NATIONAL BANK OF CANADA
FINANCIAL MARKETS

# Top News

## Research Services

April 28, 2023

| U.S. EQUITY FUTURES | LAST | CHANGE | %CHG |
|---|---|---|---|
| Dow Jones MINI futures | 33,815.00 | -114.00 | -0.34% |
| S&P500 MINI futures | 4,141.25 | -12.50 | -0.30% |
| NASDAQ MINI futures | 13,197.50 | -33.75 | -0.26% |
| **CANADA EQUITY MARKET** | **LAST** | **CHANGE** | **%CHG** |
| S&P/TSX 60 futures | 1,238.40 | -3.50 | -0.28% |
| **OVERSEAS MARKETS** | **LAST** | **CHANGE** | **%CHG** |
| DJ EURO STOXX 50 | 4,326.10 | -31.95 | -0.73% |
| FTSE 100 INDEX | 7,828.43 | -3.15 | -0.04% |
| DAX GERMANY | 15,795.91 | -4.54 | -0.03% |
| CAC 40 Index | 7,434.86 | -48.98 | -0.65% |
| NIKKEI 225 INDEX | 28,856.44 | 398.76 | 1.40% |
| HANG SENG INDEX | 19,894.57 | 54.29 | 0.27% |
| SHANGHAI COMPOSITE INDEX | 3,323.27 | 37.39 | 1.14% |

| COMMODITIES/ FX | | LAST | CHANGE |
|---|---|---|---|
| CRUDE OIL WTI | | $75.12 | $0.36 |
| NATURAL GAS | | $2.39 | $0.04 |
| GOLD | | $1,982.20 | -$5.67 |
| COPPER | | $3.87 | -$0.01 |
| CAD / USD | | $0.7326 | -$0.0030 |
| CAD / EUR | | € 0.6672 | € 0.0003 |
| USD / EUR | | € 0.9108 | € 0.0043 |
| USD / JPY | | ¥136.09 | ¥2.15 |
| **GOVERNMENT BONDS** | **2YR** | **5YR** | **10YR** |
| CANADA (YLD%) | 3.69% | 3.01% | 2.88% |
| U.S. (YLD%) | 4.06% | 3.54% | 3.46% |

Source: Refinitiv

## Morning News

U.S. stock index futures dipped on Friday as Amazon's warning about a slowdown in its cloud business and investors digested the latest round of corporate earnings, including downbeat forecasts from Snap and Pinterest. On Thursday, equities enjoyed the biggest daily gain since January, with solid earnings from technology firms, including Meta Platforms Inc. and Intel Corp. The earnings season has been better than expected. Of the 261 S&P 500 companies that have reported earnings, about 80% have reported positive surprises, according to FactSet data. Oil prices were heading for another monthly decline on Friday after disappointing U.S. economic data and uncertainty over further interest rate hikes weighed on the demand outlook.

European stock markets retreated Friday as official data confirmed the eurozone is struggling to grow. The euro zone grew only marginally in the first three months of 2023 and at a rate lower than market expectations after stagnation at the end of last year, preliminary data showed on Friday. Gross domestic product in the euro zone expanded by 0.1% in the first quarter, below expectations in a Reuters poll for 0.2% growth. Compared to a year earlier, growth was 1.3% against expectations of 1.4%. That compared with zero growth in the previous quarter for the current 20-nation euro zone and a quarterly decline of 0.1% for the 19 countries that were in the euro zone at that point. The German economy stagnated in the first quarter, as a decline in government and household consumption was balanced out by an increase in exports and capital investment. Gross domestic product was unchanged quarter on quarter in adjusted terms, the federal statistics office said. A poll of analysts had forecast growth of 0.2%.

Japan's Nikkei share average rose to an eight-month high on Friday after the Bank of Japan left its ultra-easy monetary policy settings unchanged, adding to the boost from a series of strong domestic earnings. As widely expected, the BOJ kept its short-term interest rate target intact at -0.1% and for the 10-year bond yield around 0%, vowing to "patiently" continue with stimulus. Core consumer inflation in Japan's capital beat expectations in April and an index stripping away fuel costs rose at the fastest pace in four decades, highlighting the challenge the new central bank chief faces in keeping ultra-low interest rates. The core consumer price index (CPI), which excludes volatile fresh food but includes fuel costs, for Tokyo rose 3.5% in April from a year earlier, government data showed on Friday, faster than a median market for a 3.2% rise and well above the BOJ's 2% target. It accelerated from a 3.2% increase in March. Taiwan's export-dependent economy contracted more than expected in the first quarter and slipped into recession as exports were hit by slowing global tech demand and broader economic woes, but should hit a 2% growth target this year. Gross domestic product (GDP) shrank 3.02% in January-March from a year earlier, following a contraction of 0.41% in the previous quarter, preliminary data from the statistics agency showed on Friday.

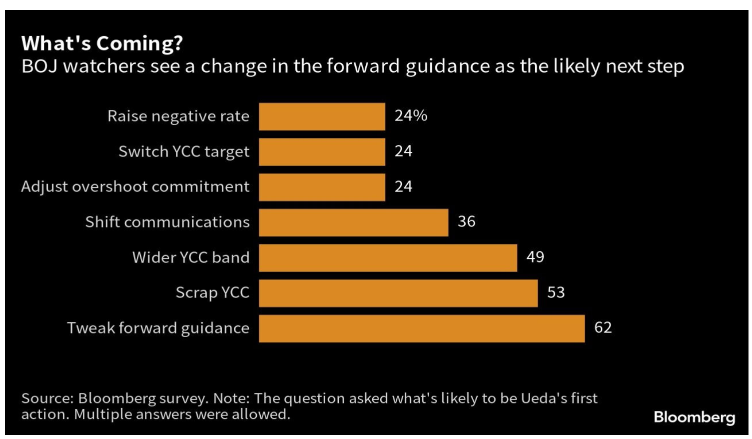
## U.S Economic Calendar

| Time | Indicator Name | Period | Reuters Poll | Actual | Surprise | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 08:30 | Personal Income MM | Mar | 0.2% | 0.3% | 0.10% | 0.3% | |
| 08:30 | Personal Consump Real MM | Mar | | 0.0% | | -0.1% | -0.2% |
| 08:30 | Consumption, Adjusted MM | Mar | -0.1% | 0.0% | 0.10% | 0.2% | 0.1% |
| 08:30 | Core PCE Price Index MM | Mar | 0.3% | 0.3% | 0.00% | 0.3% | |
| 08:30 | Core PCE Price Index YY | Mar | 4.5% | 4.6% | 0.10% | 4.6% | 4.7% |
| 08:30 | PCE Price Index MM | Mar | | 0.1% | | 0.3% | |
| 08:30 | PCE Price Index YY | Mar | | 4.2% | | 5.0% | 5.1% |
| 08:30 | Employment Wages QQ | Q1 | | 1.2% | | 1.0% | |
| 08:30 | Employment Benefits QQ | Q1 | | 1.2% | | 0.8% | |
| 08:30 | Employment Costs | Q1 | 1.1% | 1.2% | 0.10% | 1.0% | |
| 09:45 | Chicago PMI | Apr | 43.5 | | | 43.8 | |
| 10:00 | U Mich Sentiment Final | Apr | 63.5 | | | 63.5 | |
| 10:00 | U Mich Conditions Final | Apr | | | | 68.6 | |
| 10:00 | U Mich Expectations Final | Apr | | | | 60.3 | |
| 10:00 | U Mich 1Yr Inf Final | Apr | | | | 4.6% | |
| 10:00 | U Mich 5-Yr Inf Final | Apr | | | | 2.9% | |

## Canadian Economic Calendar

| Time | Indicator Name | Period | Reuters Poll | Actual | Surprise | Prior | Revised |
|---|---|---|---|---|---|---|---|
| 08:30 | GDP MM | Feb | 0.2% | 0.1% | -0.10% | 0.5% | 0.6% |
| 11:00 | Budget Balance, C$ | Feb | | | | -0.91B | |
| 11:00 | Budget, Year-To-Date, C$ | Feb | | | | -6.44B | |
| 08:30 | New Housing Price Index | Mar | | 0.0% | | -0.2% | |

## Chart of the day



# Top News
## Canadian Stocks

## Morning news

***CI Financial Corp:*** CI Financial Corp. has sold its minority stake in a U.S. wealth manager, saying it plans to use the proceeds to pay down debt. CI did not say how much it will receive for selling its ownership Congress Wealth Management LLC, to Audax Private Equity. The sale marks a shift for CI, which has expanded in the U.S. under chief executive Kurt MacAlpine. Starting in 2020, CI paid a total of $2.85 billion for more than 30 wealth management firms, nearly all in the U.S. CI slowed down the acquisition pace in 2022, however, as analysts pressed the company on whether it could improve its balance sheet. The sale of its Congress Wealth stake also indicates that CI is placing great value on owning 100% of its U.S. wealth managers, or at least a majority stake that would allow it to control their management.

***Imperial Oil Ltd:*** Canada's Imperial Oil Ltd posted a higher first-quarter profit on Friday, helped by favorable energy prices amid tight global supplies and increased production. Global oil prices were down 20% year-over-year during the quarter, but still higher than historical levels. Imperial, majority-owned by Exxon Mobil Corp, said first-quarter upstream production averaged 413,000 gross barrels of oil equivalent per day (boepd), up from 380,000 boepd. The company also raised its quarterly dividend by 14% to 50 Canadian cents per share. Imperial reported a net income of C$1.25 billion, or C$2.13 per share, for the quarter ended March 31, from C$1.17 billion, or C$1.75 per share, a year earlier.

***TC Energy Corp:*** Canada's TC Energy Corp beat analysts' estimates for first-quarter profit on Friday as elevated energy prices boosted demand for the pipeline operator's services. While global oil prices have on average declined 20% from peaks hit last year when the Ukraine crisis fueled supply concerns, the levels are still high enough for energy producers to drill profitably, thus boosting demand for pipeline operators. West Texas Intermediate Crude averaged $75.75 per barrel during the first quarter. The company's U.S. Natural Gas Pipelines averaged at 28.5 billion cubic feet per day with several assets performing at near-record levels during peak demand, the company said. The Calgary, Alberta-based company reported comparable earnings of C$1.21 per share for the three months ended March 31, while analysts on average had expected earnings of C$1.15 per share, according to Refinitiv data.

## NBF Research

### RATING AND TARGET PRICE CHANGES

**Alaris Equity Partners Income Trust -** Deploying US$36.5 million in Federal Management Partners…; Target: C$23.50 (Was C$23)
**Bombardier Inc. -** Solid start to the year; Target: C$85 (Was C$79); Rating: Outperform (Was Sector Perform)
**Mullen Group Ltd. -** Bucking the broader freight market trends - maintain Outperform; Target: C$19 (Was C$18.50)
**National Energy Services Reunited Corp. -** Discontinuing Coverage
**New Gold Inc. -** NGD 1Q23 Earnings - Estimates Revisions; Target: C$2 (Was C$2.25)
**North American Construction Group Ltd. -** Compounding amid positive commodity backdrop; Target: C$33 (Was C$27)
**Spin Master Corp. -** Pushing 1QE Up Slightly After HAS/MAT Results, Upgrade to Outperform (Was SP) (Valuation Gap Wider)
**StorageVault Canada -** Interest rates offset AFFO/sh growth in Q1, but growth outlook improves...; Target: C$6.50 (Was C$7)
**Suncor Energy Inc. -** Been a Minute; Upgrading to Outperform (Was SP); Target: C$61 (Was C$60)

### DAILY BULLETIN HIGHLIGHTS

**BOMBARDIER INC.:** Solid start to the year – raised to Outperform

| | |
|---|---|
| **BBD.B / BBD.A (TSX)** | **C$59.62;** C$60.00 |
| **Target:** | **C$85.00** |
| | (Was C$79.00) |
| **Stock Rating:** | **Outperform** |
| | (Was Sector Perform) |
| **Est. Total Return:** | **42.6%** |

**Event:** Bombardier released Q1 2023 results.

**Key Takeaways:** We are upgrading Bombardier shares to Outperform from Sector Perform and are increasing our target to C$85.00 from C$79.00 previously. We downgraded Bombardier in February this year following a tremendous run for the stock through 2022, and since that time the stock has traded ~12% lower. Given that financial results have subsequently come in above our expectations and the company increased its 2025 targets in late March, we see the current share price as a more attractive entry point.

# Top News
## Canadian Stocks

**SPIN MASTER CORP.:** Pushing 1QE Up Slightly After HAS/MAT Results, Upgrade to Outperform (Valuation Gap Wider)

| | |
|---|---|
| **TOY (TSX)** | **C$33.93** |
| **Target:** | **C$42.00** |
| | (Unchanged) |
| **Stock Rating:** | **Outperform** |
| | (Was Sector Perform) |
| **Est. Total Return:** | **24.5%** |

**Event:** 1Q23 Preview and Rating Change.

**Key Takeaways:** We first previewed our 1QE for TOY on March 27. Consensus (ex-outliers) is largely unchanged with total revs at $241.2M and Adj. EBITDA at $22.7M. We see some room to move up our 1QE without stretching far from TOY's comments. We're pushing 1Q GPS to 11% of 2023E which moves our estimate up to $218.0M (-45% y/y) from $198.2M (-50%). This increases our Total Revs to $255.0M (-40%) from $237.9M (-44%) and Adj. EBITDA to $25.5M (-73%) from $24.2M (-75%). Our target is based on 2023E DCF (FX 1.30) with implied EV/EBITDA 6.2x 2023E & 5.8x 2024E. Hasbro trades at 9.0x & 8.2x, Mattel 8.3x & 7.1x, and TOY 4.4x & 4.0x. Since our March 27 preview, TOY's multiples are down -40 bps while those of HAS/MAT are up +30 bps. TOY's average post-2018 discounts to HAS (-289 bps) & MAT (-333 bps) would suggest it could be trading at 5x-6x 2023E or closer to Cdn$37-Cdn$42. We're two thirds through a tough 1H comp with 4 easy comps ahead post-2Q.

**SUNCOR ENERGY INC.:** Been a Minute; Upgrading to Outperform

| | |
|---|---|
| **SU (TSX; NYSE)** | **C$41.29; US$30.39** |
| **Target:** | **C$61.00** |
| | (Was C$60.00) |
| **Stock Rating:** | **Outperform** |
| | (Was Sector Perform) |
| **Est. Total Return:** | **53.2%** |

**Event:** We updated our estimates following Suncor's $5.5 billion acquisition of TotalEnergies' Canadian operations.

**Key Takeaways:** We are upgrading Suncor to Outperform (from Sector Perform) as a result of today's strategic acquisition, compelling valuation and our view that the relative operational downside is becoming limited as the company appears to be establishing a more conservative approach to operational milestones. Over the last five years, Suncor has lagged the energy index by almost 40%. For more details on today's acquisition, please refer to our previously published note. Additionally, we are increasing our target price to $61.00 (from $60.00) driven by an increase to our cash flow forecast (Exhibit 1) which implies a 53% total return, further supporting our upgrade. More within...

## OTHER COMMENTS

**Special Situation -** An update on the bull case for housing - six months of "high" interest rates (Part 1: data dump)
**Advantage Energy Ltd. -** Compounding Value Equation
**Alamos Gold Inc. -** AGI 1Q23 Earnings - Estimates Revisions
**Allied Properties REIT -** Operational outlook stabilizing, UDC sale offers potential for improved sentiment
**Nexus Industrial REIT -** London Property Tour Recap
**NorthWest Healthcare Properties REIT -** Off restriction: Convertible debenture deal part of ongoing refinancing plan
**Yangarra Resources Ltd. -** Q1 Results & Capital Budget Update

## RESEARCH FLASHES

**Media -** Writers Guild of America (WGA) Could Go On Strike After May 1
**Agnico Eagle Mines Ltd. -** Adj EPS Beat; Production Tracking Well to Guidance
**ATS Corporation -** ROK delivers on the back of ABB, another industry peer
**DRI Healthcare Trust -** DRI Healthcare Sells The TZIELD™ Royalty At A Significant Premium
**Eldorado Gold Corporation -** Adj. EPS Beat; Opex Showing Signs of Improvement
**GFL Environmental Inc. -** Q1 first look: green machine is gaining steam
**Lycos Energy Inc. -** Well Positioned
**Newmont Corporation -** Adj EPS Beat; Production Tracking to Plan
**Pan American Silver Corp. -** 2023 Guidance Clears De-risking Milestone, Consolidated Estimates Within Range
**Shawcor Ltd. -** More colour around previously announced capex budget: two Composite Systems facilities to add pipe and…
**Suncor Energy Inc. -** TotalEnergies Acquisition (Outlook Impact: Positive)
**Thomson Reuters Corporation -** Q1 Results Get Reported May 2, Special Meeting on June 14 for Vote on Return of Capital
**Toromont Industries Ltd. -** Q1/23 results first look - strong (more importantly, Michael McMillan named CEO)

# Top News
## Canadian Stocks

## MORNING HIGHLIGHTS

**ATCO LTD.:** Tucking in Ports and S&L expansions

| | |
|---|---|
| **ACO.X / ACO.Y (TSX)** | **C$44.90; C$45.50** |
| **Target:** | **C$45.00** |
| | (Unchanged) |
| **Stock Rating:** | **Sector Perform** |
| | (Unchanged) |
| **Est. Total Return:** | **4.5%** |

**Event:** ATCO reported Q1/23 adj. EPS of $1.21 versus our $1.13 forecast (Street: $1.10), while being awarded S&L LNG related contracts and Neltume Ports expanding its presence.

**Key Takeaways:** ATCO Structures completed the stage three milestone of the Bechtel Pluto Train II project with stage four on track for delivery by Q2/23, while being awarded a supplemental contract for 79 additional space rental units to support construction at the Plaquemines LNG facility. Meanwhile, subsequent to the quarter Neltume Ports and its partner Nautilus entered into a contract with the Port Authority of Vancouver in Washington to operate Terminal 2 for 30 years. Moreover, Neltume acquired an additional 5% interest in Sagres, bringing its ownership to 95%. Although the company eased into Q1/23 with results positively impacted by some seasonality and timing impacts, ATCO noted it continues to expect the 2023 rebasing year to result in lower realized ROE and earnings prior to PBR 3.0 kicking off in 2024 for its Canadian Utilities business. Overall, we maintain our $45 target and SP rating.

**CANADIAN UTILITIES LIMITED:** Renewable upside on the horizon…

| | |
|---|---|
| **CU / CU.X (TSX)** | **C$39.14; C$38.59** |
| **Target:** | **C$37.00** |
| | (Unchanged) |
| **Stock Rating:** | **Sector Perform** |
| | (Unchanged) |
| **Est. Total Return:** | **(0.9)%** |

**Event:** CU reported Q1/23 adj. EPS of $0.81 versus our $0.78 estimate (Street: $0.74) reflecting new wind asset contributions and timing of inflation indexation as it works to complete renewable projects.

**Key Takeaways:** Although Q1/23 results were positively impacted by some seasonality and timing impacts, the 2023 rebasing year is expected to result in lower realized ROE prior to PBR 3.0 kicking off in 2024. Meanwhile, the acquisition of Suncor's renewable generation portfolio closed in early January and the company is uprating the Forty Mile wind asset with expectations of increasing generation capacity to 225 MW from 202 MW in Q4/23. We highlight the facility has 100% Alberta merchant exposure until Q3/23 when its 150 MW PPA with Microsoft kicks in for the subsequent 15 years, returning the company back to its target 75% contracted and 25% merchant exposure. Elsewhere, CU extended its current PPA with Origin Energy for the Osborne electricity cogeneration facility in Australia, commencing January 2024 for a three-year term and an optional fourth. Overall, with our estimates and outlook largely intact, we maintain our $37 target and SP rating.

**SECURE ENERGY SERVICES INC.:** Balancing buybacks with high quality growth…

| | |
|---|---|
| **SES (TSX)** | **C$6.27** |
| **Target:** | **C$8.00** |
| | (Unchanged) |
| **Stock Rating:** | **Outperform** |
| | (Unchanged) |
| **Est. Total Return:** | **34.0%** |

**Event:** SES reported Q1/23 adj. EBITDA $142 mln (net of SBC), matching our comparable estimate, with adj. EBITDA margins of 36% up from Q1/22 levels of 35%, albeit down slightly from Q4/22 at 37%.

**Key Takeaways:** SES signed a new 12-year take-or-pay agreement with a senior E&P customer for water pipeline and disposal infrastructure in the Montney (online Q4/23), increasing its 2023 growth capex budget to $100 mln (was $50 mln), citing a ~4.5 year payback. Combined with $95 mln of share repurchases YTD, we forecast ~20% AFFO/sh growth into 2024e, balancing shareholder returns while growing high quality, contracted cash flows. Meanwhile, we highlight ~20% valuation upside related to the company's appeal to the Competition Tribunal's recent order to divest of 29 facilities (decision expected Q4/23). For now, we continue to model in the $570 mln sale of assets related to the Tribunal's decision at the low end of management's expected price tag range of 5-8x, and such, maintain our $8 target. Based on a 34% total return opportunity, combined with an implied SOTP valuation of ~$13/sh based on market comparables, we reiterate our OP rating.

## MORNING COMMENTS

**ATCO Ltd. -** Tucking in Ports and S&L expansions
**Canadian Utilities Limited -** Renewable upside on the horizon…
**Secure Energy Services Inc. -** Balancing buybacks with high quality growth…

## MORNING FLASHES

**B2Gold Corp. -** Fekola Complex Phase I on Track, Phase II Study Now ~YE23, Exploration Posts Splashy Grades
**Copper Mountain Mining Corporation -** First Look: Q1 Results In line with NBF; 2023 Guidance Reiterated

## Canadian stocks ratings and target changes across the street

Advantage Energy Ltd AAV.TO: BMO cuts target price to C$10 from C$11
Aecon Group Inc ARE.TO: RBC cuts target price to C$14 from C$15
Alaris Equity Partners Income Trust AD_u.TO: National Bank of Canada ups target price to C$23.50 from C$23
Allied Properties REIT AP_u.TO: CIBC cuts target price to C$27 from C$30
Allied Properties REIT AP_u.TO: TD Securities cuts target price to C$32 from C$34
Atco Ltd ACOx.TO: CIBC raises target price to C$53 from C$52
Bombardier Inc BBDb.TO: National Bank of Canada raises target price to C$85 from C$79
Bombardier Inc BBDb.TO: National Bank of Canada raises to outperform from sector perform
Bombardier Inc BBDb.TO: RBC raises target price to C$103 from C$100
Bombardier BBDb.TO: Scotiabank raises target price to C$84 from C$83
Canadian Pacific Kansas City Ltd CP.N: Credit Suisse raises target price to US$81 from US$79
Canadian Utilities Ltd CU.TO: CIBC raises target price to C$40 from C$39
Celestica Inc CLS.N: BMO cuts target price to US$14.50 from US$15.50
Celestica Inc CLS.N: CIBC cuts target price to US$14 from US$15
Definity Financial Corp DFY.TO: Barclays cuts target price to C$43 from C$44
Definity Financial Corp DFY.TO: Scotiabank raises target price to C$50 from C$46
Dri Healthcare Trust DHT_u.TO: RBC raises target price to C$17 from C$16
Eldorado Gold Corp EGO.N: CIBC raises target price to US$15 from US$14
Fairfax Financial Holdings Ltd FFH.TO: Scotiabank raises target price to C$1350 from C$1100
First National Financial Corp FN.TO: Scotiabank raises target price to C$40 from C$38
First Quantum Minerals Ltd FM.TO: JP Morgan raises target price to C$29 from C$28
GFL Environmental Inc GFL.N: BofA Global Research raises price objective to US$40.50 from US$36
Intact Financial IFC.TO: Barclays cuts target price to C$220 from C$235
Intact Financial IFC.TO: Scotiabank raises target price to C$225 from C$220
Lundin Mining Corp LUN.TO: JP Morgan cuts target price to C$8.10 from C$8.50
Morguard North American Residential REIT MRG_u.TO: RBC cuts target to C$23 from C$24
Mullen Group Ltd MTL.TO: BMO raises target price to C$15.50 from C$15
Mullen Group Ltd MTL.TO: CIBC raises target price to C$15.50 from C$14
Mullen Group Ltd MTL.TO: National Bank of Canada raises target price to C$19 from C$18.50
Mullen Group Ltd MTL.TO: Scotiabank raises target price to C$18 from C$17.50
Mullen Group Ltd MTL.TO: TD Securities raises target price to C$17 from C$16
New Gold Inc NGD.TO: National Bank of Canada cuts target price to C$2 from C$2.25
North American Construction Group Ltd NOA.TO: CIBC raises target to C$27.50 from C$23.50
North American Construction Group Ltd NOA.TO: National Bank of Canada raises target price to C$33 from C$27
Northwest Healthcare Properties REIT NWH_u.TO: CIBC cuts target price to C$11 from C$12
Northwest Healthcare Properties REIT NWH_u.TO: National Bank of Canada resumes with sector perform rating; target C$9
Restaurant Brands International Inc QSR.N: BMO raises target price to US$79 from US$76
Storagevault Canada Inc SVI.TO: National Bank of Canada cuts target to C$6.50 from C$7

# Top News
## Canadian Stocks

Storagevault Canada Inc SVI.TO: RBC cuts target price to C$7.5 from C$8.5
Storagevault Canada Inc SVI.TO: Scotiabank cuts target price to C$7 from C$7.50
Suncor Energy Inc SU.TO: National Bank of Canada raises to outperform from sector perform; raises target to C$61 from C$60
Suncor Energy Inc SU.TO: RBC raises target price to C$54 from C$52
TFI International Inc TFII.N: Credit Suisse cuts target price to US$121 from US$137
TFI International Inc TFII.N: Wells Fargo cuts target price to US$120 from US$130
TFI International Inc TFII.N: Veritas Research cuts to reduce rating
TMX Group Ltd X.TO: Scotiabank cuts target price to C$159 from C$160
Trisura Group Ltd TSU.TO: Scotiabank raises target price to C$53 from C$52
Waste Connections Inc WCN.TO: Atb Capital Markets raises target to C$215 from C$210

## S&P/TSX Earnings Calendar

| Company | Symbol | Time | Consensus EPS Estimate |
|---|---|---|---|
| Cameco Corp | CCO.TO | BMO | 0.22 |
| Imperial Oil Ltd | IMO.TO | BMO | 2.74 |
| TC Energy Corp | TRP.TO | BMO | 1.16 |

Source: Refinitiv

# Top News
## U.S. Stocks

NATIONAL BANK OF CANADA FINANCIAL MARKETS

### Morning news

***Amazon.com Inc:*** The e-commerce giant signaled on Thursday its long lofty cloud growth would slow further as its business customers braced for turbulence and clamped down on spending, overshadowing the company's quarterly sales and profit that topped expectations. That meant revenue growth rates were about 5 percentage points lower in April than in the first quarter, he said, referring to a period that saw a sequential drop. Ultimately, the online retailer reported better-than-expected sales of $127.36 billion in the first three months of the year, and it forecast revenue between $127 billion and $133 billion in the second quarter. Its economy-wary customers aside, Amazon aimed to project confidence for its cloud longer-term.

***Amgen Inc:*** The drugmaker on Thursday reported lower first-quarter profit as expenses rose and a 2% increase in sales of its own drugs was offset by lower revenue from its deal to manufacture COVID-19 antibody treatments for Eli Lilly. Amgen reported revenue of $6.11 billion for the quarter, down 2% from a year earlier, but close to analysts' estimates of $6.17 billion. Operating expenses for the quarter increased 6%, R&D costs rose 12% and Amgen said its tax rate rose 5.6%, primarily due to a Puerto Rico tax law change. Amgen slightly increased its forecast for full-year 2023 revenue to range of $26.2 billion to $27.3 billion, from the previous view of $26 billion to $27.2 billion, excluding the impact of its pending acquisition of Horizon Therapeutics.

***Chevron Corp:*** The oil major beat market expectations as profit nudged higher in the first-quarter, with earnings from refining compensating for a slide in energy prices and in oil and gas production. Net profit climbed 5% to $6.57 billion or $3.46 per share. The company's standout business was oil refining, where higher margins helped income surge more than five-fold to $1.8 billion. Chevron ended the quarter with $15.8 billion in cash, down 12% from a year ago, but some $10 billion above what it needs run the business. Total output fell 3% from a year ago to 2.98 million barrels of oil and gas per day on a contract expiration in Thailand and on the sale of South Texas shale properties.

***Exxon Mobil Corp:*** The oil refiner reported a record first-quarter profit that was more than double from a year ago and topped Wall Street estimates as rising oil and gas output overcame a pullback in energy prices from high levels. Its income rose to $11.43 billion, or $2.79 per share, compared to $5.48 billion a year ago that included a writedown to exit Russia. The producer ended the first quarter with $32.7 billion in cash, but it has no urge to tap it for mergers or acquisitions, Mikells said. Additionally, Exxon Mobil and its partners have approved a $12.7 billion investment for their fifth and most expensive offshore oil project in Guyana, the U.S. firm said in a statement.

***Intel Corp:*** The chipmaker on Thursday said slumping gross margins will improve in the second half of the year, a welcome sign in a difficult economy that sent shares up in after-hours trading. Underscoring Intel's profitability slump in recent years, its first-quarter unadjusted gross margin fell to 34.2%, almost half of its multi-decade high of over 67% in 2010. The company forecast a further drop to an unadjusted gross margin of 33.2% for the second quarter. First-quarter revenue of $11.72 billion slightly exceeded estimates of $11.04 billion. Intel said adjusted losses were 4 cents per share, above analysts' expectations of a 15 cent per share adjusted loss.

***Gilead Sciences Inc:*** The company on Thursday reported a lower-than-expected first-quarter profit as sales from COVID-19 antiviral Veklury declined more than anticipated, and its shares fell. Gilead reported a profit of $1.37 per share excluding items in the quarter ended March 31, compared to analyst expectations of $1.54 per share. Sales of Gilead's HIV portfolio rose 13% to $4.19 billion, with Biktarvy bringing in $2.7 billion, above Wall Street estimates of $2.53 billion. Gilead left its full-year adjusted earnings forecast unchanged at $6.60 to $7.00 per share.

***Snap Inc:*** The company on Thursday missed analyst expectations for quarterly revenue as changes to its advertising platform hurt demand for ads, and warned results in the next quarter could fall below Wall Street's targets. While Snap said it was not providing formal financial guidance, its internal revenue forecast for the second quarter is $1.04 billion, which would be a 6% decline year-over-year. Daily active users on Snapchat rose 15% year-over-year to 383 million, in line with Wall Street expectations. Snap said it expects between 394 million and 395 million daily active users in the second quarter. Snap and Pinterest lost more than $4 billion in combined stock market value on Thursday following their results.

***T-Mobile US Inc:*** The wireless carrier missed Wall Street estimates for first-quarter revenue and wireless subscriber additions on Thursday, weighed down by intense competition and consumers postponing upgrades to their plans. T-Mobile's total revenue in the quarter ended March fell 2.4% to $19.63 billion, missing analysts' estimate of $19.82 billion, sending its shares down. T-Mobile, however, raised its full-year forecast for wireless subscriber growth. T-Mobile earned $1.58 per share on an adjusted basis in the first quarter, beating analysts' estimate of $1.48.

# Top News
## U.S. Stocks

### S&P500 Earnings Calendar

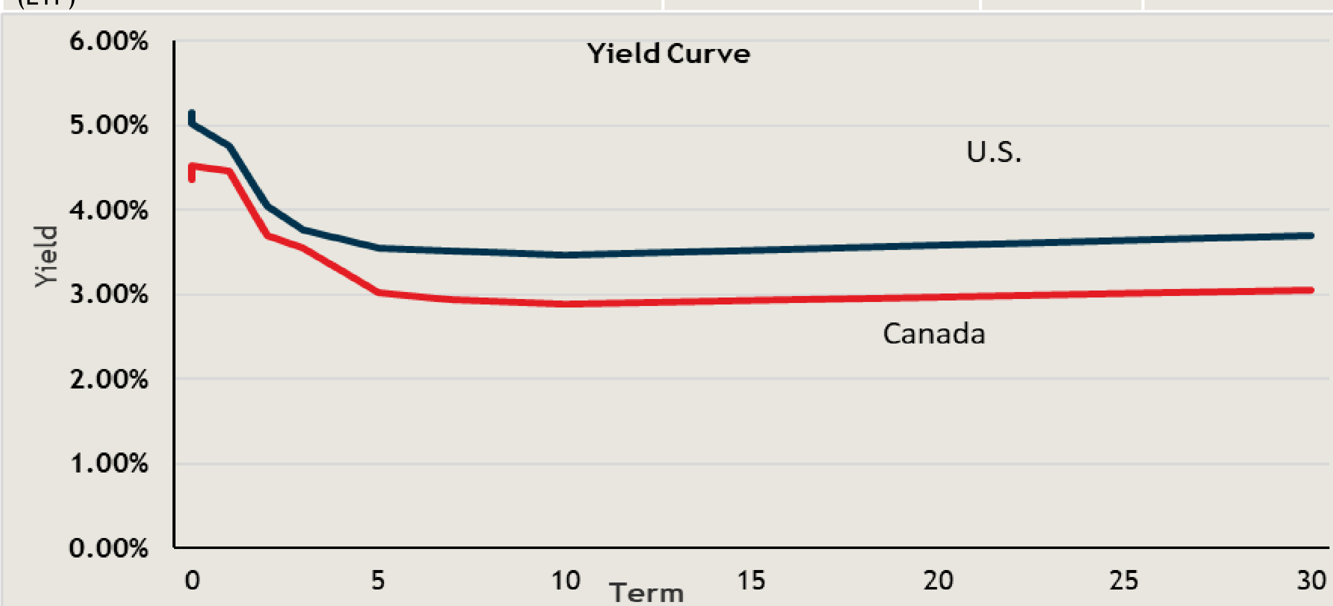
| Company | Symbol | Time | Consensus EPS Estimate |
|---|---|---|---|
| Aon PLC | AON.N | 06:00 | 5.32 |
| Berkshire Hathaway Inc | BRKa.N | BMO | 5522.20 |
| Charter Communications Inc | CHTR.OQ | 07:00 | 7.49 |
| Chevron Corp | CVX.N | BMO | 3.38 |
| Colgate-Palmolive Co | CL.N | BMO | 0.70 |
| LyondellBasell Industries NV | LYB.N | BMO | 1.74 |
| Newell Brands Inc | NWL.OQ | BMO | -0.04 |

Source: Refinitiv

# Top News
## Fixed Income

| Canadian Key Rate | Last | Change bps | | Last | Change bps |
|---|---|---|---|---|---|
| CDA o/n | 4.50% | 0.0 | CDA 5 year | 3.02% | -6.7 |
| CDA Prime | 6.70% | 0.0 | CDA 10 year | 2.89% | -7.5 |
| CDA 3 month T-Bill | 4.44% | 0.0 | CDA 20 year | 3.14% | 7.8 |
| CDA 6 month T-Bill | 4.52% | 0.0 | CDA 30 year | 3.06% | 7.0 |
| CDA 1 Year | 4.46% | -1.0 | 5YR Sovereign CDS | 39.49 | |
| CDA 2 year | 3.70% | -4.7 | 10YR Sovereign CDS | 40.19 | |
| **US Key Rate** | **Last** | **Change bps** | | **Last** | **Change bps** |
| US FED Funds | 4.75-5.00% | 0.0 | US 5 year | 3.55% | -5.6 |
| US Prime | 8.00% | 0.0 | US 10 year | 3.47% | -5.5 |
| US 3 month T-Bill | 5.03% | -3.8 | US 30 year | 3.71% | -5.0 |
| US 6 month T-Bill | 5.03% | -2.6 | 5YR Sovereign CDS | 70.57 | |
| US 1 Year | 4.76% | -3.7 | 10YR Sovereign CDS | 55.46 | |
| US 2 year | 4.05% | -4.7 | | | |

| Preferred Shares Indicators | Last | Daily % | YTD |
|---|---|---|---|
| S&P Preferred Share Index | 548.78 | -0.01% | 0.81% |
| BMO Laddered Preferred Shares (ETF) | 9.01 | -0.11% | -0.33% |




Source: Refinitiv

NATIONAL BANK OF CANADA
FINANCIAL MARKETS

## Snapshot – U.S. GDP (Q1)

In the U.S., the Bureau of Economic Analysis put out its first estimate of Q1 GDP growth. The economy reportedly expanded 1.1% annualized in the quarter, less than the median economist forecast calling for a +1.9% print. As this gain was weaker than potential, the output gap widened from 0.9% to 1.1%. Domestic demand strengthened in the three months to March as strong gains for personal consumption (+3.7% q/q annualized), structure (+11.2%) and intellectual property investment (+3.8%) were only partially offset by declines for equipment (-7.3%) and residential investment (-4.2%). Government spending (+4.7%) contributed to growth in the quarter. For the first time since 2020Q4, consumption on goods (+6.5% q/q annualized) expanded at a stronger pace than spending on services (+2.3%), suggesting the post-pandemic rebalancing towards the latter might be over. Trade had but a very small positive impact on growth (+0.11 percentage point), as a 4.8% annualized increase in exports was almost completely offset by a 2.9% gain for imports. Inventories, for their part, subtracted no less than 2.26 percentage points to the overall growth figure.

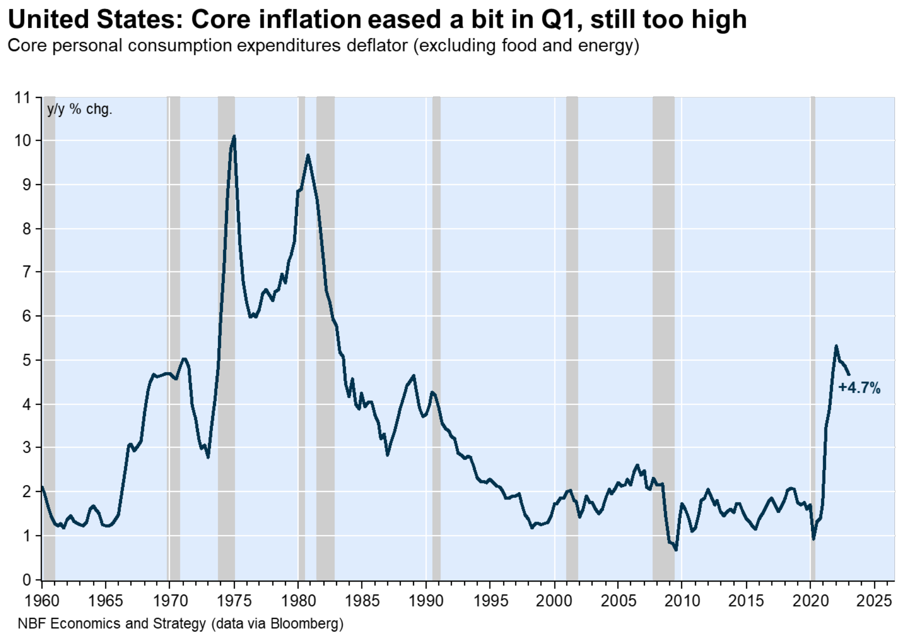
The personal consumption expenditure price index excluding food and energy climbed an annualized 4.9% in the quarter, more than the 4.4% gain recorded in the three months to December. Year on year, the index was up 4.7%, down a tick from the prior quarter but still one of the highest prints recorded since the 1980s.

The savings rate, for its part, rose from 4.0% to 4.8% but remained well below the 10-year average for this indicator (8.3%).

**Analysis:**
GDP data came in weaker than expected in Q1. And while this disappointment was largely due to a sizeable negative contribution from inventories, other sectors of the economy also showed signs of weakness. Investment in machinery and equipment, for instance, contracted for a third time in the past four quarters, while residential investment recorded an eight consecutive decline as it continued to suffer from an aggressive tightening of monetary policy. Growth in household consumption, on the other hand, accelerated and was the strongest since 2021Q2. Spending on goods rose at a particularly steep pace, as an easing of supply chain constraints contributed to boosting auto sales during the quarter. Households' strong showing allowed final sales to private domestic purchasers to expand 2.9%, the most in nearly two years.

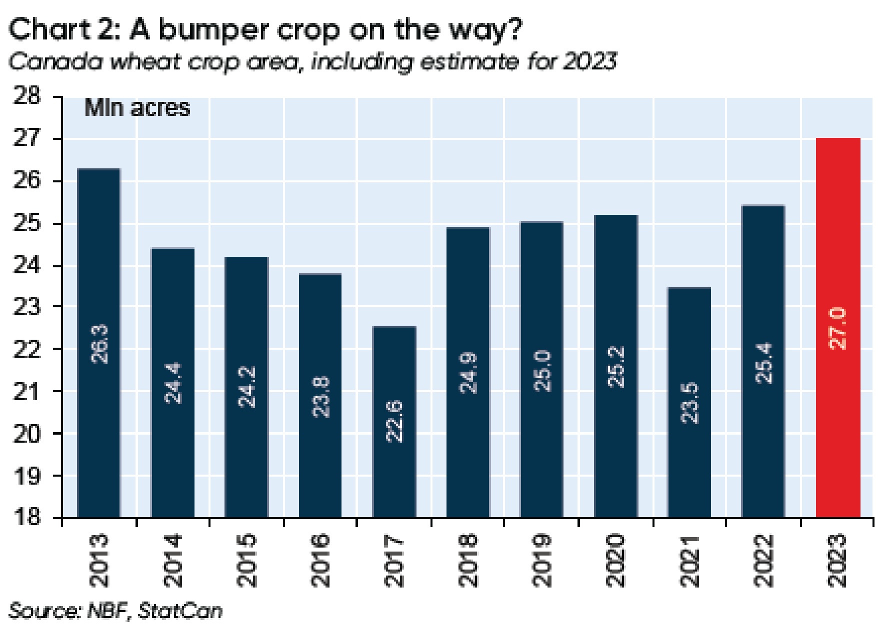
Without wishing to tarnish this strong figure, it should be mentioned that, although underlying growth remained solid on average in Q1, several economic indicators published on a monthly basis suggested it had lost momentum as the quarter progressed. Take core retail sales for instance (a good proxy for goods consumption), which started the quarter on a high note and then retraced in both February and March. Business investment in machinery and equipment seems to have followed a similar trajectory judging by the evolution of shipments of non-defense capital goods excluding aircraft (published yesterday). Part of this was due to the atypical weather observed during the quarter. January was indeed much warmer than usual in the United States, which contributed to artificially boosting several economic indicators early in Q1. As temperatures returned to seasonal norms later in the quarter, these indicators fell back in line with their underlying trend and thus showed month-on-month contractions.

The end-of-quarter slump means Q2 started on the wrong foot. We will therefore be in catch-up mode in the coming months. The only snag is that no sector of the economy seems able to sustain growth in an environment where interest rates have risen by 475 basis points. That's without mentioning the potential effects of the banking crisis which took place in the past few weeks. While the Fed's actions have brought some calm to the markets, recent events are still likely to have a negative impact on growth. To be sure, the turmoil has resulted in an increase in financing costs for financial institutions and this increase could be passed on to customers through tighter credit conditions. Fortunately, this tightening may be offset in part by less restrictive monetary policy. At least that is what markets are now anticipating. Before the collapse of SVB, markets were suggesting that the Fed would raise rates to 5.6% by mid-year and keep them close to that level for the rest of 2023. A month and a half later, the overnight index swap market is consistent with a 5% effective terminal rate and several rate cuts in the second half of the year. This seems a little optimistic to us. While we expect inflation to decline rapidly over the next few months, we believe the drop will not be quick enough to allow the Fed to cut rates until the later stages of the year. A monetary policy that remains in restrictive territory for longer translates into a GDP trajectory in our scenario that is lower than the economists' consensus. We expect growth some more in Q2 before stalling in Q3. The U.S. economy should then go through three quarters of negative growth at the turn of 2024.




## Market View - A bumper crop could be on the way for Canada

Canadians like to think of themselves as reasonably sophisticated. (Debate amongst yourselves.) But that doesn't change the fact that old school, primary industries still make important contributions to the national economy, even now in 2023. Take agriculture for instance, and more specifically crop production. Excluding cannabis, the real value of national crop production is currently about C$24 billion (chained 2012 dollars). Directly, that might account for little more than 1% of GDP, but the agricultural sector remains a relatively big deal in certain parts of this country, perhaps nowhere more so than in Saskatchewan. As such, today's release from Statistics Canada detailing plans for the planting of principal field crops is quite relevant for some.



**Disclosures**

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.

NBF is a member of the Canadian Investor Protection Fund.

For NBF 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