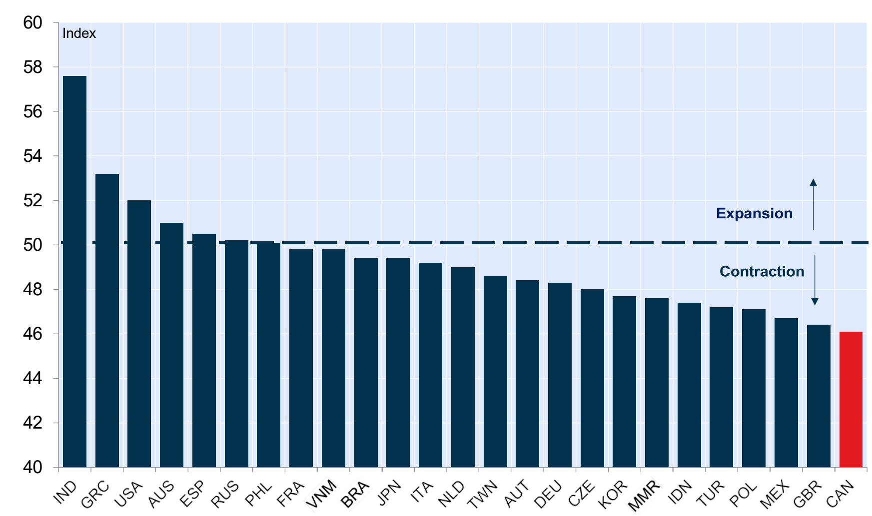
Source: LSEG

Canada: The manufacturing sector was in the worst shape in May

Yesterday, S&P Global provided a snapshot of state of the global manufacturing sector's, including Canada. The good news is that 15 out of 25 countries saw their indices improve as global trade tensions eased between April and May. However, factory activity continued to contract in 18 out of 25 countries (below 50 print). Canada finds itself in both situations, with its index rising from 45.3 to 46.1 — still well below the 50 mark that separates expansion from contraction. The most troubling aspect of this data is that Canada ranks last among the countries covered by S&P Global, as illustrated by today's Hot chart. After experiencing strong demand from its US customers prior to the imposition of tariffs, this sector was bound to experience a slowdown thereafter. There is reason to be worried in the medium term as well, given repeated threats from the US administration on Canadian factories. We eagerly await the May services index, which will be released tomorrow. In April, this index was also the lowest among all countries covered (at 41.5), reflecting the widespread weakness of the Canadian economy amid the current tariff uncertainty.

Figure 1: Canada: The manufacturing sector was in the worst shape in May

S&P Global manufacturing index by country in May



Source: NBC Economics & Strategy (data via Bloomberg)

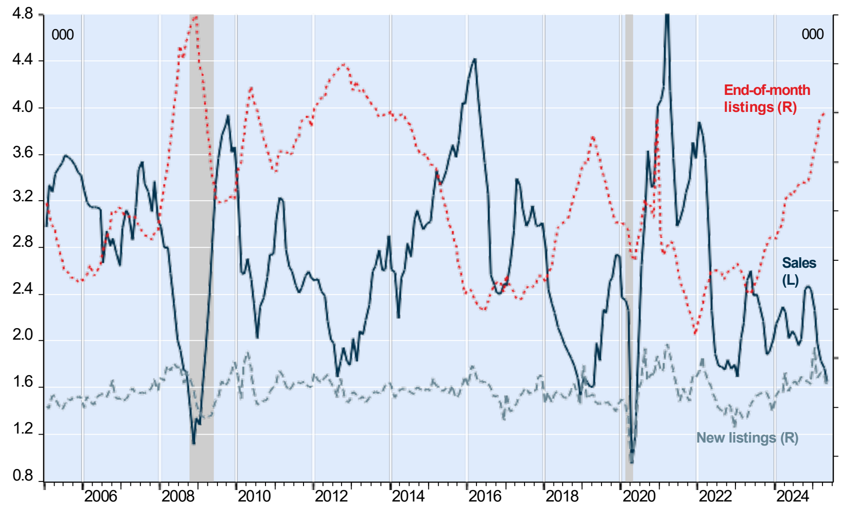
[Click here for full comments]

Vancouver: Home sales registered a sixth consecutive decline in May

Based on data from the Real Estate Board of Greater Vancouver (REBGV), our preliminary estimate is that seasonally adjusted home sales fell by 6.8% from April to May, the sixth consecutive decline. As a result, home sales in May were down 33% since November and were at their lowest level since April 2019 (excluding Covid). There is no denying that the gloomy economic outlook amid trade uncertainty is holding back potential homebuyers, who are also facing affordability issues in the country's third-largest city.

Figure 2: **Vancouver: Home sales and listings**

Seasonally adjusted by NBC. Last observation: May 2024



NBC Economics and Strategy (data via Real Estate Board of Greater Vancouver)

[Click here for full comments]

Evercore ISI – Fixed Income Strategy

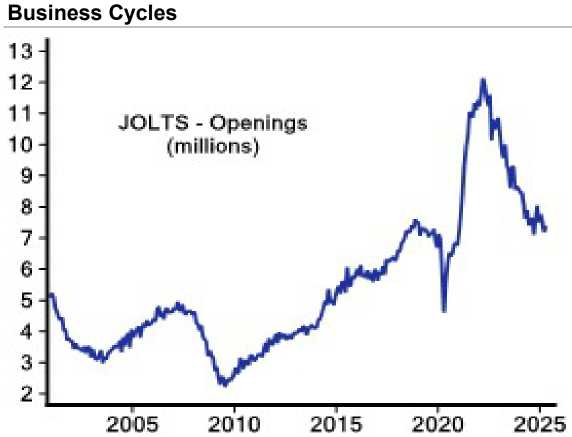
JOLTS Suggest Solid Job Growth in May.

Key Points:

Today's JOLTS release was better than expected. Job openings rose to 7.391 million in April from 7.200 million in March. However, the 'quits' tally and rate slowed. Today's report should boost down the 10-year yield, dollar, and employment service stocks, and suggests the labor market is in good shape.

Job openings rose +191K to 7.391 million in April. Historically, JOLTS – openings lead the business cycle by a few months, though its history is short (2001 to present). The rise in private job openings was broad based. Government job openings slipped lower, surprisingly for state and local government. The gross hire total accelerated and outpaced the number of separations. So, on a net basis, hiring moved higher. The quit tally slowed -150K from the March pace to 3.194K. It is still quite high. The quit rate slowed to 2.0%.

Figure 3: **Job Openings Are Elevated Relative to Other Business Cycles**



Source: Evercore ISI Research, BLS

Evercore ISI - Global Policy & Central Banking Strategy

Flash Note – April JOLTS Benign, May Employment Report Fri Matters Much More For Outlook, Fed

The JOLTS data release confirms the US labor market remained solid in April as the April employment report and UI claims already suggested, with the low-hiring / low-firing equilibrium only modestly changed at the onset of the tariff shock.

The Fed will take a sliver of reassurance from the absence of what had looked to be a softening trend in vacancies and a tick up in hires. But the JOLTS reporting lag makes it less useful at a time when big shocks are unfolding and the data may be in transition.

Policymakers will be more attentive to where the May employment report prints on Friday.

With high uncertainty over the break-even rate of payroll growth, within broad ranges for payrolls we think a roughly 10bp type increase in unemployment to fractionally above 4.3 per cent would lean a bit in favor of a September cut, while no or a trivially small increase in unemployment would lean a bit against – and increase the risk that the median Fed SEP projection moves to one cut only in June.

Absent very striking numbers however, even this report will not be decisive, as the labor market could either deteriorate more sharply or stabilize (under labor hoarding) in subsequent months.

We think it would take a large and rapid increase in unemployment, driven by increasing layoffs to cut in July.

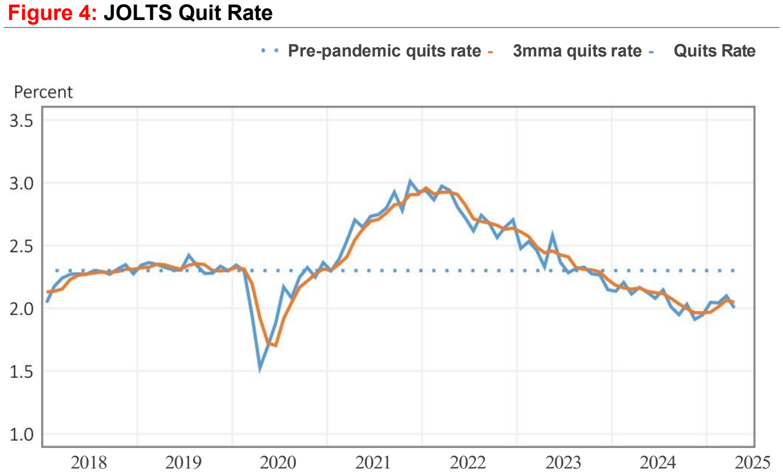
Fed officials are embracing the idea that it is appropriate to maintain moderately restrictive policy into the initial sticker shock of tariff price increases in order to anchor inflation expectations, which – at least in theory – implies a readiness to accept some limited labor market weakening under risk management, with more material labor weakening required to motivate a rate cut.

To date we have not seen any significant weakening (though initial UI claims ticked up last week). JOLTS underlines this.

The hiring rate and firing rate both inched up 10bp in April but remain very low. Vacancies, which had appeared to have been drifting down, firmed a bit with extra revisions, with V/U stable at a ratio easier than 2019, but the quits rate edged down.

As long as this lasts it is easy for the Fed to justify remaining in wait-and-see mode, recognizing the need to be alert to a shift in the data, and that harder trade-offs likely lie ahead.

Figure 4: JOLTS Quit Rate



Source: Bloomberg, Evercore ISI Research

Evercore ISI - Global Policy and Political Analysis

The First Cut is the Deepest: What to Watch on Spending Cuts as the Senate Puts Its Imprint on the Tax Bill

The Senate is underway on the One Big Beautiful Bill with an ambitious target to bring the bill to the floor by June 24 and keep alive Trump's goal of finish by the July 4 recess. Building on our earlier deep dives on the tax provisions and overall deficit impact, this note assesses spending cuts, where the Senate wants to make meaningful changes to the House bill. Mostly these changes will result in fewer spending cuts and raise deficits further, even as some Senators and the markets are increasingly focused on the fiscal situation.

The House bill hit its target with $1.6T in spending cuts over ten years. The bulk of these spending cuts came from Medicaid ($880B), SNAP ($300B), and student loans ($350B). Even still, the bill would push the deficit into the 7% of GDP range.

In the Senate, the bill is facing criticisms from both sides. The conservatives who worry about the cost of the bill got a boost from Elon Musk today, while another group sometimes called 'Medicaid moderates' are pushing for fewer spending cuts. Senator Thune can only lose three votes and at this point it appears easier to accommodate the moderates.

As such, we think the Senate will go lighter on Medicaid and SNAP cuts, while leaving in place student loan changes. In addition, we expect the Senate to restore some of the provisions of the Inflation Reduction Act, an issue we will cover in a forthcoming piece.

Like the House, the Senate will also backload spending cuts to ensure the positive economic impulse from tax cuts leading into the 2026 midterms. The combination of frontloaded tax cuts (which would be even more costly if made permanent) and backloaded spending cuts (that may be further postponed) will continue to fuel bond market concerns around the trajectory of the deficit.

All told, the Senate bill is likely to add more to the deficit than the House bill. That will leave Speaker Johnson in a difficult position to try and jam it through the House or make further accommodations that both sides can accept. The path to final passage is a narrow one and things will remain bumpy, but the debt limit deadline will be a powerful forcing event for Trump and Johnson to try to keep Republicans unified.

Figure 5: The Senate 'Medicaid Moderates' looking to pull back on cuts.

Medicaid Cut Proposals	Description	Potential Savings (2025-34)	Outlook for Senate
Work Requirements	Institutes work requirements (80hrs/month) for childless adults w/out a disability or other exemption	**$370BN**, starting in 2027	Focus for potential changes, could be scaled back
Repeal Biden Rulemakings	Eliminate eligibility rules that help low income Medicare enrollees to gain access to Medicaid coverage of premiums; facilitate coverage between Medicaid, CHIP, and ACA; require nursing homes to meet minimum staffing requirements	**$191BN**, effective on enactment	Likely to pass
Limit Provider Taxes	Prohibits states from establishing any new provider taxes and revises conditions for current taxes	**$124BN**	Focus for potential changes, could be scaled back
Eligibility Checks	Increase frequency of eligibility check to 6 months from 12 months and require states to set of address verification system	**$70BN**, backloaded	Focus for potential changes, could be scaled back
Institute Cost Sharing	Require states to impose cost sharing on Medicaid expansion adults with incomes above 100% FPL and raise requirement	**$13BN**, backloaded	Likely to pass Senate
Penalty for States Caring for Migrants	Reduces FMAP by 10% for states using infrastructure to cover undocumented immigrants	**$11BN**	Focus for potential changes, could be scaled back

Source: Evercore ISI Research

First Edition Calls

This Week on TEAMS:

MONDAY: Michael Doumet, NBCFM Industrial Analyst (Waste sector) - 8:30 am English call / 9h00 appel français

TUESDAY: Jocelyn Paquet, 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: Gabriel Dechaine, NBCFM Financials Analyst (Banks) - 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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