

INTERNAL USE ONLY

July 2, 2025

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG	COMMODITIES/ FX	LAST	CHANGE	
Dow Jones MINI futures	44,845.00	38.00	0.08%	CRUDE OIL WTI	\$66.20	\$0.75	
S&P500 MINI futures	6,248.50	-0.25	0.00%	NATURAL GAS	\$3.40	-\$0.01	
NASDAQ MINI futures	22,664.75	-28.00	-0.12%	GOLD	\$3,348.67	\$9.84	
CANADA EQUITY MARKET	LAST	CHANGE	%CHG	COPPER	\$5.08	\$0.03	
S&P/TSX 60 futures	1,601.30	1.30	0.08%	CAD / USD	\$0.7335	\$0.0008	
OVERSEAS MARKETS	LAST	CHANGE	%CHG	CAD / EUR	€ 0.6225	€ 0.0020	
STOXX EUROPE 600 INDEX	541.64	1.39	0.26%	USD / EUR	€ 0.8487	€ 0.0018	
FTSE 100 INDEX	8,780.05	-5.28	-0.06%	USD / JPY	¥143.55	¥0.12	
DAX GERMANY	23,741.63	68.34	0.29%	GOVERNMENT BONDS	2YR	5YR	10YR
CAC 40 Index	7,749.46	86.87	1.13%	CANADA (YLD%)	2.63%	2.89%	3.35%
NIKKEI 225 INDEX	39,762.48	-223.85	-0.56%	U.S. (YLD%)	3.75%	3.84%	4.27%
HANG SENG INDEX	24,221.41	149.13	0.62%				
SHANGHAI COMPOSITE INDEX	3,454.79	-2.96	-0.09%				

Source: LSEG

**Morning News**

Futures were little changed Wednesday after a new report showed private payrolls surprisingly decreased in June. Private sector hiring unexpectedly contracted in June, payrolls processing firm ADP said Wednesday, in a possible sign that the economy may not be as sturdy that investors believe as they bid the S&P 500 back up to record territory to end the month. Private payrolls lost 33,000 jobs in the June, the ADP report showed. Economists polled by Dow Jones forecast an increase of 100,000 for the month. The May job growth figure was revised even lower to just 29,000 jobs added from 37,000. Trump said on Tuesday he was not thinking of extending the July 9 deadline for imposing tariffs and expressed doubts that an agreement could be reached with Japan, although he said he expected a deal with India. Shares of some of the major U.S. banks were higher in the premarket after the firms announced plans to hike dividends following the Federal Reserve's latest stress test results. Elsewhere, President Donald Trump's tax-and-spending bill narrowly passed the Senate on Tuesday. The measure will return to the House, where there are still hold-outs among GOP lawmakers.

European shares edged higher on Wednesday, led by banks, while investors assessed the prospects for trade deals ahead of U.S. President Donald Trump's July 9 tariff deadline. Meanwhile, European Union's trade chief is expected to hold negotiations this week in Washington to avert higher U.S. tariffs. The number of people registered as unemployed in Spain fell in June to the lowest figure since May 2008, before the bursting of a real estate bubble led to a deep crisis in the country. According to data from the Labour Ministry released on Wednesday, a total of 2.41 million people were registered as unemployed in June, down by 48,920 from the previous month. London's blue-chip stock index edged higher and the midcap index fell on Wednesday as investors assessed a mixed bag of corporate news, including a media report that AstraZeneca is moving its listing to the U.S.

Chinese stocks were little changed, while Hong Kong shares climbed on Wednesday following a local holiday, with investors remaining cautious amid ongoing global trade tensions. Hong Kong's retail sales by value rose 2.4% in May from a year earlier, the first increase in more than a year, government data showed on Wednesday. Japanese shares fell slightly on Wednesday, reacting to a selloff in U.S. technology heavyweights and uncertainty about trade tariffs, with the prospect of Fed interest rate cuts providing markets a floor. Tokyo has been scrambling to convince the U.S. to scrap a 25% tariff on Japanese cars and a 24% reciprocal tariff on other Japanese imports. The reciprocal tariff has been paused until July 9, but Japan has yet to secure a trade deal after nearly three months of negotiations.

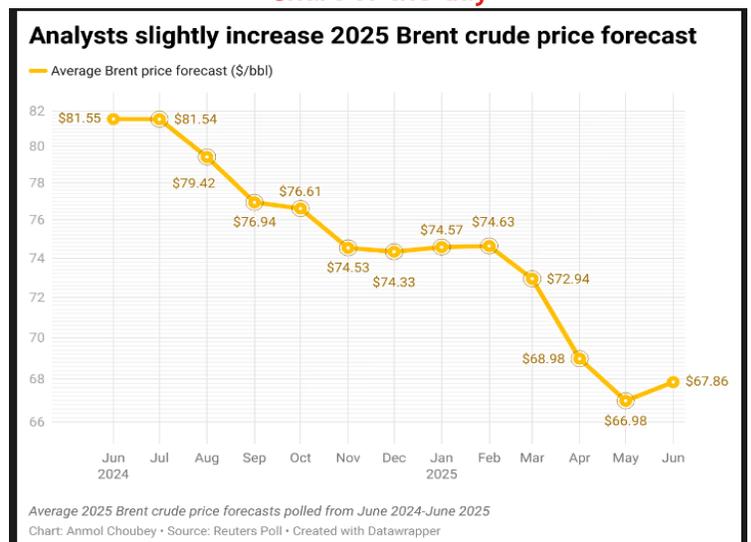
**U.S Economic Calendar**

Time	Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Revised
08:15	ADP National Employment	Jun	95k	-33k	-128.0k	37k	29k

**Canadian Economic Calendar**

Time	Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Revised
09:30	S&P Global Mfg PMI SA	Jun					46.1

**Chart of the day**



## Morning News

**Bombardier Inc:** The company said on Monday it had received an order for 50 of its Challenger and Global aircraft, alongside a service agreement, valued collectively at \$1.7 billion, with deliveries scheduled to commence in 2027. Bombardier said the customer, who has chosen to remain anonymous, would hold 70 new aircraft purchase options, which, if exercised, would increase the combined value of the aircraft and service agreements to over \$4 billion. The Montreal-based company said in May that it expects to deliver more than 150 business jets this year, compared with 146 in 2024.

**First Quantum Minerals Ltd:** More than a quarter of the copper concentrate stockpiled at the company's Cobre Panama mine since it was closed in late 2023 has been shipped from the site, Panamanian officials said on Monday. The removal of 33,000 metric tons out of a total of 120,000 tons left at the site appears to end uncertainty over the stuck copper, and signals a possible thawing of the relationship between the Canadian company and President Jose Raul Mulino's government. Panama's prior administration had ordered the closure of the mine, which accounted for about 1% of global copper supply, following public protests over environmental concerns. Panama's trade and industry ministry said the removal of the stockpiled copper was gradual, without providing a date for the full quantity to be extracted, or further details about the shipment.

## NBF Research

### RESEARCH FLASHES

**B2Gold Corp.** - [Goose First Pour On-Time](#)

**Aris Mining Corporation** - [Segovia Mill Expansion Completed on Schedule](#)

### MORNING FLASHES

**CBRE Q2/25 Office & Industrial Stats** - [Office somewhat stable, a step backwards for industrial \(particularly in SW ON\) on...](#)

## Canadian stocks ratings and target changes across the street

Arizona Metals Corp AMC.TO: BMO cuts target price to C\$2 from C\$2.75

Bombardier BBDb.TO: Scotiabank raises target price to C\$150 from C\$105

Bombardier BBDb.TO: Scotiabank raises to sector outperform from sector perform

High Liner Foods Inc HLF.TO: BMO raises target price to C\$21 from C\$19.5

Strathcona Resources Ltd SCR.TO: National Bank of Canada initiates coverage with target price C\$42

Strathcona Resources Ltd SCR.TO: National Bank of Canada initiates coverage with outperform rating

Vizsla Royalties Corp VROY.V: CIBC initiates coverage with price target C\$4

Vizsla Royalties Corp VROY.V: CIBC initiates coverage with outperformer rating

## S&P/TSX Composite Index Earnings Calendar

No major S&P/TSX Composite companies are scheduled to report for the day.

Source: LSEG

## Morning News

**Constellation Brands Inc:** The company missed first-quarter sales and profit estimates on Tuesday, as fears of rising tariffs and economic uncertainty prompted consumers to reduce purchases of beers and wines. Corona beer maker reported net sales of \$2.52 billion for the quarter ended May 31, compared with analysts' average estimate of \$2.55 billion. The company's beer business, its largest revenue contributor, reported a 2.6% decline in quarterly depletion volume – the rate at which products are sold – driven by declines in brands such as Modelo Especial and Corona Extra. Its beer depletions rose 6.4% a year ago. The company's quarterly operating margins at its beer business fell 150 basis points to 39.1%. Constellation reported comparable profit of \$3.22 per share for the quarter, below estimates of \$3.31. Shares of the company, which maintained its annual enterprise organic sales and profit forecast, were marginally lower in extended trading

**Bank of America Corp, Citigroup Inc, Goldman Sachs Group Inc, JPMorgan Chase & Co, Morgan Stanley & Wells Fargo & Co:** U.S. banking giants announced plans on Tuesday to raise their third-quarter dividends after clearing the Federal Reserve's annual health check last week. The moves come after the lenders showed they have enough capital to withstand scenarios including a severe economic downturn, spiking unemployment and market turmoil. JPMorgan Chase raised its dividend to \$1.50 a share from \$1.40, according to a regulatory filing. It also announced a new \$50 billion share repurchase program, effective on Tuesday and with an unspecified end date. Separately, Bank of America will raise its dividend by 8% to 28 cents per share, while Wells Fargo increased it to 45 cents a share from 40 cents, they said in separate filings. Morgan Stanley's board has approved a new \$20 billion share repurchase program without specifying an end date and also plans to raise its quarterly dividend to \$1 per share. Goldman Sachs' dividend will climb to \$4 from \$3, while Citigroup's will go up to 60 cents from 56 cents.

**Centene Corp:** The company said on Tuesday it had withdrawn its 2025 earnings forecast after new industry data showed a significant drop in expected revenue from its marketplace health insurance plans. Shares of the health insurer declined in extended trading. The company said preliminary data from 22 of the 29 U.S. states where Centene offers marketplace plans suggested a \$1.8 billion drop in risk adjustment revenue, equivalent to a \$2.75 hit to adjusted earnings per share. The shortfall reflects higher-than-expected patient morbidity, or a sicker population, and slower market growth in those 22 states, which represent about 72% of Centene's marketplace membership, the company said. The drop in risk adjustment payments, which are meant to balance costs for covering higher-risk patients, is likely to weigh on Centene's earnings this year. Centene plans to report its quarterly results on July 25.

## Evercore ISI Research

### COMPANY UPDATE

#### Constellation Brands (STZ) (Outperform; TP:\$210.0)

*First Look - Relatively uneventful: Results near lowered bar, guidance reiterated*

Relatively uneventful quarter for STZ, with results aligning closely with lowered expectations and guidance holding steady. The focus remains on navigating consumer behavior shifts and market dynamics. Earnings Snapshot: STZ's F1Q26 EPS of \$3.22 fell short of Street's \$3.30 expectation, with beer shipments declining more than anticipated at -3.6% versus the -2.1% consensus. Despite this, the company reiterated its guidance, suggesting stability in outlook. Consumer Behavior: Subdued spending and value-seeking trends are evident, particularly in key Hispanic markets. The macroeconomic environment, including stable unemployment rates and weak economic activity in high-calorie job sectors, continues to challenge consumer sentiment. Brand Performance: Pacifico depletions remained robust at +13%, although there was a slight deceleration compared to previous quarters. Meanwhile, Modelo Especial and Corona Extra faced declines in depletion rates, reflecting broader market pressures.

Additional Key takes:

- **Marketing and Costs:** Beer operating margins were impacted by increased COGS and marketing investments, with beer marketing expenses slightly exceeding projections.
- **Consumer Sentiment:** Over 80% of surveyed consumers expressed financial concerns, impacting beer demand, especially in social occasions for Hispanic consumers.

- **Product Strategy:** Corona Sunbrew's launch is progressing well, while Modelo Oro's pricing strategy is being adjusted to compete more effectively with Michelob Ultra.
- **Guidance:** FY2026 guidance for beer net sales growth and operating profit growth remains intact, with expectations for volume distribution skewed towards the first half of the year.

The upcoming conference call on July 2nd will provide further insights into STZ's strategic direction and market positioning.

## Keurig Dr Pepper, Inc. (KDP) (In Line; TP:\$37.0)

### *Texas judge rules that KDP can terminate Reyes' Dr Pepper distribution deal*

KDP's successful termination of the distribution deal with Reyes opens up a strategic shift in its distribution model. The transition, set for October, could enhance margins and boost EPS by approximately 3% for 2026. **Distribution Strategy Shift:** KDP is moving Dr Pepper distribution in-house for parts of California and Nevada, potentially improving margins by 10%. **Legal Developments:** Reyes' counter lawsuit in California hinges on whether their agreement is a franchise, which could complicate KDP's strategy if upheld.

Additional Key takes:

- **Potential Financial Impact:** If successful, the strategic shift could lead to a notable EPS increase for 2026.
- **Further Legal Actions:** KDP has initiated similar legal proceedings for other territories, indicating a broader strategy shift.
- **Management's Long-term Vision:** KDP aims for greater control over its distribution network, aligning with its growth ambitions for Dr Pepper

## OTHER COMMENTS

Industrial 2Q Industrial Preview: Deman

Financials Big, Beautiful Banks & Brokers: June 2025 Capital Markets Monthly

## S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
No companies report			

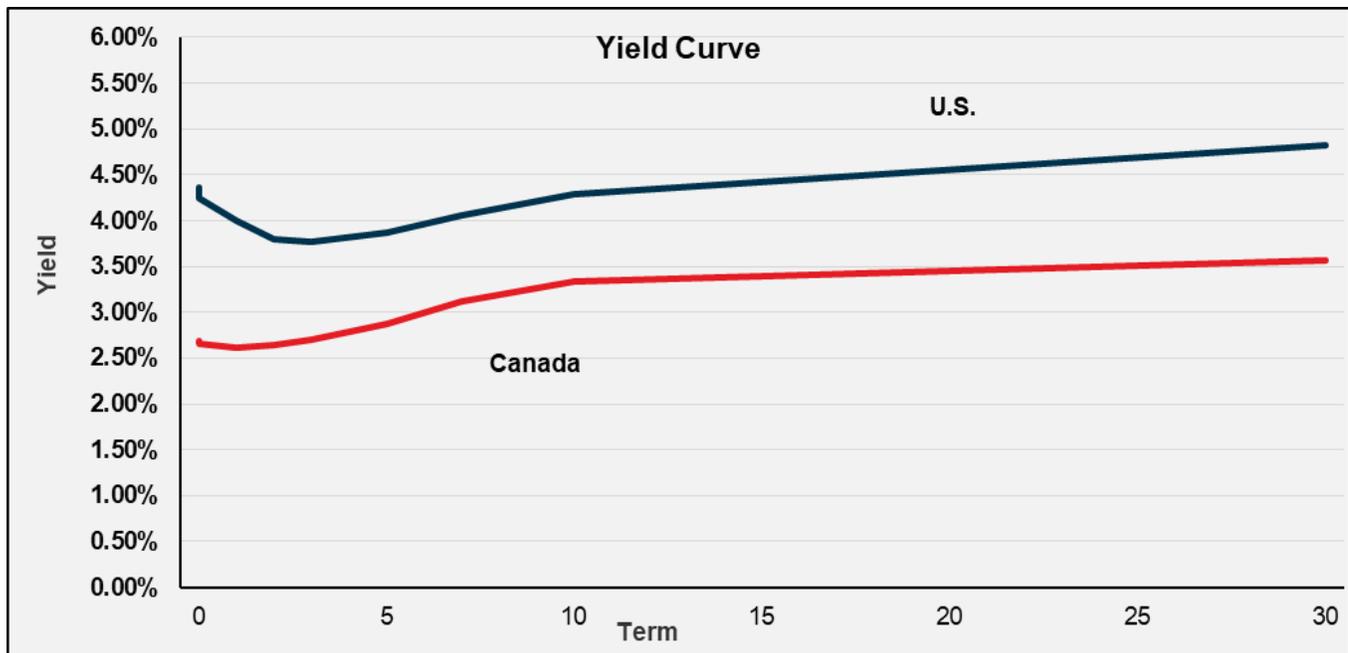
Source: LSEG

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	2.88%	5.1
CDA Prime	4.95%	0.0	CDA 10 year	3.33%	5.8
CDA 3 month T-Bill	2.67%	0.0	CDA 20 year	3.51%	0.0
CDA 6 month T-Bill	2.66%	0.0	CDA 30 year	3.56%	0.0
CDA 1 Year	2.62%	0.5			
CDA 2 year	2.64%	4.2			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.86%	2.5
US Prime	7.50%	0.0	US 10 year	4.28%	3.6
US 3 month T-Bill	4.26%	2.4	US 30 year	4.82%	4.0
US 6 month T-Bill	4.25%	0.3	5YR Sovereign CDS	42.48	
US 1 Year	4.01%	0.7	10YR Sovereign CDS	45.46	
US 2 year	3.79%	1.4			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			662.30	0.03%	4.23%
BMO Laddered Preferred Shares (ETF)			11.54	0.26%	5.39%

Source: LSEG

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



Source: LSEG

## First Edition Calls

### This Week on TEAMS:

MONDAY: Research Services - [8:30 am English call](#) / [9h00 appel français](#)

TUESDAY: No conference call - Holiday

WEDNESDAY: Kyle Dahms, NBC Economist - [8:30 am English call](#) / [9h00 appel français](#)

THURSDAY: Dennis Mark, NBCFM Technical Analyst - [8:30 am English call](#) / [9h00 appel français](#)

FRIDAY: Research Services - [8:30 am English call](#) / [9h00 appel français](#)

A replay is available in the Event Calendar of [Research Services SharePoint](#)

## Research Services Publications (Links)

### Research Services Reports

[U.S. Turnaround Stories - Update](#)

[Sector Rotation - Update](#)

[Vision Monthly - June 2025](#)

[Selection List - June 2025](#)

[Better than Bonds U.S. - June 2025](#)

[Better than Bonds Canada - June 2025](#)

### Preferred Shares

[Preferred Shares - June 2025](#)

[Preferred Shares Printable Tables](#)

### Convertible Debentures

[Convertible Debentures - June 2025](#)

[Convertible Debentures Printable Table](#)

This report along with all the research from NBCFM Research Services can also be accessed on our [SharePoint](#)

## Research Services

Philippe Heymans

Samantha Barrett, CFA, MBA

Eric Beaudette

Alex Kastanis, CFA

The particulars contained herein were obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete and may be subject to change without notice. The information is current as of the date of this document.

Neither the author nor NBF assumes any obligation to update the information or advise on further developments relating to the topics or securities discussed. The opinions expressed are based upon the author(s) analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein, and nothing in this document constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this document. The document alone is not intended to form the basis for an investment decision, or to replace any due diligence or analytical work required by you in making an investment decision.

This document was prepared by National Bank Financial Inc. (NBF), a Canadian investment dealer, a dealer member of IIROC and an indirect wholly owned subsidiary of National Bank of Canada. National Bank of Canada is a public company listed on the Toronto Stock Exchange.

NBCFM is a member of the Canadian Investor Protection Fund.

For NBCFM Disclosures, please visit URL: <http://www.nbin.ca/contactus/disclosures.html>

Click on the following link to see National Bank Financial Markets Statement of Policies <https://nbfm.ca/statement-of-policies>

© 2025 National Bank Financial Inc. All rights reserved. Any reproduction, in whole or in part, is strictly prohibited without the prior written consent of National Bank Financial Inc. ® The NATIONAL BANK FINANCIAL MARKETS and NBF logos are registered trademarks of National Bank of Canada used under license by authorized third parties.