

Internal use only

November 20, 2024

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG	COMMODITIES/ FX	LAST	CHANGE	
Dow Jones MINI futures	43,553.00	153.00	0.35%	CRUDE OIL WTI	\$69.85	\$0.46	
S&P500 MINI futures	5,953.00	14.25	0.24%	NATURAL GAS	\$3.11	\$0.11	
NASDAQ MINI futures	20,824.00	56.25	0.27%	GOLD	\$2,637.99	\$6.31	
CANADA EQUITY MARKET	LAST	CHANGE	%CHG	COPPER	\$4.13	NULL	
S&P/TSX 60 futures	1,505.30	4.40	0.29%	CAD / USD	\$0.7147	-\$0.0016	
OVERSEAS MARKETS	LAST	CHANGE	%CHG	CAD / EUR	€ 0.6771	€ 0.0011	
DJ EURO STOXX 50	4,773.65	22.42	0.47%	USD / EUR	€ 0.9473	€ 0.0036	
FTSE 100 INDEX	8,114.89	15.87	0.20%	USD / JPY	¥155.74	¥1.09	
DAX GERMANY	19,139.86	79.55	0.42%	GOVERNMENT BONDS	2YR	5YR	10YR
CAC 40 Index	7,260.58	30.94	0.43%	CANADA (YLD%)	3.24%	3.18%	3.36%
NIKKEI 225 INDEX	38,352.34	-62.09	-0.16%	U.S. (YLD%)	4.31%	4.29%	4.43%
HANG SENG INDEX	19,705.01	41.34	0.21%	Source: LSEG			
SHANGHAI COMPOSITE INDEX	3,367.99	21.98	0.66%				

## Morning News

U.S. stock futures ticked slightly higher on Wednesday as investors awaited quarterly results from Nvidia, which are expected to be pivotal in sustaining the AI behemoth's record rally this year. Nvidia NVDA.O is scheduled to report results after the bell and given the chipmaker's \$3.6 trillion market capitalization, the results could hold more significance than some key economic reports and set the tone. Several Federal Reserve officials are scheduled to speak, with comments expected from Lisa Cook, Michelle Bowman and Susan Collins, while Vice Chair for Supervision Michael Barr will testify before the House Financial Services Committee on the day. Investors are also watching U.S. President-elect Trump's cabinet picks keenly for clues on future policy stances. Oil was broadly stable on Wednesday as concerns about escalating hostilities in the Ukraine war potentially disrupting oil supply from Russia offset data showing rising U.S. crude stocks, while gold prices eased from a one-week high as the dollar strengthened.

Europe's main stock index was set to snap a three-session streak of declines on Wednesday as technology stocks rebounded, while safe-haven bids took a backseat as investors monitored ongoing developments around the Ukraine-Russia conflict. A day after Russia lowered its threshold for a nuclear strike, Reuters reported Vladimir Putin's openness to discuss a Ukraine ceasefire deal with U.S. President-elect Donald Trump, provided it rules out major territorial concessions and Kyiv abandons plans to join NATO. Euro zone bond yields ticked higher on Wednesday, reversing some of the move from the previous day when investors sought the safety of bonds. UK's FTSE indexes were subdued on Wednesday, as hotter-than-expected inflation data tempered expectations for quick interest rate cuts, and overshadowed optimism around software company Sage's upbeat quarterly profit. British inflation jumped by more than expected last month to rise back above the Bank of England's 2% target and underlying price growth gathered speed too, showing why the BoE is moving cautiously on interest rate cuts.

China and Hong Kong stocks edged higher in volatile trading on Wednesday, with mainland shares supported by AI stocks ahead of Nvidia's earnings later in the day, while investors remained cautious amid steady lending rates. China left benchmark lending rates unchanged at the monthly fixing on Wednesday, after lenders slashed the rates by higher-than-expected margins last month to revive economic activity. Japan's Nikkei share average fell on Wednesday as caution set in ahead of Nvidia's results and outlook later in the day, which some fear could be below market expectation. Japan's exports expanded faster than expected in October, led by a pick-up in chip equipment demand in China, though fears persist over potential U.S. protectionist trade policies that could hamper future shipments.

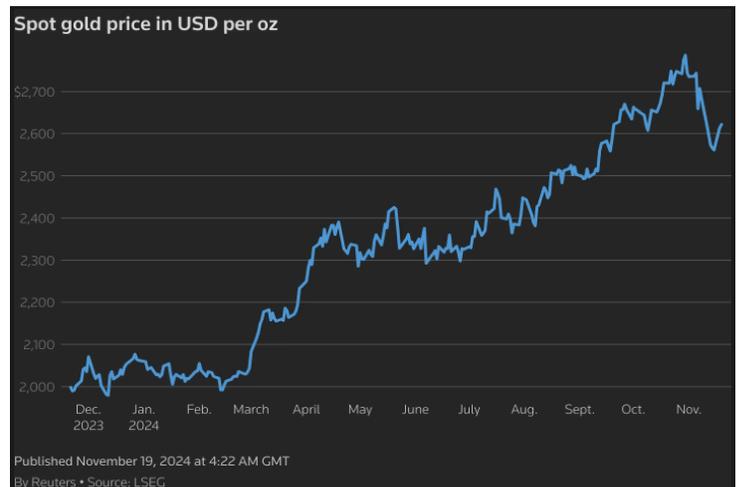
## U.S Economic Calendar

Time	Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Revised
07:00	MBA Mortgage Applications	15 Nov, w/e		1.7%		0.5%	
07:00	Mortgage Market Index	15 Nov, w/e		195.6		192.4	
07:00	MBA Purchase Index	15 Nov, w/e		136.0		133.3	
07:00	Mortgage Refinance Index	15 Nov, w/e		514.9		506.0	
07:00	MBA 30-Yr Mortgage Rate	15 Nov, w/e		6.90%		6.86%	
10:30	EIA Wkly Crude Stk	15 Nov, w/e	0.138M			2.089M	
10:30	EIA Wkly Dist. Stk	15 Nov, w/e	-0.020M			-1.394M	
10:30	EIA Wkly Gsln Stk	15 Nov, w/e	0.859M			-4.407M	

## Canadian Economic Calendar

No economic data releases

## Chart of the day



# Top News

## Canadian Stocks

### Morning news

**Metro Inc:** Metro Inc. reported a fourth-quarter profit of \$219.9 million, down from \$222.2 million a year earlier when its fourth-quarter included one more week. The company's profit amounted to 98 cents per diluted share for the quarter with a profit of 96 cents per share a year earlier when it had more shares outstanding. Sales for the 12-week period ended Sept. 28 totalled \$4.94 billion compared with \$5.07 billion for the 13-week period ended Sept. 30, 2023. Food same-store sales for the quarter were up 2.2 per cent, while pharmacy same-store sales rose 5.7 per cent. On an adjusted basis, Metro says it earned \$1.02 per diluted share in its latest quarter compared with an adjusted profit of 99 cents per diluted share in the same quarter last year. Metro chief executive Eric La Flèche says the company ended its 2024 financial year with a solid fourth quarter driven by strong comparable sales growth in both food and pharmacy on top of a very strong quarter last year.

### NBF Research

#### RATING AND TARGET PRICE CHANGES

Canadian Banks - [Q4/24 Preview & rolling out 2026E EPS](#)

Dollarama Inc. - [Q3 F2025 Preview: \(1\) Growth partly offset by calendar shift \(2\) Removing...; Target: C\\$149 \(Was C\\$143\)](#)

NorthWest Healthcare Properties REIT - [Rate outlook remains a headwind; Target: C\\$5.50 \(Was C\\$6.25\)](#)

TC Energy Corp. - [Back to full strength; powering up returns...; Target: C\\$71 \(Was C\\$70\)](#)

#### DAILY BULLETIN HIGHLIGHTS

**CANADIAN BANKS** - Q4/24 Preview & rolling out 2026E EPS

**Event:** The Canadian banks begin reporting Q4/24 results on December 3rd, 2024.

**Key Takeaways:** The Big-6 have moved in line with the market on average since the start of the year, and have outperformed the market by -250bps since the end of Q3/24 reporting season. Q4s tend to be a mixed bag, often including an uptick in year-end expenses. Looking beyond the quarter, 2025 guidance items are of tremendous interest, especially as it relates to credit expectations, where we expect banks to modestly increase their PCL ratio guidance ranges. Beyond 2025, we are introducing our 2026E EPS that imply 10% average EPS growth (+5% for PTPP) across the sector.

**DOLLARAMA INC.** - Q3 F2025 Preview: (1) Growth partly offset by calendar shift (2) Removing from Top Pick

**DOL (TSX):** C\$148.75

**Stock Rating:** Outperform

(Unchanged)

**Target:** C\$149.00

(Was C\$143.00)

**Est. Total Return:** 0.4%

**Event:** Dollarama reports Q3/F25 results on December 4, 2024.

**Key Takeaways:** (1) We project Q3/F25 EPS of \$0.97 versus consensus at \$0.98; last year was \$0.92. We forecast sssg of 3.2% (20-40 bps impact due to 2 fewer Halloween days); last year was 11.1%; we reflect y/y transaction/basket growth of 4.8%/-1.5% respectively. (2) NBF models F2025 gross margin of 44.6%; if DOL were to achieve the high end of its guidance of 44.0-45.0%, all else equal, we estimate EPS upside of 1-2% to our estimates. Conversely, if DOL were to land at the low end of guidance, we estimate EPS downside of 2-3% to our estimates. (3) Our proprietary pricing analysis of thousands of SKUs points to average article price inflation of 0.5% y/y during Q3/F25. Interestingly, our internal analysis further suggests that average annualized article price inflation is slowing. (4) We remove DOL from our Top Pick following strong share price appreciation YTD. (5) Maintain Outperform rating; price target is \$149 from \$143.

**TC ENERGY CORP.** - Back to full strength; powering up returns...

**TRP (TSX; NYSE):** C\$69.60; US\$49.83

**Stock Rating:** Outperform

(Unchanged)

**Event:** TRP's Investor Day highlighted robust and visible growth across its North American natural gas pipeline footprint, while remaining committed to its capital discipline of \$6-\$7 bln (net) per year.

# Top News

## Canadian Stocks

**Target:** C\$71.00  
(Was C\$70.00)

**Est. Total Return:** 7.3%

**Key Takeaways:** With its mega projects in the rearview, visibility on achieving <4.75x leverage has improved, while TRP's North American natural gas pipeline footprint remains uniquely positioned to capture significant value from the rising natural gas and related power demand trends (coal-to-gas, LNG, data centers, onshoring), including 23+ Bcf/d of potential development opportunities. Furthermore, returns on sanctioned projects have increased from after-tax IRRs of ~8.5% (6-8x EBITDA build multiple) in 2020 to ~11.0% (5-7x EBITDA build multiple) in 2024, confirming increased torque to new capital investments going forward. Overall, based on accretion to our long-term estimates from ~\$1.5 bln of newly sanctioned growth, and a lower net capex profile driven by efficiencies and optimizations, our target bumps up \$1 to \$71, and we maintain our Outperform rating ahead of rolling our valuation estimates over into 2026e early in the new year.

### OTHER COMMENTS

Birchcliff Energy Ltd. - [BIR Marketing Recap](#)  
Elemental Altus Royalties Corp. - [Modestly Softer Q3 as 2024 Guidance Lowered on Korali-Sud Delays](#)  
Lycos Energy Inc. - [Advancing Value](#)  
NexGen Energy Ltd. - [Successful Completion of the Rook I Technical Review by the CNSC](#)  
Pet Valu Holdings Ltd. - [Company Marketing: Reinforcing key themes](#)  
[Weekly Sustainability and Transition Review](#)

### RESEARCH FLASHES

Airlines - [October CPI data shows airfares down y/y for fourth straight month](#)  
Containers & Packaging - [Amarco and Berry Announce Combination in All-Stock Transaction](#)  
Industrial Products - [DOGE - Dois-je be afraid? No concerns from ACM / J earnings](#)  
Aya Gold & Silver Inc. - [Zgounder Intercepts Post > Kilo per t Ag](#)  
Bravo Mining Corp. - [T5 IOCG Target – Strike Extended to 300m \(from 200m\)](#)  
Matr Corp. - [Site Tour Takeaways: Large diameter Flexpipe and Xerxes HydroChain lines in the new Composite facility in...](#)  
O3 Mining Inc. - [Final Batch of Marban Intercepts, Updated PEA Next](#)

### MORNING FLASHES

Solaris Resources Inc. - [Solaris Announces Final Steps to Complete Ecuador Emigration and Appointment of Matthew...](#)

## Canadian stocks ratings and target changes across the street

Alimentation Couche-Tard Inc ATD.TO: Canaccord Genuity raises target price to C\$85 from C\$83  
Automotive Properties REIT APR\_u.TO: Scotiabank raises target price to C\$13 from C\$12.50  
Bank of Montreal BMO.TO: National Bank of Canada raises target price to C\$148 from C\$127  
Bank of Nova Scotia BNS.TO: National Bank of Canada raises target price to C\$78 from C\$66  
Canadian Imperial Bank of Commerce CM.TO: National Bank of Canada ups target price to C\$94 from C\$86  
Dollarama Inc DOL.TO: National Bank of Canada raises target price to C\$149 from C\$143  
EQB Inc EQB.TO: National Bank of Canada raises target price to C\$111 from C\$102  
George Weston Ltd WN.TO: BMO raises target price to C\$221.50 from C\$220  
George Weston Ltd WN.TO: CIBC raises target price to C\$269 from C\$254  
George Weston Ltd WN.TO: Desjardins raises target price to C\$255 from C\$232  
George Weston Ltd WN.TO: Scotiabank cuts target price to C\$218 from C\$222  
Laurentian Bank of Canada LB.TO: National Bank of Canada cuts target price to C\$25 from C\$26  
MDA Space Ltd MDA.TO: RBC raises target price to C\$30 from C\$28  
Medexus Pharmaceuticals Inc MDP.TO: Raymond James raises to outperform from market perform  
Medexus Pharmaceuticals Inc MDP.TO: Raymond James raises target price to C\$4 from C\$3

# Top News

## Canadian Stocks

Nexgen Energy Ltd NXE.TO: Cormark Securities raises target price to C\$13.50 from C\$13  
Nexgen Energy Ltd NXE.TO: Haywood Securities raises target price to C\$13.75 from C\$12.50  
Nexgen Energy Ltd NXE.TO: Raymond James raises target price to C\$13.50 from C\$12  
Nexgen Energy Ltd NXE.TO: Scotiabank raises target price to C\$14 from C\$12.75  
NorthWest Healthcare Properties REIT NWH\_u.TO: National Bank of Canada cuts target price to C\$5.50 from C\$6.25  
Nutrien Ltd NTR.N: Berenberg cuts target price to US\$54 from US\$59  
Pollard Banknote Ltd PBL.TO: Cormark Securities raises target price to C\$42 from C\$33  
RioCan REIT REI\_u.TO: RBC raises target price to C\$22 from C\$21  
Royal Bank of Canada RY.TO: National Bank of Canada raises target price to C\$181 from C\$169  
TC Energy Corp TRP.TO: ATB Capital Markets raises target price to C\$67 from C\$65  
TC Energy Corp TRP.TO: Barclays raises target price to C\$74 from C\$67  
TC Energy Corp TRP.TO: BMO raises target price to C\$70 from C\$66  
TC Energy Corp TRP.TO: CIBC raises target price to C\$68 from C\$67  
TC Energy Corp TRP.TO: Jefferies raises target price to C\$65 from C\$64  
TC Energy Corp TRP.TO: National Bank of Canada raises target price to C\$71 from C\$70  
TC Energy Corp TRP.TO: Scotiabank raises target price to C\$75 from C\$74  
TC Energy Corp TRP.TO: Wells Fargo raises target price to C\$76 from C\$74  
TD Bank Group TD.TO: National Bank of Canada raises target price to C\$85 from C\$78  
WonderFi Technologies Inc WNDR.TO: Haywood Securities raises target price to C\$0.60 from C\$0.45

## S&P/TSX Composite Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Metro Inc	MRU.TO	BMO	0.99

Source: LSEG

### Morning news

**Alphabet Inc:** Google will come one step closer to a potential shakeup of its business on Wednesday, when U.S. prosecutors detail what the tech titan should do to end its online search monopoly. Prosecutors have floated a range of potential remedies in the case, from ending exclusive agreements in which Google pays billions of dollars annually to Apple and other companies to remain the default search engine on tablets and smartphones, to divesting parts of its business, such as its Android operating system. The DOJ is expected to press forward with several of those proposals on Wednesday, including one that could require Google to divest its Chrome browser, Bloomberg reported on Tuesday. Google calls the proposal radical, and said it would harm U.S. consumers and businesses and shake American competitiveness in artificial intelligence.

**Apple Inc:** The company will ask a federal judge on Wednesday to dismiss the U.S. Department of Justice's case accusing the iPhone maker of unlawfully dominating the smartphone market, in the latest Big Tech antitrust showdown. U.S. District Judge Julien Neals in Newark, New Jersey, is scheduled to hear arguments from lawyers for Apple, and from prosecutors who say the company locks users in and keeps competition out by limiting interoperability between the iPhone and third-party apps and devices. Apple has moved to dismiss the case, saying its limitations on developers' access to its technology were reasonable, and that forcing it to share technology with competitors would chill innovation. Separately, the tech giant has made a \$100 million investment proposal to Indonesia to build a plant to manufacture accessories and components, the industry ministry said. Additionally, Apple sold fewer smartphones during China's Singles' Day shopping festival this year as it faced pressure from an "abnormally high" number of rival handsets launched around the event, Counterpoint Research said.

**Comcast Corp:** The company is moving forward with plans to spin off its NBCUniversal cable television networks including MSNBC and CNBC, sources say, shedding a once core part of the business that has been a casualty of the streaming video revolution. The company last month told investors it was evaluating hiving off its cable networks into a separate company owned by Comcast's shareholders. The new venture would be well-capitalized, said one source, who added on Tuesday that it would be positioned to acquire other cable networks if the industry consolidates. Comcast would retain NBCUniversal's NBC broadcast television network, its film and television studios and its theme parks, as well as its Peacock streaming service. Comcast also would retain its Xfinity broadband service. The spinoff would be comprised of the cable news outlets and other cable networks, such as USA, E!, Syfy and the Golf Channel, according to the Wall Street Journal, which first reported the decision. These still-profitable networks generated about \$7 billion in revenue over the last 12 months, the Journal reported.

**Delta Air Lines Inc:** The company said it expects 2025 revenue to grow by a mid single-digits percentage on a capacity growth of 3% to 4% for the year. The airline also said it is targeting profit per share to increase 10% in the next three to five years, and expects operating margins to be in the mid-teens percentage. Delta, which sees premium customers as a major revenue driver, said affluent customers were thriving with leisure travel being the highest priority purchase for high-income households.

**DT Midstream Inc & ONEOK Inc:** The pipeline operator said on Tuesday it would acquire three natural gas transmission pipelines from ONEOK for \$1.2 billion in cash, boosting its presence in the Midwest market amid rapid consolidation in the U.S. industry. The company said it would finance the transaction, which is expected to close in late 2024 or early 2025, with about \$900 million in debt and \$300 million in common equity.

**Keysight Technologies Inc:** The electronic equipment maker reported its fourth-quarter profit above analysts' estimates on Tuesday, driven by investments in AI technology within its communications solutions unit. On an adjusted basis, the California-based company earned \$1.65 per share for the fourth quarter ended Oct. 31, above estimates of \$1.57 per share, according to data compiled by LSEG. It reported fourth-quarter revenue of \$1.29 billion, above expectations of \$1.26 billion. The company said it expects adjusted profit for the first quarter of fiscal 2025 to be between \$1.65 and \$1.71 per share, above analysts' average expectation of \$1.58 per share. Keysight expects first-quarter fiscal 2025 revenue to be between \$1.27 billion and \$1.29 billion, versus estimates of \$1.23 billion.

**Target Corp:** The company forecast holiday-quarter comparable sales and profit below estimates as value-conscious consumers shopped for low-priced essentials at rival retailers including Walmart, sending its shares down in premarket trading. The U.S. retailer now expects flat comparable sales in the fourth quarter and profit in the range of \$1.85 to \$2.45 per share. Analysts on average had expected a 1.64% rise in sales and profit of \$2.66 per share. Target also trimmed its annual forecast for per-share earnings to between \$8.30 and \$8.90 from its prior range of between \$9 and \$9.70 after weaker-than-expected third-quarter results. Target, which operates nearly 2,000 U.S. stores, reported third-quarter adjusted earnings of \$1.85 per share. Analysts on an average were expecting \$2.30 per share.

### Evercore ISI Research

#### FOCUS RESEARCH

#### **Lowe's Companies, Inc (LOW, In Line, TP: US\$270.00)**

##### *Darkest Before Dawn?*

- It's been a tough few years. 3Q comps were the best since 2Q22, yet 14 quarters of down traffic take a toll. EBIT margins are on track to fall 100bps in 2024, pushing EPS below \$12 and down 17% from 2022's peak. Buybacks will be limited next year by the 3.0x leverage ratio and the \$2.5bn in debt paydown. That said, Lowe's is the rational #2 player in an attractive space with tariff pass through pricing power. If big ticket DIY "want" demand ever returns. Comps down 1.1% were led by transactions (down 1.3%). Big ticket DIY discretionary products drove the negative comps. Smaller seasonal DIY products, a +HSD Pro comp, hurricane help and online (+6%) softened the blow. Ticket grew 20bps. With gross margins expected to improve more than ~50bps in 4Q (supplier clawbacks building) and SG&A \$s relatively flat on an implied -2% comp, the room for error is limited. The analyst day in December will provide an updated earnings algo, scenarios into 2025, PPI updates along with the likelihood of EPS turning and growing back to \$13 (or beyond). Bears focus on the rerating on still falling sales, discretionary DIY pressures, higher debt and slower buyback, while 4Q guide was not derisked. Bulls can point to 4Q margin improvements, traffic bottoming and the hope of a V-shaped 2025 EPS turn. On our end, we pass through the 3Q beat to 2024e (now \$11.85) and still believe HI demand (and LOW comps) can turn modestly positive in 2025. LOW could have a harder time reaccelerating given their 70%+ DIY exposure vs HD at ~45%. Our Base case of \$270 assumes a market multiple on recovering 2025e earnings of \$12.70/share. We see the appeal of LOW once a broader big ticket Home Improvement DIY recovery is more readily apparent. In the meantime, we believe the risk/reward is better in Top Five Portfolio holding SHW and our outperform rated HD. Good news is that our HILL is improving into 2025 while caution can be found in our Home "Trade Down Recovery" Survey suggesting persistent softness in big ticket discretionary HI spending.

#### **Walmart, Inc (WMT, Outperform, TP: US\$94.00)**

##### *Digital Unlock Drives the Upside*

- Walmart's 3Q showcased the power of an omnichannel flywheel kicking into overdrive. Compounding eComm growth, driving over half of a share gaining 5% comp, has pushed digital penetration to 17% of sales, a good 50% higher than grocery generally. The unlock appears in its early stages, as Walmart Plus membership grows DD (we estimate 14m), share gains are coming with new demographic cohorts (75% \$100K+), 3P grows over 40% and Walmart Connect advertising CAGRS. Staying true to the strong value leadership positioning while elevating its multichannel convenience offering (evidenced by 5% comp/3% traffic), growing market share (over 150bp better than U.S. retail), expanding EBIT margin, and OI growing almost 2x sales. A steady yet cautious low to middle income consumer backdrop remains a risk, as does FX and SG&A reinvestment. That said, we trust Walmart to balance near term profit with people/tech/infrastructure investment needed to deliver on its intriguing long term potential. High margin advertising/alternative profit streams, automation, and AI should widen the competitive moat while WMT continues compounding. From the macro side, Walmart is doing its part to bring inflation down, running just 10bp this quarter (-MSD in gen merch, +100bp in food, slightly negative in consumables. Our C24 EPS nudges 2 cents lower on FX to \$2.49, with our above street C25/26 steady at \$2.80/ \$3.15. Our Base Case of \$94 uses 29x C26 EPS at or slightly above the high end of WMT's 1-1.5x S&P relative valuation range since '17. Our SOTP analysis (Fig 9) suggests a core Walmart U.S. P/E 26x (i.e. 10-20% S&P Premium), the "normal" multiple WMT has held since eComm investments took off in 2017, but while margins and EBIT were falling. Now WMT is gaining traffic, margin, stickier customers and ROI in a mixed macro world.

### **IT Hardware & Networking**

#### **IT Hardware & Networking Oct-qtr Preview: Navigating Cross Currents, While Valuations Stretch**

- **ALL YOU NEED TO KNOW:** Over the next few weeks, we will see multiple off-quarter companies report - CIEN, DELL, HPQ, HPE, PSTG, NTAP, etc. Broadly, demand for AI infrastructure remains a bright spot, particularly from large enterprises and tier-2 CSPs, while spending in the SMB/SME markets and others more sensitive to macro/political uncertainty remains mixed - though there is potential for an uptick here post elections. While our sense is that customers are unlocking differing levels of spend, IT budgets are constantly being reprioritized. For one, the broader PC recovery should be pushed out to CY25, and we see potential for results to come in modestly below expectations for PC centric companies near-term. However, we sense demand for both AI and x86 servers remains strong. On AI, upside is being driven by share shifts, incremental H100 supply, and orders for next - generation chips, while general purpose compute is benefitting from a refresh cycle.

Additionally, storage remains a positive, with memory vendors noting strength in enterprise SSDs as customers adopt QLC solutions. Our sense is that OEMs are also benefitting from mid-single digit ASP increases. While one area of concern is from channel partners which noted weakness in storage and infrastructure spending, we think this is more indexed to SMB/SME verticals. Lastly, signs of a recovery in enterprise and cloud networking have solidified vs. a quarter ago, which should enable upside to current quarter and out-year estimates, though spending in the service provider vertical remains mixed. All in all, the KEY will be on how OEMs sell storage, networking, optical, and services to AI compute, given the hyper focus on margins and if companies beyond Nvidia can profit.

- **Net/Net:** As offquarter names go, most will grapple with a multitude of cross currents given the increasingly more dynamic demand environment. We remain more constructive on names tied to compute and networking spend at the enterprise level (DELL, HPE, CSCO), and a cyclical storage recovery (NTAP, PSTG), though we see risks to those levered to a PC recovery (HPQ, DELL), and spending in the SP vertical (CIEN).

### RATING & TARGET PRICE CHANGES

#### **Amer Sports, Inc. (AS, Outperform, TP: US\$26.00)**

##### **Quality of the Amer Portfolio Turns a Corner in 3Q; Reiterate Outperform**

- **Bottom Line:** Amer's 3Q results were stronger-than-expected across the board, aside from what's now ordinary course conservatism on Arcteryx's forward quarter (and a little more FX pressure).
  1. **China** grew +57% YOY despite a tough macro in that market, and the Americas finally returned to +MSD growth first the first time in 3 quarters (against the toughest compare of the year),
  2. **Ball & Racquet** (a persistent drag to the business) is now a minimal drag to total co margins (7.2% segment margins in 3Q, the best since 1Q23),
  3. **Salomon Softgoods** are growing at a +mid-20's CAGR (vs low-margin hardgoods declining LSD%), and we see an upside case where Salomon Softgoods could continue growing in the mid 20's to ~80% of the mix by 2027 (from 66% today)—we have to wonder if a footwear business growing mid-20%'s could become worth substantially more than the 12x EV/EBITDA we assumed in our IPO initiation (potentially a lot more, considering DECK trades at 20x EV/EBITDA on Consensus +LDD% growth for the next two years),
  4. **Tariff Risk** is less than we expected (China-to-US only 10-12% of total goods and over-indexes to Wilson, which is less important for total co earnings)...
- **...and then Arcteryx:** The stock has been volatile intraday due to Amer implicitly lowering 4Q Arcteryx revs after beating Consensus again by +6% in 3Q (now guided to decel to +27% in 4Q from +35% in 3Q, with Street at +35%). But Arcteryx SSS increased +20% in 3Q despite:
  1. **Inventory Stockouts** leaving revenues on the table/constraining sales in the quarter,
  2. **Tough Compares:** Lapping a +68% SSS compare from 3Q23, and
  3. **Significant weather headwinds** for the outdoor industry in the US in the quarter.
- **Looking to Arcteryx's 4Q:** Store growth is accelerating, and SSS compares get 35pp easier in 4Q vs 3Q. We think any near-term stock weakness on short-term obvious guidance conservatism creates an even better opportunity to buy.
- **Swing Factor Salomon Set for a Step-Change in the Amer SOTP?:** As we've said since the IPO, we expect Arcteryx to drive the stock, and doubt Wilson will become a meaningful stock input over the next 5 years.

#### **BellRing Brands, Inc. (BRBR, Outperform, TP: US\$78.00)**

##### **Positioned for 15%+ revenue growth; Increasing target; Outperform**

- An outperformer in 2024... BRBR stock has been an outperformer (+29% YTD) as a result of 20% and 30% organic sales and EBITDA growth in FY24—and an expanded EV/EBITDA multiple (currently 20x FY25e). In FY25, we are anticipating another solid year of revenue growth (EVRe 15.5%; cons 12%; guidance 12%-16%) with distribution gains (especially in Food/Mass channels), greater assortment (e.g. new pack sizes and flavors), and a sizable (30%+) advertising increase. Strong Premier Protein execution coupled with consumers demanding more protein centric meal solutions gives us confidence in 15%+ organic sales growth.
- Please see inside for additional thoughts including...
- Details behind our new higher FY25 estimates
- We continue to monitor Premier Protein's market share battle with Core Power
- BellRing's high growth peer comparable analysis

### INITIATIONS

#### **SpringWorks Therapeutics Inc. (SWTX, Outperform, TP: US\$60.00)**

*Can Two Commercial Products Be Enough of a Spring for SWTX to Work? Initiate Outperform*

- **We initiate coverage of SWTX with an Outperform rating and \$60 PT.** In our view, SpringWorks looks well positioned based on its first-in-class approved tx for a rare oncology indication and the near-term potential to become a two-product story. Shares bouncing post a slight 3Q miss suggests to us this is an attractive entry point with solid, underlying market dynamics carrying greater weight.
- **Key drivers of our thesis:**
  - Ogsiveo is the first and only FDA approved tx for desmoid tumors, and we are encouraged by commercial trends (even with the slight 3Q miss). Moreover, extensive doc checks underlie our constructive outlook.
  - Mirdametinib is a MEK inhibitor with a best-in-class profile for the treatment of NF1-PN, a rare indication with a mkt established by AZN's Koselugo (\$331M '23 sales); we believe a potential 1Q25 approval helps de-risk the overall story.
- **Where are we different from the Street?**
  - Our Ogsiveo estimates are generally in-line with consensus over the intermediate term but conservatively below the Street in 2030+. We do see multiple future upside levers to our current assumptions, esp disease prevalence and duration of treatment.
  - We believe mirdametinib's profile is competitive enough to hold its own against Koselugo (current SoC in NF1-PN) given its improved profile & potentially broader initial label. Our modest launch expectations are in-line with the Street, but we estimate greater intermediate- to long-term traction.
- **Where could we be wrong?**
  - Ogsiveo may fail to be as widely adopted as our / consensus estimates suggest. For a controversial launch story, one poor earnings print can quickly dampen Street enthusiasm.
  - Mirdametinib may fail to gain mkt share vs Koselugo.
- **Key upcoming events:**
  - Feb 28, 2025: PDUFA Action Date for mirda.
  - 2H25: Add'l Ph1 data for brimarafenib (RAF dimer) in solid tumors.
  - 2025: Potential EU approvals for niro & mirda in DTs and NF1-PN, respectively.
- **Valuation:** Our YE25 target is based on a DCF with a WACC of 10% and TGR of -1%.

### TAP LIST CHANGES

#### **Dell Technologies Inc. (DELL, Outperform, TP: US\$150.00)**

*All (ISG) Systems Go. Adding DELL to Tactical OP List Ahead of Oct-qtr Print.*

- **Rationale For Tactical Call**
- **ALL YOU NEED TO KNOW:** DELL is well positioned to report upside to consensus Oct-qtr rev/EPS estimates of \$24.69B/\$2.07, driven by strength in ISG segment on the heels of storage, general-purpose compute, and AI server strength. Though we expect weaker results in CSG segment to partially offset that strength. On AI server expectations, we expect AI server shipments of >\$3.1B during the Oct-qtr, ahead of management's expectations for flat-to-down q/q, predicated on positive intra-quarter datapoints (Tesla pull-ins, xAI doubling its Colossus cluster, SMCI pains). We expect AI server backlog exiting the Oct-qtr to remain in the mid-\$3B to low-\$4B range, implying ~\$3B in AI server orders during the quarter. Though crucially, we think investor focus will remain on ISG margins, and if there remains a line-of-sight to 11-14% EBIT margins on an annual basis exiting FY25. Although upside to AI server sales would dampen margin expectations, we think an incrementally better storage environment will help DELL more than offset those headwinds. On storage, DELL should benefit from a more competitive product portfolio, pricing tailwinds, and an improving demand environment. All in, our framework remains that the floor for ISG margins should be, at the least, the low end of management's 11-14% long-term guide. Net/Net: If ISG margins continue to tick higher (storage and attach strength), DELL upsides AI server expectations, and management provides positive qualitative commentary around Blackwell ramps in FY26, we think investors will be willing to overlook the PC shortfalls in FY25, and the stock should continue to grind higher. Maintain OP and \$150 target, though **our bull scenario remains \$10-12+ EPS over the medium-term, and the stock works higher towards \$160-170+.**
- **Time Frame / Risks / Other Considerations:** Our call is centered around DELL's Oct-qtr earnings announcement on Tuesday, November 26th after market close.

### OTHER COMMENTS

**AB Inbev (BUD):** Getting its act together in the U.S.; Strong presentation by COO Kyle Norrington

**Advance Auto Parts, Inc (AAP):** Stepping Back to Move Ahead

**Energizer Holdings, Inc. (ENR):** Pricing declines, but ENR intends to grow

**KKR & Co. Inc. (KKR):** Joe Knows Alts: Our Top 10 Meeting Takes

**Microsoft Corporation (MSFT):** 'Top 10' Ignite Keynote Takeaways & Updated Model

**Onto Innovation, Inc (ONTO):** ONTO NDR Takes - Strong Adv Node Recovery + F&L Packaging Revs But 2025 HBM Muted

**Wix.Com Ltd (WIX):** Flash Pass At WIX Q3 EPS Results

**Workday, Inc. (WDAY):** Thoughts Into F3Q Results: Expect In Line / Slight Upside For F3Q & Bull/Bear Debate To Center On ...

**Air Freight:** Parcel Pieces: 2 Steps Forward (China Exports, Retail Sales Accelerate), 1 Step Back (Industrial Production ...)

**Energy Technology & Services:** DOE & LPO Monthly Update: Closing Time

**Global Beverages:** Sazerac President and CEO presentation: 3 key takeaways...Oversupply?

**Global Chemicals:** Crawling into Year End with a 2025 Hangover Likely

**Machinery:** In Texas For Eaton/Electrical Proprietary Color From Non-Wall Street Event - Feedback Supports It's A Valuation...

**REITS:** Quarterly REIT Ownership (3Q24)

**Surface Transportation:** Trucking Trends: Which is the Head Fake?

**Technical Analysis:** Sum of the Charts: "Here Comes Santa Claus"

**Airlines Survey:** Airlines Survey Steady As Post-Election Bookings Are Encouraging \

**Apartment Cos. Survey:** Apartment Cos. Survey Of Rents Ticks Up

**Bank Loans Survey:** Bank Loan Survey Steady Following Improvement

**China Sales Survey:** China Sales Survey Improves But Remains Weak.

**Europe Sales Survey:** Europe Sales Survey Ticks Down

**Homebuilders Survey:** Homebuilders Survey Improves A 2nd Week

**Manufacturing & Chemical Cos. Survey:** Mfg. Cos. Survey Improves, While Chemical Cos. Pull Back.

**Restaurants Survey:** Restaurants Survey Moves Down + Teen & Young Adult Survey Highlights

**Shipping Cos. Survey:** Shipping Cos. Survey Pulls Back On Slower Tanker Activity

**Trucking Cos. Survey:** Trucking Cos. Survey Ticks Down On Slower TL

**Wine & Spirit Wholesalers Survey:** Wine & Spirit Wholesaler Sales Rating Moves Higher This Week

### S&P500 Earnings Calendar

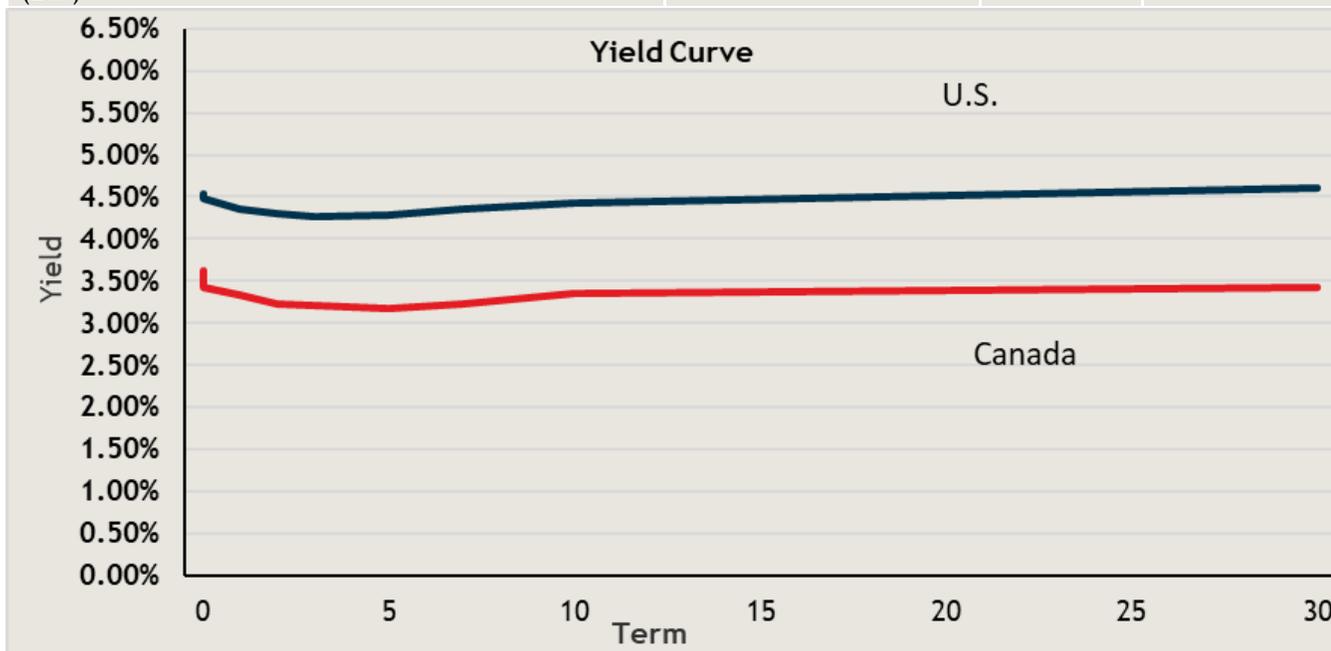
Company	Symbol	Time	Consensus EPS Estimate
NVIDIA Corp	NVDA.OQ	AMC	0.75
Palo Alto Networks Inc	PANW.OQ	AMC	1.48
Target Corp	TGT.N	BMO	1.48
TJX Companies Inc	TJX.N	BMO	1.11

Source: LSEG

# Top News

## Fixed Income

Canadian Key Rate	Last	Change bps		Last	Change bps
CDA o/n	3.75%	0.00	CDA 5 year	3.18%	1.9
CDA Prime	5.95%	0.00	CDA 10 year	3.36%	2.8
CDA 3 month T-Bill	3.49%	1.0	CDA 20 year	3.42%	2.8
CDA 6 month T-Bill	3.42%	1.0	CDA 30 year	3.42%	2.8
CDA 1 Year	3.33%	0.0	5YR Sovereign CDS		
CDA 2 year	3.23%	2.1	10YR Sovereign CDS		
US Key Rate	Last	Change bps		Last	Change bps
US FED Funds	4.75-5.00%	0.00	US 5 year	4.29%	3.9
US Prime	8.00%	0.00	US 10 year	4.42%	4.5
US 3 month T-Bill	4.42%	1.5	US 30 year	4.61%	4.6
US 6 month T-Bill	4.48%	1.1	5YR Sovereign CDS	33.47	
US 1 Year	4.36%	1.5	10YR Sovereign CDS	40.42	
US 2 year	4.31%	3.4			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			612.94	0.37%	12.60%
BMO Laddered Preferred Shares (ETF)			10.5	0.48%	16.15%



Source: LSEG

### Canada: Inflation rebound in October does not worry us too much

CPI data were slightly hotter than expected in October, contributing to an acceleration in annual inflation from 1.6% to 2.0%, the acceleration being mainly due to gasoline. The shelter component continues to be a source of inflation in Canada, rising at a pace of 4.8% in October (vs. 5.0% in September). No fewer than three of the housing sub-components were among the top five contributors to annual inflation: mortgage interest costs (1st), rents (2nd) and property taxes (5th). True, rents have moderated recently, but the monthly increase in October was still well above the historical average. Inflation for the other two components can be traced back to the central bank for mortgage interest costs and local governments for property taxes. The latter of which rose at a pace not seen since 1992. Excluding shelter, inflation in Canada remained extremely low at just 0.9% in October, indicating an economy in excess supply. Looking at the underlying measures of inflation, October saw an acceleration in the central bank's preferred indicators, both of which rose at a monthly rate of 0.3% (3.8% annualized), above the central bank's target. Although the trend over the last three months has been weaker (2.8% annualized), it is still too high in the eyes of the central bank. Does this call into question our view that rates should be brought back to neutral quickly? No. It is perfectly normal for inflation to progress in a non-linear fashion and, more importantly, for inflation to react to the economic environment with some lag. In this respect, the economy has been cooling steadily since 2022, as evidenced by the output gap, which is now well below potential GDP, in contrast to the situation in the United States. The labour market has also deteriorating rapidly, as evidenced by the continuous decline in the employment rate over the past six months, and surveys do not point to any improvement in the medium term. The rise in bond yields in the United States, due to revised expectations of rate cuts in the wake of the Republican sweep in the presidential election, is being reflected in interest rates in Canada, which we see as another argument in favour of easing the short end of the yield curve through a lower overnight rate in order to stabilize the Canadian economy.

#### Canada: Shelter continues to impact headline

Consumer price indices, annual variation



[Click here for full comments](#)

### Housing Market Monitor - Canada: Housing market heats up in October

#### Summary

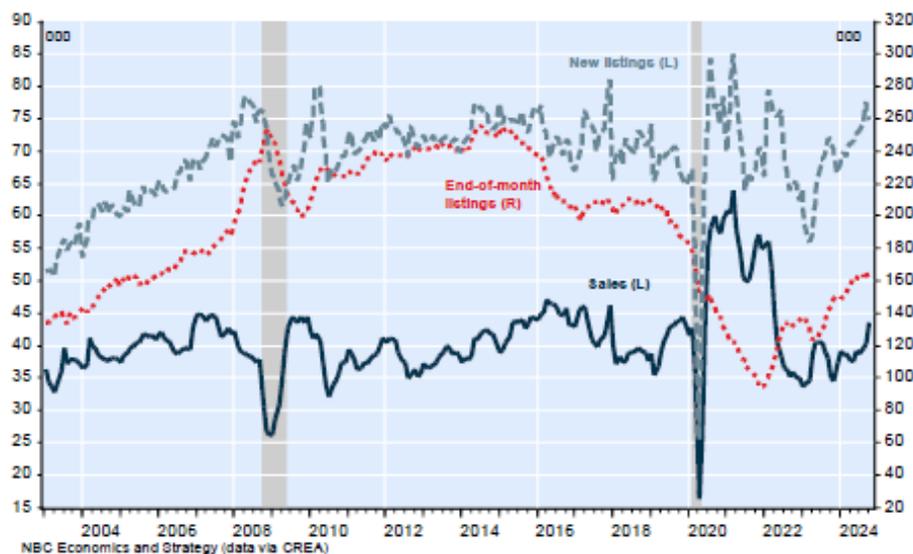
- Home sales jumped 7.7% between September and October, the third consecutive monthly advance and the biggest gain since December 2023.
- On the supply side, October also saw a reversal in the trend, with new listings down by 3.5% compared to September, the first decrease in seven months.

# Top News

## Economy & Strategy

- Active listings declined by 2.8% in October from their highest level since March 2020, marking the biggest monthly contraction since April 2023. As a result, the number of months of inventory (active listings-to-sales) dropped from 4.1, a level roughly back in line with its pre-pandemic level, to 3.7 during the month.
- Market conditions tightened sharply in October and were tighter than their historical average in most provinces. They remained roughly “balanced” in B.C. and moved from softer than average to “balanced” in Ontario.
- Housing starts increased 17.4K in October to 240.8K (seasonally adjusted and annualized), in line with the median economist forecast calling for a 240.0K print. The monthly increase was driven by a rise in urban starts (+12.9K to 223.1K), which were mainly supported by the multi-family segment (+12.2K to 175.7K), while the single-family segment was essentially unchanged (+0.7K to 47.4K). Starts were up in Toronto (+9.1K to 29.5K), Calgary (+7.2K to 31.5K), Vancouver (+7.0K to 30.4K) and Montréal (+3.3K to 16.3K). At the provincial level, the most notable increases in total starts were registered in Québec (+8.8K to 49.2K), Alberta (+6.6K to 53.2K) Ontario (+3.0K to 67.7K) and Manitoba (+3.0K to 9.1K), while the largest declines were seen in New Brunswick (-3.4K to 5.7K), British Columbia (-1.1K to 42.7K) and Saskatchewan (-1.0K to 5.1K).
- The Teranet-National Bank Composite National House Price Index rose by 0.3% from September to October after adjustment for seasonal effects. Six of the 11 markets in the composite index were up during the month: Quebec City (+2.0%), Hamilton (+1.3%), Ottawa-Gatineau (+0.8%), Montreal (+0.4%), Toronto (+0.4%) and Winnipeg (+0.4%). Conversely, prices fell in Victoria (-1.3%), Halifax (-0.9%), Calgary (-0.5%) and Edmonton (-0.1%), while they remained stable in Vancouver.

**Canada: Home sales and listings**  
Seasonally adjusted. Last observation: October 2024



[Click here for full comments](#)

## Evercore ISI - Fixed Income Strategy: Quick Take - Hurricanes Distorted Housing Starts Release

### KEY POINTS:

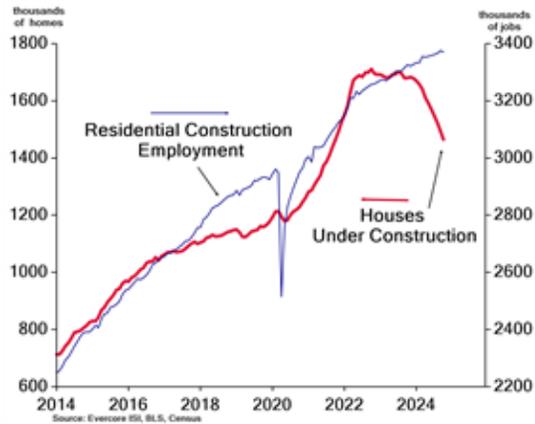
Two significant hurricanes in the Southeast weighed down housing starts / building permits. Housing starts fell -3.1% in October against expectations of a -1.0% drop. Building permits dropped in October too. This weaker than expected release is largely discounted as they were due to a onetime event. Housing starts in November and December should jump materially higher.

1. Single family starts fell -6.9% in October. However, multi-family starts (5 units or more) jumped. Single family permits rose, while multi-family permits fell. Starts were soft in the Northeast after they soared in September and South from the hurricanes. (see table)
2. Homes under construction dropped -1.9% to 1.465 million. It is down -12.8% over the past year. Authorized but un-started permits edged up +0.4% but are still down y/y. Homes completed dropped -4.4% in part from the hurricanes.

**Housing Starts Are Below Long-Term Demographic Demand Around 1.50 million.**



**Fewer Homes Under Construction Should Soon Drag Down Residential Employment Too.**



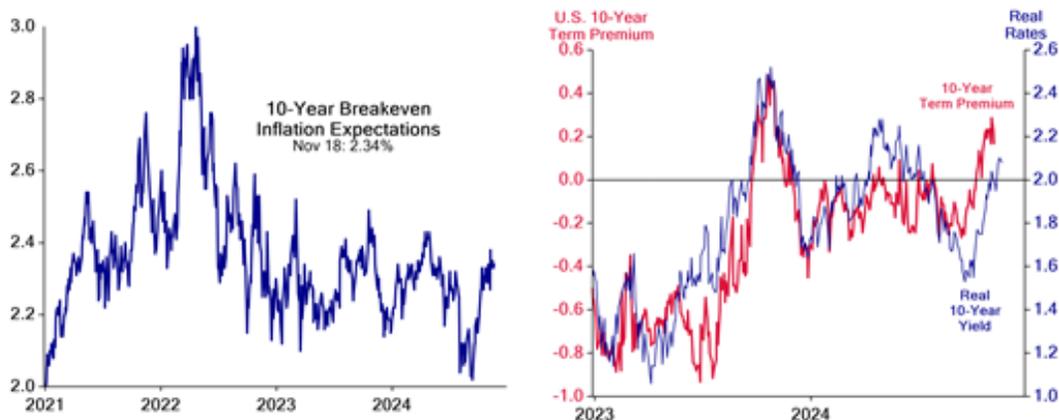
## Evercore ISI - Fixed Income Strategy: It Is Not Only Inflation Expectations Pushing Treasury Yields Higher

From the September low, the 10-year Treasury yield is up some 75bps. While inflation expectations have rebounded some 30bps from that low, the rest of the increase is associated with higher term premiums and real rates. The rise in inflation expectations is really a rebound from low readings in August and September. They were pushed down this summer in large part from favorable spot readings.

The rise in real rates and term premiums is a function of several issues. The outlook for economic growth has improved as the flow of economic releases have been solid. A 'no-landing' economic outlook is now as probable as a 'soft-landing'. Furthermore, Trump's election has boosted the growth outlook as tax cuts seem quite likely. Finally, the federal deficit outlook continues to deteriorate, which boosts Treasury financing operations and the pressure for higher yields.

That said, real yields are back to their pre-Great Recession readings. But term premiums are still some 110 bps below historical reading. (see page 2 charts)

**The Sharp Rise in the 10-Year Treasury Yield Is Not only a Rebound in Inflation Expectations But Higher Real Rates Too.**



# Top News

## Conference Calls

### First Edition Call

This Week on TEAMS:

**MONDAY:** Adam Shine, NBCFM Analyst - Telecom - [8:30 am English call](#) / [9h00 appel français](#)

**TUESDAY:** Daren King, 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:** TBA - [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](#)

### Research Services Publications (Links)

#### Research Services Reports

- [Better than Bonds Canada - November 2024](#)
- [Better than Bonds U.S. - November 2024](#)
- [Inexpensive Quality Canadian Stocks - Q3 update](#)
- [Inexpensive Quality U.S. Stocks - Q3 update](#)
- [F\\_SCORE Q3 2024](#)
- [Selection List - October 2024](#)

#### Preferred Shares

- [Preferred Shares Printable Tables](#)
- [Preferred Shares - November 2024](#)

#### Convertible Debentures

- [Convertible Debentures Printable Table](#)
- [Convertible Debentures - November 2024](#)

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

### Research Services

Philippe Heymans  
514-879-3637

Samantha Barrett, CFA, MBA  
416-507-8829

Eric Beaudette  
514-879-5556

Alex Kastanis, CFA  
514-390-73

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