

Internal use only

June 25, 2024

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG	COMMODITIES/ FX		LAST	CHANGE
Dow Jones MINI futures	39,759.00	-85.00	-0.21%	CRUDE OIL WTI		\$81.29	-\$0.34
S&P500 MINI futures	5,524.50	7.50	0.14%	NATURAL GAS		\$2.76	-\$0.05
NASDAQ MINI futures	19,827.00	76.25	0.39%	GOLD		\$2,324.24	-\$8.69
CANADA EQUITY MARKET	LAST	CHANGE	%CHG	COPPER		\$4.51	-\$0.02
S&P/TSX 60 futures	1,305.70	-6.20	-0.47%	CAD / USD		\$0.7324	\$0.0003
OVERSEAS MARKETS	LAST	CHANGE	%CHG	CAD / EUR		€ 0.6838	€ 0.0017
DJ EURO STOXX 50	4,925.69	-25.29	-0.51%	USD / EUR		€ 0.9336	€ 0.0020
FTSE 100 INDEX	8,265.16	-16.39	-0.20%	USD / JPY		¥159.65	¥0.06
DAX GERMANY	18,142.68	-182.90	-1.00%	GOVERNMENT BONDS	2YR	5YR	10YR
CAC 40 Index	7,642.55	-64.34	-0.83%	CANADA (YLD%)	4.00%	3.44%	3.40%
NIKKEI 225 INDEX	39,173.15	368.50	0.95%	U.S. (YLD%)	4.74%	4.27%	4.24%
HANG SENG INDEX	18,072.90	45.19	0.25%	Source: LSEG			
SHANGHAI COMPOSITE INDEX	2,950.00	-13.10	-0.44%				

Morning News

In Canada, the annual inflation rate unexpectedly accelerated to 2.9% in May, largely on higher prices for services, while key measures of core inflation edged up for the first time in 5 months, in an unfavorable reading for July interest rate cut prospects. Analysts polled by Reuters had forecast inflation to cool to 2.6% from 2.7% in April. Month-over-month, the consumer price index was up 0.6%, exceeding a 0.3% rise forecast. According to Statistics Canada, the surprise acceleration in headline inflation was driven by price for services including cellular services, travel tours, rent and air transportation. CPI-median and CPI-trim, the Bank of Canada's preferred measures of underlying inflation rose for the first time since December, contrary to market expectations. CPI-median sped up to 2.8% from 2.6% in April while CPI-trim accelerated to 2.9% from 2.8%. Economists had forecast CPI-median to remain at 2.6% and CPI-trim to be 2.8%. In May, grocery price growth accelerated for the first time since June 2023, Statscan said, noting that prices for groceries have risen 22.5% compared with May 2020. Excluding volatile food and energy, prices rose 2.9% compared with a 2.7% rise in April. Overall, service prices increased 4.6% in May, compared with a 4.2% rise in April, while goods inflation remained at 1%. Headline inflation is in line with the Bank of Canada's forecast of 2.9% by the end of the first half of 2024. The bank will have another month of inflation data before its next rate announcement on July 24, when money markets see a nearly 70% chance of a rate cut. The central bank lowered its policy rate to 4.75% earlier this month and said decisions to ease further would be dependent on data and taken one at a time. In the U.S., Nasdaq futures bounced back and outperformed peers today as Nvidia and other AI-linked stocks rose after the recent selloff. The tech-heavy Nasdaq slumped more than 1% yesterday in its steepest one-day fall since late April, as investors pulled out of the AI-linked stocks in favor of other sectors such as utilities and energy, causing the Dow to hit a one-month high yesterday. This morning, U.S. Federal Reserve Governor Michelle Bowman reiterated her view that holding the policy rate steady "for some time" will likely be enough to bring inflation under control, but also repeated her willingness to raise borrowing costs if needed. "Inflation in the U.S. remains elevated, and I still see a number of upside inflation risks that affect my outlook," Bowman said in her remarks. Supply-chain improvements and a surge in labor supply from immigration, both of which helped push down inflation last year, are unlikely to continue, she said. On the other hand, regional conflicts could put upward pressure on energy and food prices, while looser financial conditions, fiscal stimulus, labor-market tightness and immigrants' housing needs, could all push up prices, she said. "Should the incoming data indicate that inflation is moving sustainably toward our 2% goal, it will eventually become appropriate to gradually lower the federal funds rate to prevent monetary policy from becoming overly restrictive," she said. However, she said, the economy is "not yet" at that point, adding that she will "remain cautious" in her approach to monetary policy, and predicted that central banks in other countries may loosen policy sooner or more quickly than the Fed. Bowman is one of the Fed's most hawkish voices.

U.S Economic Calendar

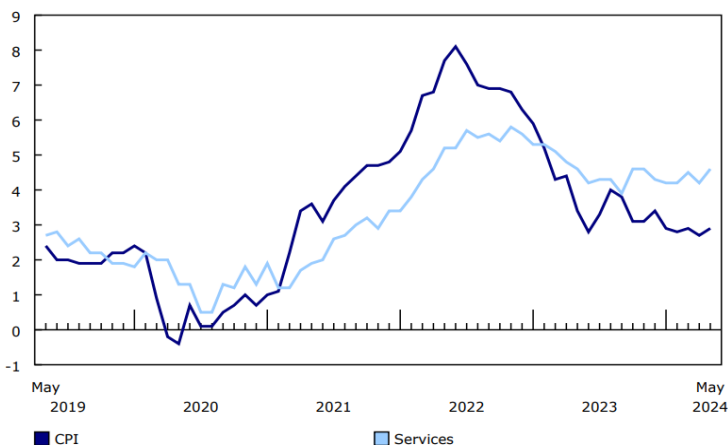
Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
09:00	Monthly Home Price MM	Apr		0.2%	0.1%	0.0%
09:00	Monthly Home Price YY	Apr		6.3%	6.7%	
09:00	Monthly Home Price Index	Apr		424.3	423.4	423.3
09:00	CaseShiller 20 MM SA	Apr	0.3%	0.4%	0.3%	
09:00	CaseShiller 20 MM NSA	Apr		1.4%	1.6%	
09:00	CaseShiller 20 YY NSA	Apr	7.0%	7.2%	7.4%	7.5%
10:00	Consumer Confidence	Jun	100.0		102.0	

Canadian Economic Calendar

Time	Indicator Name	Period	Consensus	Actual	Prior	Revised
08:30	CPI Inflation MM	May	0.3%	0.6%	0.5%	
08:30	CPI Inflation YY	May	2.6%	2.9%	2.7%	
08:30	CPI BoC Core YY	May		1.8%	1.6%	
08:30	CPI BoC Core MM	May		0.6%	0.2%	
08:30	CPI Median	May	2.6%	2.8%	2.6%	
08:30	CPI Trim	May	2.8%	2.9%	2.9%	2.8%
08:30	CPI Common	May		2.4%	2.6%	

Chart of the day

Canada: 12-month change in the Consumer Price Index (CPI) and service prices



Source: Statistics Canada

Morning news

Bitfarms Ltd: Bitcoin miner Riot Platforms is seeking three board seats at rival Bitfarms, a long-sought acquisition target that has rebuffed its \$950 million buyout offer and adopted a poison pill to fend off any attempt at a hostile takeover. Riot, the biggest shareholder in Bitfarms with a nearly 15% stake, withdrew the offer but said it was "ready to engage" with the company's reconstituted board about a potential transaction. Riot has called for a special meeting of Bitfarms' shareholders to vote on its three director nominees - John Delaney, Amy Freedman and Ralph Goehring.

Manulife Financial Corp: Manulife Financial said on Monday it expects to generate more than C\$22 billion of cash by 2027, as the Canadian insurer laid out a plan ahead of its investor day in Asia for cash generation in a higher interest-rate environment. The insurer, which has increasingly focused on Asia for growth, is organising the two-day event on Tuesday in Hong Kong and Jakarta, the second time it has done so in the region. Manulife introduced the cumulative remittances target as it focuses on cash generation and has completed reinsurance deals to unlock millions of dollars.

Suncor Energy Inc: ExxonMobil and subsidiaries of Suncor Energy have lost their bids to dismiss a lawsuit by Boulder, Colorado, alleging the energy companies contributed to climate change by concealing from the public the dangers of unchecked fossil fuel use. Boulder County District Court Judge Robert Gunning on Friday largely rejected the companies contention that Colorado's courts lacked jurisdiction over them and that federal law trumped the state-law claims asserted by the city and its surrounding county. Gunning disagreed with arguments by Exxon and the Suncor subsidiaries that federal law including the Clean Air Act preempted their state-law claims to the extent they were seeking to regulate emissions and global oil production.

NBF Research

DAILY BULLETIN HIGHLIGHTS

REAL ESTATE: New Toronto Apartment Tour - A Rare Pocket of Competition in the Rental Market

Event: We hosted a Toronto property tour of recently completed apartment buildings owned by Allied (19 Duncan), Minto (Niagara West) and RioCan (FourFifty the Well).

Key Takeaways: All-in-all, the suites we toured were impressive with new finishes, modern appliances and extensive amenities. That said, the downtown Toronto market is somewhat saturated with one-bedroom higher-end suites and this was evident in incentives being offered on lease-up and lower turnover spreads / higher turnover for existing units. These will likely be a temporary pressure (given broader population growth and housing constraints) but nonetheless has resulted in a plateauing of market rents this year. Given the cost to build today, we fully expect a pullback in construction as yields at rents being achieved are low vs. current financing costs. Broadly speaking, the suites we saw were commanding between \$4.50-5.00 rents on a per sq. ft. basis with 1+ months of free rent, which would imply yields on cost in the 3% range vs. CMHC insured financing costs today of ~4.25% (this relationship is even more pronounced for condo investors where the price per sq. ft. is higher as are prevailing mortgage rates).

PATRIOT BATTERY METALS INC.: PMET Q4/FY24 Financials and Model Update

PMET (TSXV)	C\$5.10	Event: Q4/FY24 Financial Results and Model Update
Target:	C\$12.00 (Unchanged)	Key Takeaways: We have updated our model with the Q4/FY24 financial results and slightly increased our annual G&A spend. As a result, our NAV decreases slightly from \$13.72/sh to \$13.64/sh. Our price target and rating are reiterated.
Stock Rating:	Outperform (Unchanged)	
Est. Total Return:	135.3%	

COMMENTS

Real Estate - [New Toronto Apartment Tour - A Rare Pocket of Competition in the Rental Market](#)

Patriot Battery Metals Inc. - [PMET Q4/FY24 Financials and Model Update](#)

Top News

Canadian Stocks

[Weekly Canadian Financial Services](#)

[Weekly E&P Talking Points: WTI, NYMEX, Rig Counts, AAV](#)

[Weekly Property Tour](#)

RESEARCH FLASHES

Alithya Group Inc. - [CFO Departure & Appointment of Interim CFO](#)

Cascades Inc. - [June US\\$40/ton linerboard increase falls just short of full implementation of US\\$50-60/ton on the back of...](#)

Exchange Income Corporation - [Acquisition of Armand Duhamel & Fils a strategic and accretive deal](#)

Osisko Gold Royalties Ltd. - [Reported Landslide at Victoria Gold's Eagle Mine in Yukon Territory](#)

Tamarack Valley Energy Ltd. - [TVE Investor Day; Tactically Compounding FCF & Shareholder Returns](#)

Thinkific Labs, Inc. - [For the Record; Notable Insider Selling](#)

MORNING FLASHES

Patriot Battery Metals Inc. - [Final Batch of CV5 Assays Continues to Show Good Mineralization, Resource Update Expected ...](#)

Solaris Resources Inc. - [Solaris Reports High Grade Precious Metal Assays from South of the Caya-Mateo Target](#)

Canadian stocks ratings and target changes across the street

Magna International Inc MGA.N: Wells Fargo cuts target price to US\$46 from US\$49

Victoria Gold Corp VGCX.TO: BMO cuts to market perform from outperform

Victoria Gold Corp VGCX.TO: CIBC cuts to underperformer from neutral; cuts target price to C\$4 from C\$10

S&P/TSX Composite Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Alimentation Couche-Tard Inc	ATD.TO	AMC	0.50

Source: LSEG

Morning news

Apple Inc & Meta Platforms Inc : Apple has rejected overtures by Meta Platforms to integrate the social networking company's AI chatbot into the iPhone months ago, Bloomberg News reported on Monday, citing people with knowledge of the matter. The companies are not in discussions for an AI partnership involving Meta's Llama chatbot and only held brief talks in March, the report said. Discussions about a potential partnership did not reach a formal stage and Apple was not actively planning on integrating Llama into iPhones, because it does not consider Meta's privacy practices stringent enough, according to Bloomberg News.

Boeing Co & Spirit AeroSystems Holdings Inc: Boeing has offered to acquire Spirit AeroSystems in a deal funded mostly by stock that values its 737 fuselage supplier at about \$35 per share, Bloomberg News reported on Monday, citing people familiar with the matter. That offer is worth about \$4.08 billion, as per Reuters calculations based on Spirit's outstanding shares as of May 7. The per-share offer represents a premium of nearly 6% over Spirit's stock closing price on Monday and a 22.4% upside to its closing price on Feb. 29, the day before Boeing's takeover talks became public.

Tesla Inc: The company is recalling 11,688 Cybertruck electric pickup trucks as a failure of the windshield wiper could reduce visibility, increasing the risk of a crash, the U.S. National Highway Traffic Safety Administration (NHTSA) said. The EV maker also is recalling 11,383 units of the pickup truck as a trim in the trunk bed could have been improperly attached, potentially becoming loose and creating a road hazard for motorists behind, a separate notice from the NHTSA said. The recalls are the latest setback for the vehicle whose mass production is expected to start next year. Tesla has also yet to disclose how many trucks it has handed over to consumers in its quarterly deliveries and production report.

Evercore ISI Research

FOCUS RESEARCH

Apple Inc (AAPL) (Outperform Line, TP;\$250.0)

Sizing Potential FY25 Upside From AI iPhone

ALL YOU NEED TO KNOW: Apple stock has seen a nice increase since WWDC, but we still think there is more room to run as we see potential for material upside to current iPhone revenue expectations. Apple's decision to limit Apple Intelligence features to the iPhone 15 Pro or the upcoming iPhone 16 lineup should result in strong demand for the new phones. If Apple can deliver on the features demonstrated at WWDC, we think consumers will find Apple Intelligence compelling enough to shorten the replacement cycle and induce iPhone 13/14 Pro and iPhone 15 owners to upgrade more quickly than they otherwise would. Consensus is currently looking for 3% iPhone growth in FY25, which we think looks too low and we could see potential upside to double digit growth. We estimate a 1 month decline in the replacement cycle could add \$14B in iPhone sales (7% of current FY25 consensus iPhone revenue). Apple will reportedly be rolling out AI features with a staggered approach, so we expect some functionality to be unavailable until CY25, which could drive a stronger for longer cycle as both word of mouth and incremental new features drive upgrades through the year. Net/net: We are increasing our FY25 iPhone revenue growth estimate from 4% to 7% and can see an upside scenario where growth hits double digits. Maintain Outperform & taking our PT from \$220 to \$250 on higher FY25 estimates.

Fiserv, Inc. (FI) (Outperform, TP;\$200.0)

Adding to TAP Outperform Rationale For Tactical Call

Adding FI to TAP Outperform before 2Q/CY24 earnings in late July. Our EPS stands 2% above Consensus both for the quarter and the year. For 2Q/CY24, Clover should grow revenue 25-30% year-over-year, largely driven by increased VAS penetration, in our view. When combined with potential for substantial margin expansion and outsized, EPS-accretive, share repurchase, Fiserv should be able to exceed Consensus EPS. For the months of April and May, the Fiserv Small Business Index accelerated from Q1/24, based on an average of the monthly growth rates, giving us confidence that, in 2Q/CY24, Clover volume growth can accelerate to 20%+ from 19% for 1Q/CY24. See Figure 1. This year, Clover's VAS penetration enjoys substantial potential to increase especially given rapid growth in Clover Capital and as FI goes deeper into the restaurant vertical with management taking an active approach to engaging channel partners. At the same time, Carat for enterprise merchants finally began to lap the loss of a major processing client, which should provide some boost to growth. Investor concerns about slowing Merchant Solutions organic revenue growth tied to subsiding Argentina inflation absent a material improvement in the Peso-USD exchange rate represents the near-term bear case on FI, but such is heavily discounted in FI stock, in our view, while true Merchant

Solutions organic revenue growth will likely remain in the 11% - 14% range in 2Q/CY24 especially with FI facing its easiest adjusted revenue growth comparison of the year.

TARGET PRICE CHANGES

Alnylam Pharmaceuticals, Inc (ALNY) (Outperform, TP;\$260.0)

Quick take on implications of HELIOS-B for ALNY

We just got off a zoom with mgmt. & we share some notable insights on today's phenomenal data which ALNY says is a game changer for tx... Bottom line: HELIOS-B data beat wavering expectations, reaching stat sig in the overall and mono tx population across primary and all second endpoints (deep dive here for pre-data analytics). Stock is up 35%, as it should (investor survey). We are moving POS to 80% from 70% and PT goes to \$260 from \$210. Fully loaded (assuming US approval in 3Q25), it's \$300/sh. Our mkt research (pre data doc survey here) suggests significant 1L usage, with silencers splitting the mkt w/ stabilizer. But with today's data (more to come @ ESC), ALNY believes that vutri will replace taf as new SOC. We will retest the new product profile with docs now that we have data in hand. This makes the taf subgroup data quite important. Our back of the envelope calculations suggest up to 20% reduction in mortality and CV events, and ~38% reduction in mortality, for vutri + taf vs taf alone. Our hunch based on our convo with ALNY today is that the benefit of combo tx is not quite stat. sig. But given the magnitude of the benefit, we wonder if this sets the stage for combo tx in a generic taf world. ALNY and consensus opinion is for generic taf in 2028, but if PFE can uphold its solid form patent, this could extend through 2035. Meanwhile, ALNY still expects mono tx to be standard approach until then. They also mentioned vutri is well positioned to be included in updated guidelines (timing TBD, should be coming in the next couple of years), of which vutri could be a big benefactor. Vutri is currently priced at \$477K vs \$268K for taf. ALNY today confirmed they will ensure the drug is widely available, so we expect lower net pricing. Remember, vutri will also be the only Medicare Part B drug of the ATTR-CM tx, which we think is a key competitive advantage as the IRA changes come into play next year. Today's data also bodes well for ALN-TTRsc04 which offers greatest KD of ATTR & convenient once yearly dosing and in our mind, will secure the pole position for ALNY over the long term.

COMPANY UPDATES

Henry Schein (HSIC) (In Line, TP: US\$75.00)

Replay - Discourses in Digital Dentistry - State of NA Value Implants + BioHorizons' Inroads (HSIC)

Yesterday, we hosted Dr. Justin Moody and Dr. Tarun Agrawal, two general practitioners that have been actively involved in continuing education within implantology, as part of our Discourses in Digital Dentistry series. The discussion centered around their experience with HSIC's BioHorizons, inclusive of the deep conical connection implant as well as the firm's differentiation vs alternatives. In addition, we discussed the prevailing macro environment and how that is impacting implant volumes. Following this session, we've also revised our HSIC estimates to reflect slightly higher OpEx (particularly in 2Q - now estimated to step up qoq). A replay of the webinar is available here.

Key Takes:

- Since most implant brands deliver good quality, BioHorizons' key differentiation stems from superior customer support
 - o Implant system choices are a customer service decision a vast majority of the time, with clinical or financial aspects of more secondary importance
 - o BioHorizons has been very consistent in their support for building up KOLs' education programs
- With the introduction of deep conical connection implants, BioHorizons now has a complete implant offering, including comprehensive lines of implants and product/biologics catalogs
 - o Deep conical connection results in a better seal between the abutment and implant resulting in less micromovement, which limits susceptibility to bacteria and helps maintain bone/tissue around an implant
- KOL estimates ~30% of GPs do implants today, but anticipates this will continue to grow given financial benefit and the fun of doing a wider variety of cases
 - o Live patient trainings can help GPs ramp up to 30-50 implants annually relatively quickly
 - At \$3-5K, GPs can generate >\$90K in incremental revenues (~30 cases at \$3K ea)
 - o GPs start with easy single-implant cases, but can move up to more complex implant cases over time
- Financing environment placing greatest pressure on full-arch both in pricing (now ~\$18-20K per arch; previously >\$20K) as well as volumes (tougher credit availability), with single implant demand more stable
- Sub-premium implants likely to continue taking share given better price points, good education/clinician support, and good clinical results.

Top News

U.S. Stocks

OTHER COMMENTS

Sun Country Airlines Holdings Inc (SNCY) Visible Earnings Growth Through '26 on Amazon Expansion

Regional Banks We're Having an All Night Revival

Restaurants McDonald's needs a value war

S&P500 Earnings Calendar

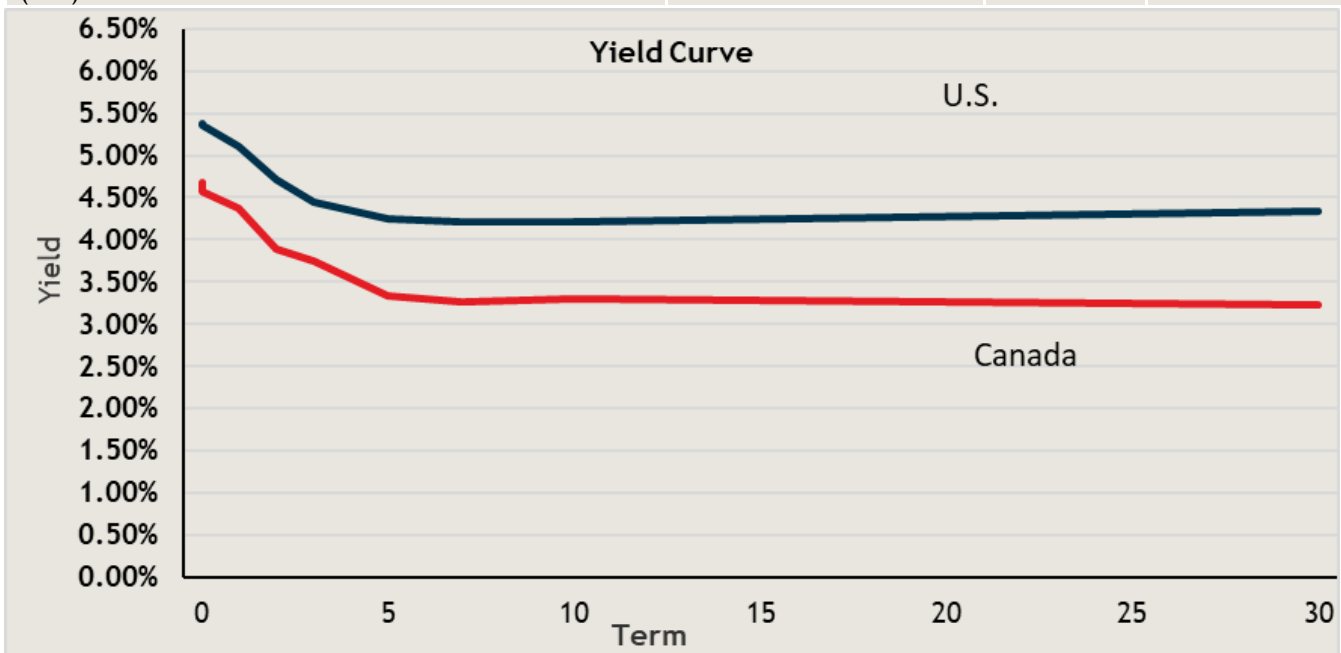
Company	Symbol	Time	Consensus EPS Estimate
FedEx Corp	FDX.N	AMC	5.36
Juniper Networks Inc	JNPR.N	AMC	0.44

Source: LSEG

Top News

Fixed Income

Canadian Key Rate	Last	Change bps		Last	Change bps
CDA o/n	4.75%	0.00	CDA 5 year	3.33%	-2.4
CDA Prime	6.95%	0.00	CDA 10 year	3.30%	-2.8
CDA 3 month T-Bill	4.64%	-1.0	CDA 20 year	3.30%	-2.8
CDA 6 month T-Bill	4.57%	0.0	CDA 30 year	3.22%	-2.9
CDA 1 Year	4.38%	-1.0	5YR Sovereign CDS		
CDA 2 year	3.89%	-3.4	10YR Sovereign CDS		
US Key Rate	Last	Change bps		Last	Change bps
US FED Funds	5.25-5.50%	0.00	US 5 year	4.24%	-3.0
US Prime	8.50%	0.00	US 10 year	4.21%	-3.5
US 3 month T-Bill	5.23%	2.3	US 30 year	4.35%	-3.3
US 6 month T-Bill	5.36%	0.8	5YR Sovereign CDS	39.48	
US 1 Year	5.10%	-0.6	10YR Sovereign CDS	45.46	
US 2 year	4.72%	-1.3			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			583.54	1.28%	7.20%
BMO Laddered Preferred Shares (ETF)			9.95	1.22%	10.07%



Source: LSEG

Snapshot - BoC Governor Tiff Macklem speech in Winnipeg

This afternoon, Bank of Canada Governor Tiff Macklem delivered a [speech](#) titled “*Workers, jobs, growth, and inflation - Today and Tomorrow*” before the Winnipeg Chamber of Commerce. Later this afternoon, there will be a media availability session in which the Governor will take questions from reporters. But here we highlight some of the important elements from the speech and provide our overall assessment below, in the *Bottom Line*:

- **Room for growth *without* inflation:** “With some slack in the economy, there is room for the Canadian economy to grow and add more jobs even as inflation continues to move closer to the target.”
- **No declaration of inflation victory but confidence is growing...** “We are not yet back to 2%, and we can’t rule out new bumps along the way. But increasingly, we look to be on our way.”
- **...so too is soft landing confidence:** “We have yet to fully stick the [soft] landing. Looking forward, the unemployment rate could rise further, particularly as the Beveridge curve is getting flatter. But we continue to think that we don’t need a large rise in the unemployment rate to get inflation back to the 2% target.”
- **Wages are cooling, although still somewhat hot...** “The latest numbers on a six-month basis suggest wage growth has eased to about 4%. This is clearly down from the peak (between 4½% and 6%), but still above the pre-pandemic average (2% to 3%).”
- **...but wages will moderate further:** “The fact that wages are moderating more slowly than inflation is not surprising: wages tend to lag adjustments in employment. Going forward, we will be looking for wage growth to moderate further.”
- **Labour market slack à Difficulty integrating newcomers à Time to slow NPR growth:** “The unemployment rate for newcomers is rising much faster than the overall unemployment rate... It also suggests the government has some room to slow the growth of non-permanent residents without tightening the labour market too much and causing significant labour shortages.”
- **Stress is rising:** “Many indicators of financial stress declined during the pandemic, but they are now back up near pre-pandemic levels. And late payments on credit cards and auto loans are above pre-pandemic levels. We see this stress particularly among renters. These are often younger workers and newcomers.”
- **Weak investment = weak productivity:** “On the surface, the cause of low productivity growth in Canada is clear enough. On average, businesses here invest much less per worker than they do in the United States.”

Bottom Line:

There was no explicit declaration of inflation victory in Macklem’s speech but there’s clearly growing confidence that conditions for price stability are falling into place. Perhaps most notably, the Governor indicated that the jobless rate won’t have to increase much further for 2% inflation to be achieved. Given that slack has been accumulating, there’s also scope for GDP growth and hiring to pick up without accompanying inflation pressures. Reading between the lines, it suggests the bar to hold rates here is relatively high as cuts are not incompatible with solid job/GDP growth. That assessment is complemented by the Governor’s comments on wages. Recently, the Bank has been highlighting (rather modest) wage pressure relief and Macklem reiterated that today. He added that wage growth is a lagging indicator and that they’ll be looking for further relief ahead. This also suggests there’s some willingness to ‘look through’ any elevated wage readings in the near future. Overall, we see nothing here that should change near-term market pricing that sees a cut in July as the more likely outcome. We agree that easing next month is more likely than not, as we’ve discussed [here](#). That view will be tested tomorrow as the May CPI report is due to be released.

The Bank’s next decision will be on July 24th.

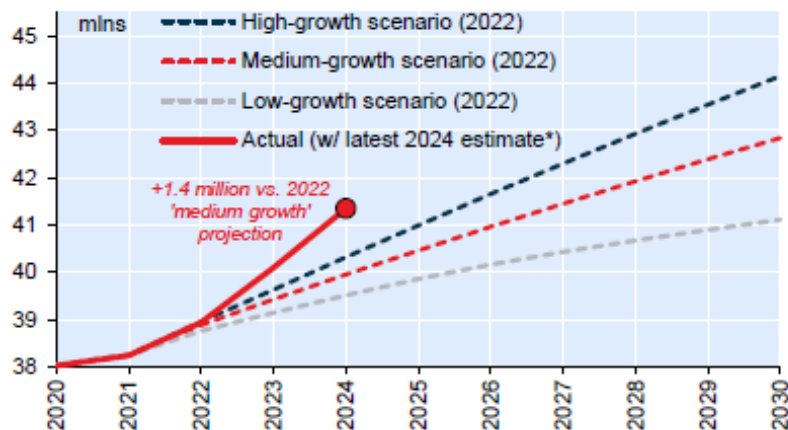
Market View - Even more perspective on Canada’s population saga

Last week, we spoke to Canada’s latest population tally ([here](#) and [here](#)), an issue that’s still front and centre. Today, StatCan released population projections out to 2073 under various scenarios, used for a variety of planning purposes. Comparing the latest thinking to *prior* projections highlights just how much Canada’s demographics have shifted, with the population picture still quite fluid. Indeed, [up-to-date](#) estimates show the population is poised to settle on the ‘high growth’ scenario in 2024. If this year is any indication then, achieving the slower population growth that *all* scenarios lay out for 2025-27 could be easier said than done. But assuming the government succeeds in shrinking the temporary resident cohort (as they’ve

population growth in years ahead will slow *sharply*, recent annual tallies unlikely to be repeated in our lifetimes. The hope, of course, is that this might just give Canada's housing supply a chance to (gradually) catch up with unprecedented demand.

Chart 1: Canada's population surged past prior projections

Population growth vs. 2022 planning projection scenarios



[Click here for full comments](#)

Market View - Holding pattern [of Canadian debt securities]

Ask a frequent flyer and they're apt to tell you a 'holding pattern' is a period of little to no progress; the equivalent of going in circles or flying nowhere fast. But there's another 'holding pattern' we tend to key on, related to the ownership (or holding) of Canadian debt. And here, the recent trend (or pattern) has been anything but static.

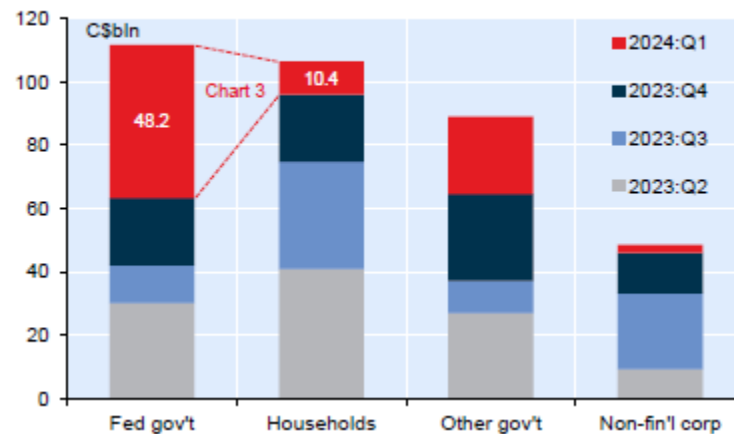
Leveraging a collection of recent data (i.e., economic accounts, national balance sheet/financial flows, international transactions/investment positions, government finance statistics, BoC assets and liabilities) this Market View puts the stock and flow of Canadian debt context. We isolate where fresh debt is coming from and how/where/by whom related securities are being absorbed. There's a particular focus on the one sector/issuer demanding more funding than any other of late: the Government of Canada (GoC).

A collection of domestic investors are increasing their holdings of GoC debt, helping to balance a well-supplied market. We're thinking of our banks, trustee pension funds, insurers, and mutual funds, amongst others. Some of these domestic sectors still look to have some 'dry powder', which is somewhat comforting given that Ottawa's net financing needs remain non-trivial (and objectively larger than what underlying economic conditions argue for).

Without minimizing domestic investor support/subscription, when it comes to GoC debt absorption, we could perhaps assign the primary assist to non-residents. Whether domiciled in the U.S., Europe, the Middle East, Asia or elsewhere, foreign investors have collectively swallowed \$75 billion of GoC bonds and T-bills in the latest 12 months alone (to April). That's almost double the amount of cash required to finance the federal government's annual deficit.

Deep and broad international demand has eased the adjustment to ongoing BoC QT, even if a more pronounced non-resident footprint creates its own source of potential risk (should foreign attitudes really break against us and/or related leverage get seriously reined in).

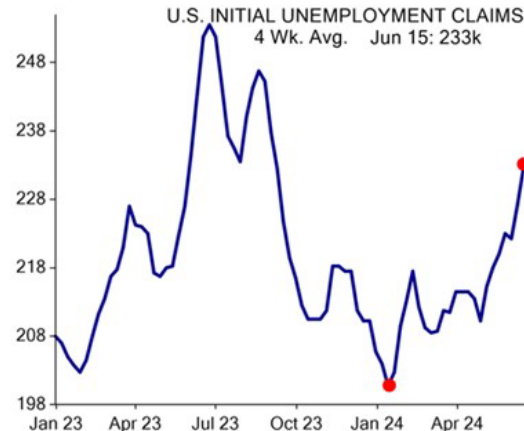
Chart 1: Feds outborrow other sectors, incl. households...
Net demand for funds: Cdn non-financial sectors (latest 4Q)



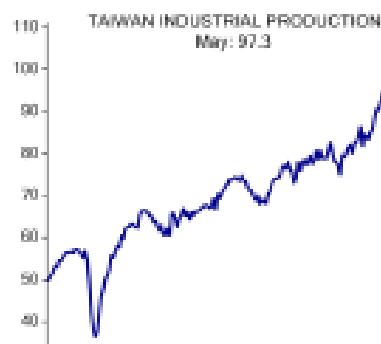
[Click here for full comments](#)

Evercore ISI - Morning Economic Report: Anchoring Chart of the Week

With inflation having already slowed significantly, employment is now central to the economic outlook. In this regard, unemployment claims have now clearly increased, although they are still very low.



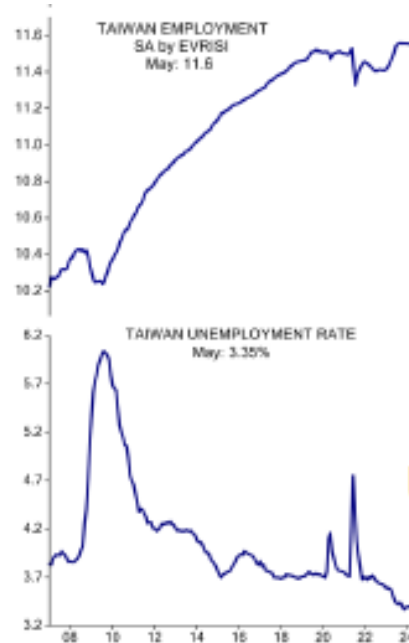
Strong Taiwan Readings



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Technical Analysis

Technical trading ideas

Hammond Power Solutions Inc. (HPSa:TSX) - \$102.92



- The correction on HPSa from approximately \$160.00 to \$95.00 is played out on the downside.
- Support around \$95.00 and its 200-day held.
- Buying interest is taking over from the bears as the stock rallies.
- Strong upside momentum can support a rebound to \$130.00 to \$140.00.

WELL Health Technologies Corp (WELL:TSX) - \$4.51



- The WELL chart broke out of nine-month base as it rallied across resistance at \$4.30.
- A climactic low in March marked an important bottom.
- Volume continues to improve on the breakout.
- Strong upside momentum on the breakout supports higher prices.
- Target is \$5.50 to \$6.00.

Top News

Technical Analysis

Domain Building Materials Group Ltd. (DBM:TSX) - \$7.05



- Technical deterioration is becoming more and more evident among the economic cyclical stocks.
- The rally on DBM has seen its best days.
- A five-month top was completed as the stock broke \$7.50.
- The chart has broken below both moving averages as the 50-day is crossing below its 200-day.
- A rising trend line also broke at \$7.00 further confirming the end of the bullish trend.
- Target is \$5.50.

Stelco Holdings Inc. (STLC:TSX) - \$36.67



- STLC broke down from an eight-month top as it broke \$38.00.
- Stronger volume on the breakdown further confirms the downside action.
- Weakening relative strength is leading the stock lower.
- First test is support around \$26.00 to \$27.00.

Chart source: LSEG

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Conference Calls

First Edition Call

This Week on TEAMS:

MONDAY: No Call - Quebec holiday

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

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

THURSDAY: Cameron Doerksen, NBCFM Analyst - Transportation - [8:30 am English call](#) / [9h00 appel français](#)

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

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