

INTERNAL USE ONLY

August 21, 2025

U.S. EQUITY FUTURES	LAST	CHANGE	%CHG	COMMODITIES/ FX	LAST	CHANGE	
Dow Jones MINI futures	44,820.00	-175.00	-0.39%	CRUDE OIL WTI	\$62.92	\$0.21	
S&P500 MINI futures	6,390.50	-22.75	-0.35%	NATURAL GAS	\$2.79	\$0.04	
NASDAQ MINI futures	23,239.25	-84.75	-0.36%	GOLD	\$3,338.85	-\$7.90	
CANADA EQUITY MARKET	LAST	CHANGE	%CHG	COPPER	\$4.43	\$0.00	
S&P/TSX 60 futures	1,655.20	-1.60	-0.10%	CAD / USD	\$0.7196	-\$0.0011	
OVERSEAS MARKETS	LAST	CHANGE	%CHG	CAD / EUR	€ 0.6177	-€ 0.0008	
STOXX EUROPE 600 INDEX	557.35	-1.74	-0.31%	USD / EUR	€ 0.8583	€ 0.0001	
FTSE 100 INDEX	9,277.36	-10.78	-0.12%	USD / JPY	¥147.77	¥0.45	
DAX GERMANY	24,209.01	-67.96	-0.28%	GOVERNMENT BONDS	2YR	5YR	10YR
CAC 40 Index	7,923.91	-49.12	-0.62%	CANADA (YLD%)	2.71%	2.97%	3.46%
NIKKEI 225 INDEX	42,610.17	-278.38	-0.65%	U.S. (YLD%)	3.76%	3.83%	4.31%
HANG SENG INDEX	25,104.61	-61.33	-0.24%				
SHANGHAI COMPOSITE INDEX	3,771.10	4.89	0.13%	Source: LSEG			

Source: LSEG

Morning News

U.S. stock index futures fell on Thursday as investors assessed big-box retailer Walmart's quarterly results and awaited policy signals from Jerome Powell at his eighth and final speech as Federal Reserve Chairman at the Jackson Hole symposium on Friday. Questions over the Fed's independence also in focus as U.S. President Donald Trump's intensified his effort to influence the Fed on Wednesday, demanding for Fed Governor Lisa Cook to resign based on mortgage fraud allegations raised by one of his political allies. Lisa Cook insists that she will contest and said she had "no intention of being bullied to step down" from her position at the central bank. Minutes from the Fed's last meeting, released Wednesday afternoon, showed two policymakers - Christopher Waller and Michelle Bowman - were alone in voting for a rate cut and showed that "almost all" favoured holding the policy rate steady last month. Policymakers struck a cautious tone and expect the current interest rate to be not far above the neutral level - where economic activity is neither stimulated nor constrained. Following the minutes Fed futures pricing for September's meeting slipped back to show a 25-basis-point interest rate cut in September to 79% from 99.9% last week, according to data compiled by LSEG. Remarks from Atlanta Fed President Raphael Bostic, are also expected on Thursday.

Walmart fell in premarket trading after missing fiscal second-quarter profit expectations, but the company raised its full-year sales and profit forecast, driven by strong demand from shoppers across all income levels, who have turned to the world's largest retailer as they worry about rising costs. Among other pre-market movers, Coty tumbled after the beauty products maker forecast a drop in current-quarter sales on weak U.S. spending. Boeing shares rose after Bloomberg news reported on Thursday that it is in talks to sell up to 500 jets to China, citing people familiar with the matter. Johnson & Johnson said it committed to invest US\$2 billion in North Carolina on Thursday as it aims to expand its U.S. manufacturing presence amid looming drug import duties proposed by President Donald Trump's administration. On the economic front, the big economic releases around the world today were early August business surveys, which came in above forecast in Europe and Japan - propping the euro, sterling and yen even though stocks in all three areas fell back. U.S. equivalent surveys are due later this morning as well as the Philadelphia Fed's August survey, the closely watched weekly jobless claims report and existing home sales data for July.

Futures tracking Canada's main stock index edged lower on Thursday, mirroring the move on Wall Street's. In the commodities markets, gold prices slipped as traders awaited Powell's remarks. Copper prices also slipped alongside other base metals. Oil prices rose due to signs of strong demand in the U.S. and uncertainty over efforts to end the war in Ukraine. Meanwhile, domestic data from StatsCan showed producer prices rose 0.7% in July from June, on higher prices for energy and petroleum products as well as primary non-ferrous metal products. This followed an upwardly revised 0.5% increase in June. Raw materials prices were up 0.3% in July, and were up 0.8% on the year.

U.S Economic Calendar

Time	Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Revised
08:30	Cont Jobless Clm	9 Aug, w/e	1.960M	1.972M	0.0120M	1.953M	1.942M
08:30	Initial Jobless Clm	16 Aug, w/e	225k	235k	10.0k	224k	
08:30	Philly Fed Business Indx	Aug	7.0	-0.3	-7.30	15.9	
08:30	Philly Fed Capex Index	Aug		38.40		17.10	
08:30	Philly Fed Employment	Aug		5.90		10.30	
08:30	Philly Fed New Orders	Aug		-1.90		18.40	
08:30	Philly Fed Prices Paid	Aug		66.80		58.80	
09:45	S&P Global Comp PMI Flash	Aug				55.1	
09:45	S&P Global Mfg PMI Flash	Aug	49.5			49.8	
09:45	S&P Global Svcs PMI Flash	Aug	54.2			55.7	
10:00	Exist. Home Sales % Chg	Jul				-2.7%	
10:00	Existing Home Sales	Jul	3.92M			3.93M	
10:00	Leading Index Chg MM	Jul	-0.1%			-0.3%	
10:30	EIA-Nat Gas Chg Bcf	15 Aug, w/e	22B			56B	

Canadian Economic Calendar

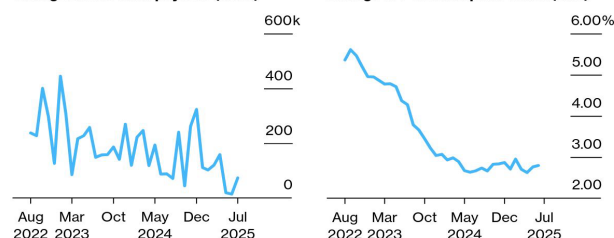
Time	Indicator Name	Period	Reuters Poll	Actual	Surprise	Prior	Revised
07:00	Business Barometer	Aug		47.80		50.92	51.52
08:30	Producer Prices MM	Jul	0.3%	0.7%	0.40%	0.4%	0.5%
08:30	Producer Prices YY	Jul		2.6%		1.7%	1.9%
08:30	Raw Materials Prices MM	Jul		0.3%		2.7%	2.8%
08:30	Raw Materials Prices YY	Jul		0.8%		1.1%	

Chart of the day

US Job Growth Slows as Inflation Holds Above Fed's Goal
More officials at July Fed meeting saw inflation as a greater risk

Change in non-farm payrolls (MoM)

Change in PCE core price index (YoY)



Source: Bureau of Labor Statistics, Bureau of Economic Analysis
Note: Personal consumption expenditures core price index excludes food, energy

Bloomberg

Morning News

Canadian Solar Inc: Canadian Solar lowered its full-year expectations as trade uncertainty and higher solar supply chain prices weigh on sales. The Nasdaq-listed company on Thursday downgraded its full-year expectations for revenue to be in the range of US\$5.6 billion to US\$6.3 billion, down from a previous range of US\$6.1 billion to US\$7.1 billion. The company expects module shipments to be in the range of 25 to 27 GW, clipping down the top end of its range from a previous high of 30 GW. For the third quarter, revenue is expected to be between US\$1.3 billion and US\$1.5 billion, with gross margin in the range of 14% to 16%. Total module shipments recognized as revenues by CSI Solar are expected to be in the range of 5 to 5.3 GW, while total battery energy storage shipments by CSI Solar are projected to be in the range of 2.1 to 2.3 gigawatt-hour. In the most recent second quarter, revenue rose to US\$1.69 billion, up from US\$1.64 billion, missing the company's guidance of growing between US\$1.9 billion and US\$2.1 billion. Net income attributable to the company rose to US\$7.2 million, up from US\$3.8 million. On a per-share basis, this was a loss of 8 US cents compared with a profit of 2 US cents.

Dream Residential REIT: Dream Residential REIT announced that it agreed to be acquired by Morgan Properties in an all-cash transaction. Unitholders are to receive cash consideration of US\$10.80 per Unit, representing a premium of 60% to the REIT's closing Trust Unit price on the TSX as of February 19, 2025, the day prior to Dream Residential REIT's announcement of a strategic review process. Dream Residential REIT's board of trustees have unanimously approved the transaction and recommend that Unitholders vote in favour of the Transaction.

Marimaca Copper Corp: Marimaca Copper Corp. has announced its plan to acquire a used sulfuric acid plant in Chile through a binding asset purchase option agreement with CEMIN Holding Minero. The agreement, valued at US\$2.5 million, includes a three-month exclusivity period for detailed technical and engineering assessments. This strategic move aims to secure a significant portion of the sulfuric acid supply for the Marimaca Oxide Deposit, reducing the company's exposure to the volatile acid market and potentially enhancing profitability. The acquisition forms part of Marimaca's broader efforts to optimize operational costs as it progresses with the Definitive Feasibility Study for its copper project in the Antofagasta region.

NBF Research

DAILY BULLETIN HIGHLIGHTS

VITALHUB CORP. - Strengthening the Balance Sheet

VHI (TSX):	C\$12.71	Event: Coverage Resumption
Target:	C\$16.00	Key Takeaways: We are resuming coverage of VitalHub following the Company's announcement that it has closed its previously announced bought deal offering. A total of 5,885,828 common shares were sold at a price of \$12.70 for total gross proceeds of approximately \$74.75 million. In our view, this financing essentially bridges an important gap so that VitalHub could continue to execute its M&A playbook towards larger deals without too much capital constraint. While we believe VitalHub's bread and butter is still acquiring smaller players, it's the larger ones that will transform its platform to become a true compounder regardless of deal size, while adding important capabilities to compete with larger players such as Cerner or Epic.
	(Was Restricted)	
Stock Rating:	Outperform	
	(Was Restricted)	
Est. Total Return:	25.9%	

COMMENTS

Vitalhub Corp. - [Strengthening the Balance Sheet](#)

RESEARCH FLASHES

Liberty Gold Corp. - [Metallurgical Results From Black Pine Provide Further De-Risking; Permitting and Feasibility Work On...](#)
North American Construction Group Ltd. - [Growth down under likely being underestimated given peer's commentary & key...](#)
Osisko Metals Incorporated - [TSX Uplisting To Increase Capital Markets Visibility](#)

Canadian stocks ratings and target changes across the street

AbraSilver Resource Corp ABRA.TO: Raymond James raises target price to C\$7.50 from C\$7
Agnico Eagle Mines Ltd AEM.N: Raymond James raises target price to US\$155 from US\$142
Aritzia Inc ATZ.TO: Truist Securities initiates coverage with Buy rating; price target C\$95
Ascot Resources AOT.TO: Raymond James cuts target price to C\$0.05 from C\$0.15
Aya Gold & Silver Inc AYA.TO: Raymond James cuts target price to C\$19 from C\$20
B2Gold Corp BTG.N: Raymond James raises target price to US\$4.75 from US\$4.50
Barrick Mining Corp B.N: Raymond James raises target price to US\$28.50 from US\$26.50
Blackrock Silver Corp BRC.V: Raymond James raises target price to C\$1.15 from C\$1
Cameco Corp CCO.TO: Raymond James raises target price to C\$120 from C\$115
Capstone Copper Corp CS.TO: Raymond James raises target price to C\$11.50 from C\$10.50
Centerra Gold Inc CG.TO: Raymond James raises target price to C\$13.50 from C\$13
Champion Iron Ore Ltd CIA.TO: Raymond James cuts target price to C\$6.75 from C\$7
Coeur Mining Inc CDE.N: Raymond James raises target price to US\$13.50 from US\$12
Denison Mines Corp DML.TO: Raymond James raises target price to C\$4.05 from C\$4
Discovery Silver Corp DSV.TO: Raymond James raises target price to C\$5.75 from C\$5
Empire Company Ltd EMPa.TO: Scotiabank raises target price to C\$63 from C\$62
Endeavour Mining PLC EDV.TO: Raymond James raises target price to C\$57 from C\$51
Endeavour Silver Corp EDR.TO: Raymond James raises target price to C\$8.25 from C\$8
First Quantum Minerals Ltd FM.TO: Raymond James raises target price to C\$25 from C\$23
Franco-Nevada Corp FNV.N: Raymond James raises target price to US\$203 from US\$188
Hudbay Minerals Inc HBM.TO: Raymond James raises target price to C\$18.50 from C\$17
G Mining Ventures Corp GMIN.TO: CIBC raises target price to C\$24 from C\$22
Gold Royalty Corp GRO.Y: Raymond James raises target price to US\$3.75 from US\$3.50
Groupe Dynamite Inc GRGD.TO: RBC raises target price to C\$43 from C\$27
HLS Therapeutics Inc HLS.TO: Raymond James raises to outperform from market perform; raises target price to C\$6 from C\$5
IAMGOLD Corp IAG.N: Raymond James raises target price to US\$9 from US\$8.50
Integra Resources Corp ITR.V: Raymond James raises target price to C\$4.25 from C\$3.75
Ivanhoe Mines Ltd IVN.TO: Raymond James cuts target price to C\$20 from C\$21
K92 Mining Inc KNT.TO: Raymond James raises target price to C\$18 from C\$16
Kinross Gold Corp KGC.N: Raymond James raises target price to US\$20 from US\$18
Lundin Gold Inc LUG.TO: Raymond James raises target price to C\$65 from C\$53
Lundin Mining Corp LUN.TO: Raymond James raises target price to C\$16 from C\$15
Marimaca Copper Corp MARI.TO: Raymond James raises target price to C\$11.50 from C\$6.50
Meridian Mining UK Societas MNO.TO: Raymond James raises target price to C\$2 from C\$1.50
Montage Gold Corp MAU.TO: Raymond James raises target price to C\$6 from C\$4.75
New Gold Inc NGD.A: Raymond James raises target price to US\$5.50 from US\$4.75
Newmont Corp NEM.N: CIBC raises target price to US\$78 from US\$74
Newmont Corp NEM.N: Raymond James raises target price to US\$77 from US\$69
NexGen Energy Ltd NXE.TO: Raymond James raises target price to C\$12.50 from C\$12
OceanaGold Corp OGC.TO: Raymond James raises target price to C\$26 from C\$24

OR Royalties Inc OR.N: Raymond James raises target price to US\$34 from US\$31
Orezone Gold Corp ORE.TO: Raymond James raises target price to C\$1.50 from C\$1.20
Ovintiv Inc OVV.N: UBS raises target price to US\$52 from US\$51
Rio2 Ltd RIO.V: Raymond James raises target price to C\$2.15 from C\$1.40
Skeena Resources Ltd SKE.TO: Raymond James raises target price to C\$26 from C\$21
South Bow Corp SOBO.N: JP Morgan cuts to underweight from neutral
Teck Resources Ltd TECKb.TO: Raymond James raises target price to C\$64 from C\$63
Thesis Gold Inc TAU.V: Raymond James raises target price to C\$2.50 from C\$2.25
Torex Gold Resources Inc TXG.TO: Raymond James raises target price to C\$58 from C\$44
Triple Flag Precious Metals Corp TFPM.TO: Raymond James raises target price to C\$41 from C\$38
VitalHub Corp VHI.TO: National Bank of Canada resumes coverage with outperform rating; C\$16 target price
Vizsla Royalties Corp VROY.V: Raymond James raises target price to C\$3.50 from C\$2.50
Vizsla Silver Corp VZLA.TO: Raymond James raises target price to C\$5.75 from C\$5
West Red Lake Gold Mines Ltd WRLG.V: Raymond James raises target price to C\$1.75 from C\$1.50
Wheaton Precious Metals Corp WPM.N: Raymond James raises target price to US\$112 from US\$106

S&P/TSX Composite Index Earnings Calendar

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

Source: LSEG

Morning News

Apple Inc & Masimo Corp: Masimo sued U.S. Customs and Border Protection on Wednesday over a decision by the agency that allowed Apple to import Apple Watches with blood-oxygen reading technology during a patent dispute between the companies. Masimo said in the lawsuit in Washington, D.C., federal court that Customs improperly determined that Apple can import watches with pulse oximetry technology, reversing its own decision from last year without notifying Masimo. Masimo told the court that it learned of the agency's August 1 decision only after Apple announced it would reintroduce blood-oxygen reading to its watches last week. Masimo asked the Washington court to halt the agency's ruling and continue to block Apple from selling watches with the blood-oxygen feature.

Bank of America Corp: Bank of America promoted Faiz Ahmad and Mike Joo to co-heads of global investment banking as part of a broader leadership reshuffle in the business, according to an internal memo seen by Reuters on Wednesday. All of the investment bank's global group heads will now report jointly to Ahmad, who was previously co-head of global capital markets, and Joo, formerly its head of North America global corporate and investment banking (GCIB). The outgoing heads of investment banking, Alex Bettamio and Thomas Sheehan, become chairs of GCIB, tasked with deepening client relationships globally, according to the memo by Matthew Koder, president of the division.

CVS Health Corp & Gilead Sciences Inc: CVS Health will not add Gilead Sciences' new HIV prevention drug to its commercial plans for now, a spokesperson told Reuters, despite the medicine's proven effectiveness. CVS based the decision on clinical, financial, and regulatory factors, spokesperson David Whitrap said in an email. It also will not cover Yeztugo under its Affordable Care Act formularies Whitrap said. A source familiar with the situation suggested that Gilead is still negotiating with CVS over Yeztugo, a twice-yearly injection with a U.S. list price of more than \$28,000 a year. The decision by CVS is "a grave disappointment and frankly a missed opportunity," said Mitchell Warren, executive director of the AIDS nonprofit AVAC.

Dollar General Corp: The company on Wednesday named former employee Donny Lau as its new chief financial officer, effective October 20, replacing Kelly Dilts. Lau was with the dollar chain for about six years and was the senior vice president of finance and strategy when he left in July 2023. Current CFO Dilts' departure from Dollar General was announced last month. Dilts is set to join department store chain Nordstrom as its finance chief next week. The C-suite change for Dollar General comes as inflation and macroeconomic turmoil fueled by tariffs forced consumers across income groups to shop more at discount stores, allowing the company to raise its annual targets in June.

Johnson & Johnson: The company said it would invest \$2 billion in North Carolina as it aims to expand its U.S. manufacturing presence amid looming drug import duties proposed by President Donald Trump's administration. J&J said it has reached a 10-year agreement with Tokyo-based contract drug developer Fujifilm Diosynth for its more than 160,000-square-foot manufacturing facility in Holly Springs, North Carolina, which would create about 120 new jobs. J&J would also announce plans for additional manufacturing facilities in the U.S. and the expansion of current U.S. sites in the coming months.

KKR & Co Inc: The company is the leading candidate to buy the Yokohama headquarters of automaker Nissan Motor and has offered around \$609.80 million, a source familiar with the matter said. KJR Management, a real estate unit owned by KKR, submitted the highest bid but negotiations are ongoing, said the person, who declined to be named because the matter is not public. A 10-year lease-back of the building is a condition of the sale, the source said. Details of the bidding were first reported by Bloomberg.

Nordson Corp: The company reported third-quarter profit and revenue above Wall Street estimates on Wednesday, driven by strong demand for its advanced technology products. "Following a strong third quarter, I am pleased that we are able to affirm our full year sales guidance and earnings expectations," CEO Sundaram Nagarajan said in a statement. Sales in Nordson's advanced technology solutions segment rose 17.4% to \$219.5 million in the quarter from a year earlier. Nordson's medical and fluid solutions unit reported a 31.7% jump in sales to \$219.5 million for the quarter ended July 31. Nordson reported third-quarter adjusted earnings of \$2.73 per share, beating estimates of \$2.64 per share. Total sales were \$741.5 million, above estimates of \$723.1 million.

Evercore ISI Research

FOCUS RESEARCH

Target Corporation (TGT, In Line, TP: US\$106.)

It Can't Be This Bad

- **It Can't Be This Bad** Target's 2Q results reflect the challenges ahead for Michael Fiddelke as he takes the helm amidst tough competition from the Big 3 and tariff pressures. Despite a -1.9% comp and a 19% profit decline YoY, Fiddelke's focus on cost offsets and efficiency gains aims to stabilize the business into 2026.
- **Leadership Transition:** Fiddelke's deep understanding of Target's culture positions him well to devise a strategy that stabilizes the business. The market's initial disappointment at not selecting an external CEO candidate seems overblown.
- **Operational Highlights:** Roundel's double-digit growth and Target Plus marketplace are bright spots, helping to offset supply chain investments. Shrink management also contributed positively, boosting gross margins.
- **Challenges Ahead:** Competition remains fierce with WMT/AMZN/COST continuing to pressure market share. Tariff uncertainties and the need for promotional activities to maintain competitive pricing are ongoing concerns.
- **Additional Key takes:**
 - **SG&A Efficiency:** Productivity gains are evident, with SG&A down 0.1% in 2Q, showing early success from the Productivity/Acceleration Office.
 - **Buybacks:** A return to buybacks in 2H is modeled, supporting a potential stabilization of comps.
 - **Traffic Concerns:** Despite some improvement, traffic remains a weak link, underscoring the urgency to stay relevant against competitors.
- With a focus on reinvestment and stabilization, Target is on a path to recovery, though it will take time to see a meaningful turnaround. Investors should watch for a positive traffic inflection and sustained improvements in operating efficiency as key catalysts.

Internet

Getting Back Out There... Mixed Category Trends, But Positive Tinder Takes in Summer '25 Dating Survey

- Tinder's usage and preference trends are on the rise, showing positive momentum in the dating app market. Mixed results were observed across the online dating category, with increased usage but decreased satisfaction and payer metrics.
- **Encouraging Tinder Trends:** Tinder and Hinge are seeing increased usage and preference, particularly among Gen Z. Tinder, in particular, has gained significant traction, showing the strongest preference results since mid-2021.
- **Mixed Core Category Trends:** While online dating usage has grown, especially among Gen Z, satisfaction and engagement have declined. Payer conversion and retention are also trending lower, with more users opting not to pay for services.
- **Additional Key takes:**
 - **Gender Gap in Dating Activity:** A persistent gender gap exists, especially among Millennials and Gen X, with men more active in dating and women more inclined towards long-term relationships.
 - **Subscriber Success vs. Free Users:** Subscribers report higher satisfaction and success in translating matches into real-world interactions compared to free users, highlighting potential for improved renewal rates.

- **Frustration Points:** Users express dissatisfaction due to perceived ineffectiveness of apps and inauthentic profiles, contributing to low value perception and retention challenges.
- **Gen Z Dynamics:** Gen Z shows lower payer penetration and less success in dating apps compared to older cohorts, indicating potential areas for improvement in user experience and conversion strategies.
- Overall, while the dating app landscape shows mixed trends, Tinder's growing preference and usage, especially among Gen Z, stand out as positive developments, though challenges remain around user satisfaction and conversion.

RATING AND TARGET PRICE CHANGES

Analog Devices, Inc. (ADI, Outperform, TP: US\$303.00)

ADI JulQ EPS Beat/Raise. Buyers of Ongoing Cyclical Recovery

- ADI's recent earnings report was a positive surprise, with both revenue and EPS exceeding expectations, leading to an upward revision of the price target to \$303. The company is capitalizing on a cyclical recovery, particularly in the Industrial and Automotive sectors, and continues to manage its inventory efficiently, positioning it well for sustained growth.
- **EPS Beat and Guidance Raise:** ADI's July quarter EPS was 5% above consensus, and the October quarter guidance for revenue and EPS is 6% and 10% above consensus, respectively.
- **Inventory and Revenue Trends:** While Automotive revenue nears record levels, Industrial and Comms segments still have room for recovery, remaining 25-30% below previous peaks.
- **Geographical Insights:** China's Industrial sector remains significantly below prior peaks, highlighting regional recovery challenges.
- **Additional Key takes:**
 - **Gross Margins:** A one-time event at the Limerick fab led to a slight decline in gross margins, but management expects improvement in future quarters.
 - **Operating Expenses:** OpEx leverage is anticipated to return in FY26, with margins expected to rise significantly.
 - **Long-term Growth:** ADI's revenue is modeled to grow at an 18% CAGR through 2027, driven by strong performance in Industrial and Comms sectors.
- ADI's strategic inventory management and focus on high-performance analog solutions have positioned it well for continued outperformance amidst a broader market recovery.

Coty Inc (COTY, Outperform, TP: US\$7.00)

Tough US setup despite greenshoots

- Coty's 4Q results were as expected, but the outlook remains challenging with US retailers expected to continue destocking into fiscal 2026. However, there are some positive signs, particularly in fragrance sell-outs.
- **US Retail Environment:** Coty anticipates continued destocking by US retailers, although early August showed improvement in fragrance sales. This situation leaves fiscal 2026 heavily reliant on the back end, creating a tough environment for Coty shares to gain traction.

- **Fragrance Performance:** Circana data shows Coty outperforming competitors like LVMH and Interparfums, which aligns with management's "green shoots" comments. Fragrances remain a crucial profit driver, accounting for about 90% of Coty's profits.
- **Additional Key takes:**
 - **Leadership Changes:** Coty has revamped its US leadership structure, aiming to address execution issues that were previously masked by strong fragrance performance.
 - **Inventory Challenges:** Retailers' inventory reductions have become a significant headwind, particularly in mass makeup and department store fragrances.
 - **Innovation Overconfidence:** Coty overestimated the impact of new product launches compared to past blockbusters, affecting inventory levels.
 - **Profitability Focus:** Coty plans to enhance profitability in the Consumer division, focusing on strategic reinvestment while maintaining its presence in mass makeup.
- Despite the challenges, Coty is encouraged by strong US sell-out in July, a promising Travel Retail launch, and a robust pipeline for the latter half of fiscal 2026 and into 2027. However, assumptions of flat EBITDA for fiscal 2026 hinge on Consumer sales declining double-digits while Prestige sales remain stable. The valuation based on a sum-of-the-parts analysis suggests a "fair" value of \$7 per share, reflecting the stock's current undervaluation.

TJX Cos. (TJX, Outperform, TP: US\$162.00)

2Q Result Sets Up Easy Path to 2H Upside for TJX

- TJX delivered a stellar 2Q performance, setting the stage for a promising second half of the year. The company continues to be a reliable player in the market, consistently delivering share gains and EPS upside.
- **Comp Sales Momentum:** 2Q comps rose by 4%, surpassing expectations, with both Marmaxx and HomeGoods outperforming buy-side targets. International segments also showed strength, notably Canada with a 9% increase.
- **Profitability Resilience:** Despite tariff pressures, TJX improved its profitability with a gross margin of 30.7%, surpassing Street expectations. The company managed to offset most tariff costs through strategic buying.
- **Inventory Strategy:** TJX's decision to increase inventory by 10% indicates strategic pre-buying, offering near-term protection against potential supply chain disruptions in 2H.
- **Additional Key takes:**
 - **3Q Outlook:** Early indications suggest a strong start to 3Q with comps trending at 4-5%, supported by a robust inventory position.
 - **Improving Profitability Model:** The company is now projecting a higher pre-tax margin upside per comp point, reflecting enhanced operational efficiency.
 - **Average Unit Retail (AUR) as a Driver:** AURs at Marmaxx are rising, contributing significantly to comp growth, and positioning TJX well as industry prices begin to rise.
 - **Implications for Peers:** TJX's performance bodes well for ROST and BURL, with potential for similar upside driven by strong inventory management and accelerating comps.
- TJX's strategic initiatives and adaptability amidst external challenges underscore its potential for continued growth and market leadership in the off-price retail sector.

OTHER COMMENTS

Estée Lauder Companies (EL): F26 derisked. Bias to upside, if China holds

Owens Corning (OC): OC Meetings & Roofing/Insulation Update

Toll Brothers Inc. (TOL): 3Q25 (July) Review

Global Beverages: Beverages Scanner Promos: Intensity little changed; Energy promo divergence, with Red Bull and Celsius...

Lodging: EVRISI RevPAR Tracker: US flat for the week ended August 16th

Surface Transportation: Parcel Pieces: Not Seeing Deceleration Yet, but August Could Still Change That

Air Cargo Cos. Survey: Air Cargo Cos. Survey Pulls Back On Slower Domestic & International Activity

Apartment Cos. Survey: Apartment Cos. Survey Of Rents Steady Following Recent Deceleration

Institutional Bond & Equity Managers Surveys: Evercore ISI Bond & Equity Mgrs. Surveys With August Sector Allocation ...

Hedge Fund Managers Survey: Evercore ISI Hedge Fund Survey With August Sector Allocation Survey Results

Limousine Cos. Survey: Limousine Cos. Survey Steady Following Moderation

S&P500 Earnings Calendar

Figure 1: S&P500 Earnings Calendar

Company	Symbol	Time	Consensus EPS Estimate
Intuit Inc	INTU.OQ	AMC	2.66
Ross Stores Inc	ROST.OQ	AMC	1.50
Walmart Inc	WMT.N	07:00	0.74
Workday Inc	WDAY.OQ	AMC	2.13

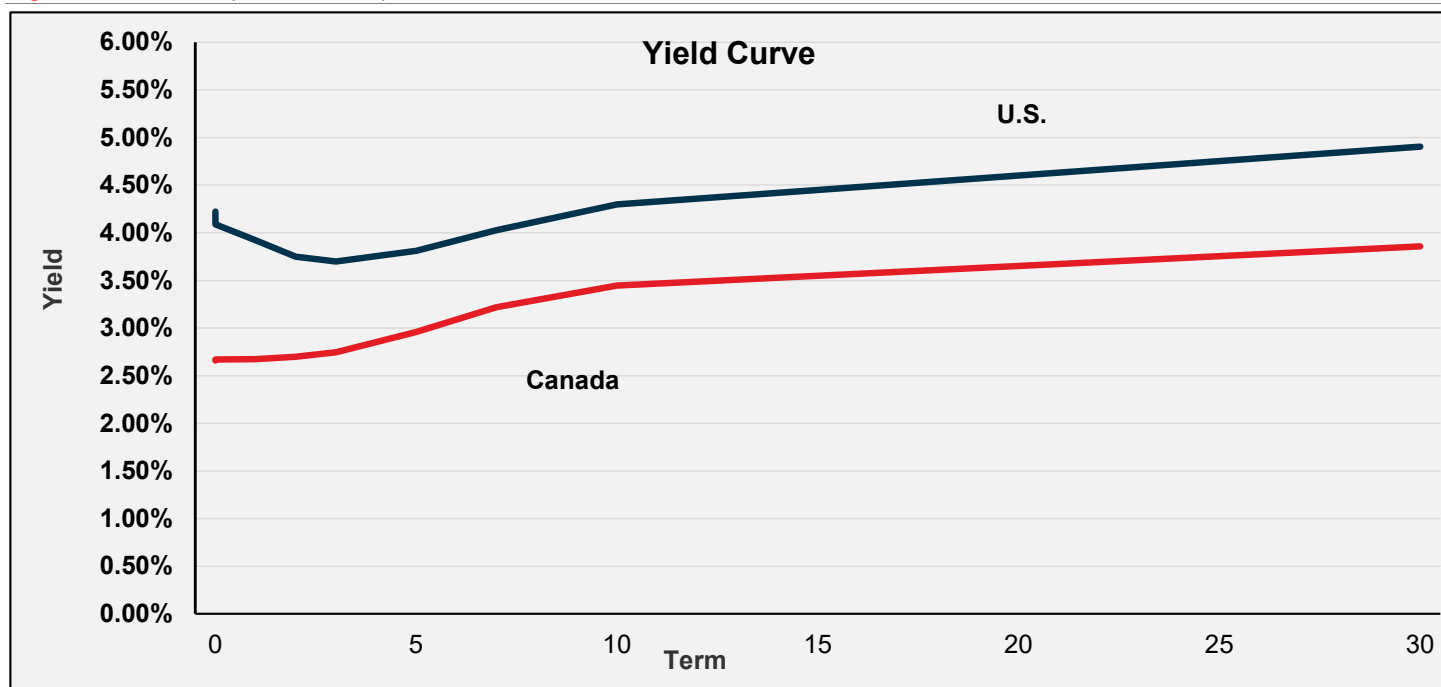
Source: LSEG

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

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.75%	0.0	CDA 5 year	2.96%	-0.2
CDA Prime	4.95%	0.0	CDA 10 year	3.45%	-0.9
CDA 3 month T-Bill	2.66%	-0.1	CDA 20 year	3.78%	0.2
CDA 6 month T-Bill	2.67%	0.5	CDA 30 year	3.86%	0.2
CDA 1 Year	2.68%	0.0			
CDA 2 year	2.70%	-0.6			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	3.81%	0.3
US Prime	7.50%	0.0	US 10 year	4.30%	0.4
US 3 month T-Bill	4.13%	0.7	US 30 year	4.91%	0.2
US 6 month T-Bill	4.09%	1.6	5YR Sovereign CDS	39.95	
US 1 Year	3.92%	1.0	10YR Sovereign CDS	47.86	
US 2 year	3.75%	0.6			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			676.23	0.03%	6.42%
BMO Laddered Preferred Shares (ETF)			11.84	0.25%	8.13%

Source: LSEG

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



Source: LSEG

Snapshot - FOMC Meeting Minutes (July 30th)

Introduction:

This afternoon, the **Federal Reserve** published the **minutes** from the FOMC's policy meeting that concluded July 30th (see our initial analysis [here](#)). The decision to hold the target rate range at 4.25%-4.50% was no surprise, nor was the fact that there were two dissenters (Governor's Waller and Bowman voted for a cut). At the meeting's conclusion, there was no clear direction on the timing of the next cut but that changed two days later when the downwardly revised July employment report was published. Since then, a cut in September was viewed as a near-lock. Against this backdrop, we've highlighted some key quotes from the July meeting minutes, and provide our overall assessment in the **Bottom Line** below:

Inflation Outlook:

- **Tariff effect becoming clearer:** "Participants noted that tariff effects were becoming more apparent in the data... A couple of participants suggested that tariff effects were masking the underlying trend of inflation and, [ex. tariffs], inflation was close to target."
- **More pass-through coming:** "Several participants [...] expected that many companies would increasingly have to pass through tariff costs to end-customers over time"
- **The U.S., not foreigners, are bearing costs:** "As for the magnitude of tariff effects on prices, a few participants observed that evidence so far suggested that foreign exporters were paying at most a modest part of the increased tariffs, implying that domestic businesses and consumers were predominantly bearing the tariff costs."
- **But cost pass through may be limited:**
 - "A few participants reported that business contacts and survey respondents described a mix of strategies as being undertaken to avoid fully passing on tariff costs"
 - "A few participants stressed that current demand conditions were limiting firms' ability to pass tariff costs into price"
- **Disagreement on long-term tariff effects:**
 - "A few participants emphasized that they expected higher tariffs to lead only to a one-time increase in the price level."
 - "A few participants remarked that tariff-related factors, including supply chain disruptions, could lead to stubbornly elevated inflation."
 - "A majority of participants judged the upside risk to inflation as the greater of these two risks, while several participants viewed the two risks as roughly balanced, and a couple of participants considered downside risk to employment the more salient risk."
- **Beware inflation expectations:** "Several participants emphasized that inflation had exceeded 2% for an extended period [increasing] the risk of longer-term inflation expectations becoming unanchored."

Labour Market and Growth Outlook:

- **In a low churn labour market, UE rate to stay top-of-mind:** "Several participants noted that the low and stable unemployment rate reflected a combination of low hiring and low layoffs [...] slower output or employment growth was not necessarily indicative of emerging economic slack [immigration changes may offset hiring declines, thereby keeping the unemployment rate stable]."
- **Risks remain to labour demand:** "some participants mentioned indicators that could suggest a softening in labor demand [...] slower and more concentrated job growth, an increase in cyclically sensitive Black and youth unemployment rates, and lower wage increases of job switchers than job stayers."

- **Weaker domestic demand and tariffs pose risk to jobs market:** “softness in aggregate demand and economic activity may translate into weaker labor market conditions, as could a potential inability of some importers to withstand higher tariffs”

Monetary Policy:

- **As risks grow clearer, Fed is ready to move:** “[Policymakers] would be prepared to adjust the stance of monetary policy as appropriate if risks emerged that could impede the attainment of the Committee’s goals”
- **Walking the balance-of-risks tightrope... and keen to keep expectations under control:** “Participants agreed that, if [elevated inflation proved to be more persistent while the outlook for the labour market weakened], they would consider each variable’s distance from the Committee’s goal and the potentially different time horizons over which those respective gaps would be anticipated to close [...] in this context, it was especially important to ensure that longer-term inflation expectations remained well anchored.”
- **Neutral not far off?:** “Several participants commented that the current target range for the federal funds rate may not be far above its neutral level.”

Other Considerations:

- **Uncertainty elevated, but coming down:** “Uncertainty about the economic outlook remained elevated, though several participants remarked that there had been some reduction in uncertainty regarding fiscal policy, immigration policy, or tariff policy.”
- **Some financial system vulnerabilities were flagged:** “some banks continued to be vulnerable to a rise in longer-term yields and the associated unrealized losses on bank assets. A few participants commented on vulnerabilities in the market for Treasury securities, raising concerns about dealer intermediation capacity, the increasing presence of hedge funds in the market, and the fragility associated with low market depth.”

Bottom Line:

We’re looking back on the late July decision in an entirely different light as deliberations were held just days before the July employment report was published. After the August 1st jobs release, spring labour market data looked significantly weaker and had it been known earlier, would’ve likely led to more FOMC participants voting for a cut. Indeed, you’ll see in the minutes a number of acknowledgements of downside job market risks and a willingness to respond to the emergence of risks. Despite this, employment is only half the mandate and there was also plenty of anxiety regarding the inflation outlook. In fact, as of late July, a “majority” of participants were *more* worried about inflation than employment. How big that majority was is unclear. It’s also unclear how many in that majority have now shifted their focus to labour market risks, but based on OIS pricing, it’s enough to tip the scales towards a September cut.

We tend to agree with the market’s assessment that a cut in September is now the most likely outcome. However, despite the slower pace of hiring, we don’t foresee an imminent collapse of the job market which is still in *decent* shape. The unemployment rate, which hasn’t moved over the past year, may rise a bit from here, but we expect that to be marginal. Against this employment backdrop, inflation is likely to remain well above target for the foreseeable future. As a result, we don’t expect the Fed to engage in a rapid-fire pace of easing from here. A couple of cuts this year and one or two in 2026 may be all that the data allows for, especially with stimulus in the pipeline in 2026. Of course, this view is subject to change as we’re just two days out from the year’s most important monetary policy speech: Fed Chair Powell’s address in Jackson Hole. The Fed will often use the event to communicate major changes in monetary policy stance, so this should be a market-moving event. Note that Powell will also communicate the Monetary Policy Framework Review as he did at this event five years ago.

The FOMC’s next policy rate decision will conclude on September 17th (and will include an updated Summary of Economic Projections). Current OIS pricing indicates an ~80% change of a 25bp rate cut at that meeting.

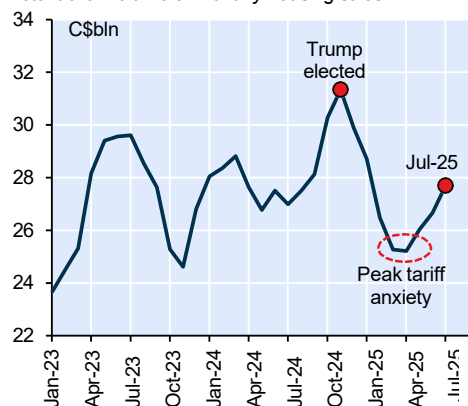
Market View - Canadians getting their (mortgage) fix of fixed

Per CREA's July housing market stats (which we covered along with other key housing data here), resale activity is picking back up after tariffs paralyzed prospective homebuyers earlier in 2025. To be sure, activity is still below late-2024 levels and nowhere close to pandemic volumes, but there's been a definite thawing since an ice-cold early spring. With sluggish economic growth and a weak labour market, activity may not surge ever higher but as Canadians adapt to persistent uncertainty a further modest pick-up may be in store. This recent increase in home sales is naturally leading to more mortgage origination at a time when the echo effect of "COVID mortgages" is also starting to reverberate. As we explored last month, nearly \$250 billion of 5-year, fixed rate mortgages were written in H2:2020 and H1:2021 when the pandemic housing boom got going. These are now reaching maturity, most needing to be refinanced...

Figure 1: Canadian Housing Activity and Mortgage rates (Charts 1 – 3)

Chart 1: Housing activity is picking up

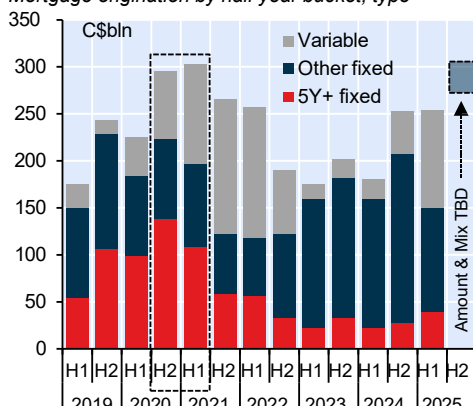
Total dollar volume of monthly housing sales



Source: NBC, CREA.

Chart 2: The COVID mortgage echo

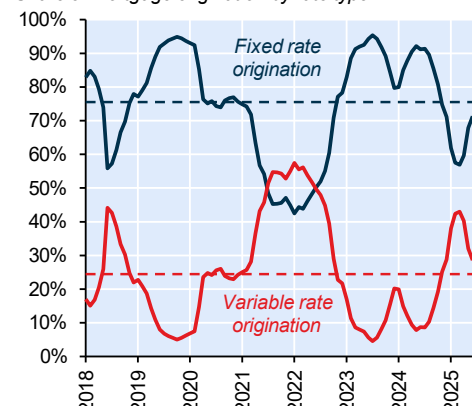
Mortgage origination by half year bucket, type



Source: NBC, BoC | Blue box is proj. range of H2:25 origination

Chart 3: Variable rate use is subsiding

Share of mortgage origination by rate type



Source: NBC, BoC | Note: Dotted line = Average since 2013

Source: NBC, BoC and CREA

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Evercore ISI - Global Policy & Central Banking Strategy

Final Thoughts Into Jackson Hole - Careful Powell Unlikely to Fuel Bets on Cuts, Distinguish Between Recalibration and Downside Risk Management Cuts

We write with final thoughts into Jackson Hole, building on our preview Monday.

We reiterate Powell - who faces fresh challenges with the attacks on Governor Cook - is likely to remain careful and not precommit in advance to a September cut, which could disappoint some investors. Much of his speech may try to provide a steady medium to longer-term framing for policy strategy and inflation control.

He may select language that confirms September is live but casts this in terms of judgements to be made over coming months not September or bust.

But we reaffirm the message will be consistent with a solid central case of a "cautious cut" of 25bp in September.

We do not expect Powell will forcefully confront market pricing as opposed to remind traders there is important information still to come, and the market might fairly read that as provisional consent.

We reiterate substantially worse labor data in the August report would be needed to put a 50 in play, while - given payroll weakness revealed in July - a surprise labor retightening combined with adverse inflation news would be required to question a 25.

Looking past September, we think Powell is unlikely to fuel bets on cuts beyond those already discounted, with risk more of a little trimming.

Key to understanding what is in play is to understand the distinction between recalibration cuts as forward risks to employment and inflation come into better balance, and more aggressive downside risk management cuts warranted only if labor data deteriorates more severely, leading to a sharper swing in the balance of risks.

We think Powell will focus on cautious recalibration as and when appropriate, and may note that modest positive payrolls and negative QCEW revisions may not call for more aggressive serial risk management cuts given weak labor supply.

This would still be consistent with further unhurried recalibration cuts back towards neutral, but with each step considered on the merits after accumulating more data that updates the balance of risks. In the base case, the Fed would consider another move in December after a further three month wait-and-see, with the option to delay to March if Q4 data is hot / strong as to add a cut in October if it is cool / weak.

Flash Note - Stale July Minutes Support Sept Cut With Fed Well Positioned to Respond in a Timely Way, Possible Cook's Resignation Would Accelerate Trumpification of the Fed

Minutes from the July FOMC meeting are a bit stale given economic developments since then, in particular the weaker-than-expected July employment report.

On inflation, there was still considerable uncertainty about the timing, magnitude, and persistence of the tariff passthrough, with many participants noting that "it could take some time for the full effects of higher tariffs to be felt."

On the labor market, some participants remarked that slower employment growth "was not necessarily indicative of emerging economic slack" as lower immigration was reducing the breakeven rate of payrolls.

With risks to both sides of the mandate, "a majority of participants judged the upside risk to inflation as the greater", while several participants viewed the risks "as roughly balanced," and a couple of participants saw "downside risk to employment the more salient risk."

But almost all participants agreed that the Fed "was well positioned to respond in a timely way to potential economic developments" rather than "to wait for more clarity on the outlook for inflation and economic activity," as in June.

These considerations support our view that the Fed will cut in September absent a re-tightening in the labor market combined with adverse inflation news.

Earlier today Trump called for Fed governor Cook to resign in light of allegations that she may have committed mortgage fraud.

We think that if these allegations prove valid, Cook would resign, giving Trump the opportunity to appoint another Fed governor, whose term would run until January 2038.

If Cook steps down, the Trumpification of the Fed would accelerate, possibly implying a sharp shift in its reaction function, as we discussed in a previous note.

The question is whether Trump would use this opening to appoint Powell's designated successor - who would act as a shadow chair - or appoint someone who would support aggressive monetary easing as Fed governor but postpone the decision on the next Fed chair until January, when Miran's term expires.

Based on comments at the time of Miran's nomination, the second option seems more likely, as Trump signaled a preference for taking more time to decide on the next Fed chair, though we would not rule out other possibilities.

First Edition Calls

This Week on TEAMS:

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

FRIDAY: Vishal Shreedhar, NBCFM Analyst - Consumer Products - [8:30 am English call](#) / [9h00 appel français](#)

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

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

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