



Tuesday, June 16, 2020

## MACRO VIEW

The TSX (+2.0%) is higher as energy stocks gained and Wall Street's main stock indices advanced after a record rise in May retail sales raising hopes of an economic rebound. **West Texas Intermediate crude oil (+4.3%)** prices rose on the back of an increase in oil demand forecasts for 2020 and hopes for further crude supply cuts. **Gold (+0.1%)** edged higher supported by a softer U.S. dollar and the U.S. Federal Reserve's announcement to start buying corporate bonds. North American bond yields are trending up with the U.S. 10-year at 0.78%, and the Canadian 10-year at 0.59%. The Canadian dollar strengthened against the greenback as domestic data showed record demand for Canadian securities in April.

Foreign investors bought a record C\$49.04 billion in Canadian securities in April, all in debt securities, following a revised C\$9.82 billion total sale in March. Stateside, U.S. May retail sales rebounded as consumers came out of lockdown, by 17.7% versus 8.0% expected in the biggest monthly jump ever, after plunging 16.4% in April.

## CANADIAN MARKETS

Fairfax Financial (FFH, +7.0%) announced that its CEO, Prem Watsa has purchased 482,600 shares of Fairfax in the market over the last few days for a total purchase price of approximately US\$148.95 million. Mr. Watsa stated that he bought the shares at this time as he believes that the shares are trading at a significant discount to their intrinsic value.

Cannabis company Fire & Flower (FAF, -1.3%) reported revenue of \$23.1 million ahead of consensus of \$19.7 million while adjusted EBITDA loss of \$2.7 million also exceeded consensus expectations of a loss of \$3.9 million. It noted that it has been seeing a meaningful demand for cannabis products like edibles, vapes, and beverages and there has been an increased demand for large format cannabis products over pre-roll products.

Supply chain software provider Kinaxis (KXS, +2.3%) announced that it will acquire Toronto-based AI-driven demand forecasting platform Rubikloud for US\$60 million in cash. The transaction is expected to be finalized within 60 days. Kinaxis noted that its outlook for fiscal 2020 revenue and adjusted EBITDA will remain unchanged, based on Rubikloud's current revenue and expense profile.

American Hotel Income Properties REIT (HOT.UN, +9.2%) noted that hotel demand has been growing steadily since mid-April and the occupancy rate hit 48% last week. It is approaching breakeven cash flow (estimated to be at an occupancy level of 50%) and positive cash flows are expected by the end of Q3/20. All of its hotels are now open and staffing has decreased by 64% compared to pre-pandemic levels.

Coal-loading facility operator Westshore Terminals (WTE, +6.6%) has stated that the pandemic has had a minimal impact on its business and it doesn't expect anything to change. By the end of June, the company

## Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	15,667.08	2.00%	-8.2%	-8.2%
S&P 500	3,150.32	2.73%	-2.5%	1.6%
NASDAQ	9,958.11	2.39%	11.0%	15.6%
Dow Jones	26,521.04	2.94%	-7.1%	-3.2%
Nikkei 225	22,582.21	4.88%	-4.5%	0.5%
Euro Stoxx 50	3,269.84	4.25%	-12.7%	-8.6%
FTSE EM	2,076.38	2.47%	-10.2%	-6.3%

## Canadian Market Movers

CVE	Cenovus Energy	8.3%
BPY-U	Brookfield Prope	5.3%
SNC	Snc-Lavalin Grp	4.8%
CNQ	Can Natural Res	4.8%
FM	First Quantum	4.5%
K	Kinross Gold	-1.1%
ABX	Barrick Gold Crp	-1.3%
FNV	Franco-Nevada Co	-1.5%
WPM	Wheaton Precious	-1.6%
AEM	Agnico Eagle Min	-1.9%

\*As of June 16 2020 10:35 AM. Source: Bloomberg

## U.S. Market Movers

LLY	Eli Lilly & Co	12.3%
OXY	Occidental Pete	8.8%
BA	Boeing Co/The	6.4%
SPG	Simon Property	6.4%
GE	General Electric	6.2%
CL	Colgate-Palmoliv	0.9%
TGT	Target Corp	0.8%
AMT	American Tower C	0.7%
PFE	Pfizer Inc	-1.0%
NVDA	Nvidia Corp	-1.3%

\*As of June 16 2020 10:35 AM. Source: Bloomberg

## Benchmark Bonds & Rates

	Chg <sup>1</sup>	Yld <sup>1</sup>	Sep-20 <sup>2</sup>	Dec-20 <sup>2</sup>
CA 2YR	0.02%	0.31%	0.35%	0.40%
CA 10YR	0.07%	0.59%	0.85%	0.85%
US 2YR	0.01%	0.20%	0.35%	0.40%
US 10YR	0.06%	0.78%	0.90%	0.95%
	Rate <sup>1</sup>	Sep-20 <sup>2</sup>	Dec-20 <sup>2</sup>	
CA Prime	2.45%	-	-	
CA Overnight Tgt	0.25%	0.25%	0.25%	
Fed Funds Tgt	0.25%	0.13%	0.13%	

1 - As of June 16 2020 10:35 AM.; 2 - CIBC forecasts.

Source: Bloomberg

expects to have loaded about 15.2 million tonnes of coal. 2020 throughput volumes are expected to be 30.5 million tonnes at average loading rates comparable to 2018 levels.

Cannabis producer **Aurora Cannabis** (ACB, +0.5%) announced that its President, Steve Dobler, will retire at the end of June and will be leaving the board. Steve was a co-founder of the company and had been President since 2014.

## U.S. MARKETS

Homebuilder **Lennar** (LEN, +2.5%) brought in US\$5.29 billion in revenue in Q2, beating estimates of US\$5.25 billion as new orders declined by just 10% compared to analysts' expectations of a 23% decrease. Adjusted EPS of US\$1.65 was also stronger than forecasts of US\$1.19. The company reinstated its guidance, believing it can deliver 13,200 to 13,400 homes in Q3 and 50,500 to 51,000 homes for the full year.

**Chesapeake Energy** (CHK, -13.9%) is reportedly planning to file for bankruptcy protection as soon as this week. Sources also say that the oil and gas company is close to securing a US\$900 million loan to support its operations during the bankruptcy period.

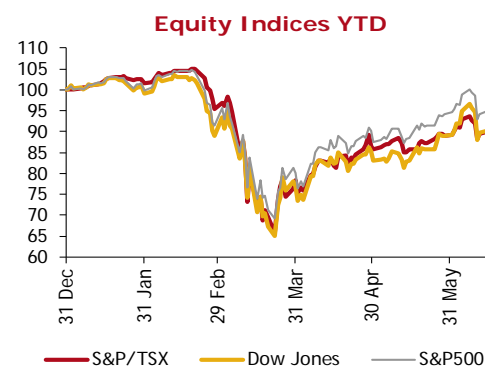
Drugmaker **Eli Lilly and Co** (LLY, +12.3%) saw encouraging test results for its breast cancer treatment Verzenio. The drug demonstrated that it significantly reduced the risk of cancer recurrence for patients with high-risk HR+, HER2- early breast cancer.

European Union antitrust regulators have opened an investigation into **Apple's** (AAPL, +2.6%) App Store and Apple Pay service due to concerns they may be violating competition rules in the region. Apple has disputed the claim.

## Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.739	-0.004	-4.0%
US\$/€	0.888	-0.006	-0.4%
Gold	\$1,721.19	-\$3.97	13.4%
Copper per 100 lb	\$260.65	\$1.95	-7.6%
Oil (WTI)	\$38.83	\$1.70	-36.4%
Oil (WCS)	\$31.08	\$1.78	-19.4%
Natural Gas (NYMEX)	\$1.62	-\$0.06	-26.2%
Natural Gas (AECO)	\$1.33	-\$0.06	-22.2%

\*As of June 16 2020 10:35 AM. Source: Bloomberg



## Earnings Releases

Name	Date	Est.	Act.
Oracle Corp (ORCL)	06/16	\$1.15	-- *
H&R Block Inc (HRB)	06/16	\$2.97	-- *
Kroger Co (KR)	06/18	\$1.03	-- *
Empire Co Ltd A (EMP/A)	06/18	\$0.64	--
Carmax Inc (KMX)	06/19	\$0.04	-- *
Carnival Corp (CCL)	06/19	-\$1.95	-- *
Cineplex Inc (CGX)	06/22	-\$0.43	--
Ihs Markit Ltd (INFO)	06/23	\$0.66	-- *
Blackberry Ltd (BB)	06/24	-\$0.02	-- *
Novagold Res (NG)	06/24	-\$0.02	-- *
Nike Inc -CI B (NKE)	06/25	\$0.12	-- *
Accenture Plc-A (ACN)	06/25	\$1.86	-- *
Mccormick-N/V (MKC)	06/25	\$1.12	-- *

Source: Bloomberg \* = USD

## Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
6/16	Int'l Securities Transactions (Apr)	-9.78b	--	49.04b
6/17	Teranet/National Bank HPI MoM (May)	1.30%	--	--
6/17	Teranet/National Bank HPI YoY (May)	5.30%	--	--
6/17	Teranet/National Bank HP Index (May)	233.94	--	--
6/17	CPI NSA MoM (May)	-0.70%	0.70%	--
6/17	CPI YoY (May)	-0.20%	0.00%	--
6/17	Consumer Price Index (May)	135.7	136.6	--
6/17	CPI Core- Median YoY% (May)	2.00%	1.90%	--
6/17	CPI Core- Common YoY% (May)	1.60%	1.60%	--
6/17	CPI Core- Trim YoY% (May)	1.80%	1.70%	--

Source: Bloomberg

## Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
6/16	Retail Sales Advance MoM (May)	-16.40%	8.40%	17.70%
6/16	Retail Sales Ex Auto MoM (May)	-17.20%	5.50%	12.40%
6/16	Retail Sales Ex Auto and Gas (May)	-16.20%	5.10%	12.40%
6/16	Retail Sales Control Group (May)	-15.30%	5.20%	11.00%
6/16	Industrial Production MoM (May)	-11.20%	3.00%	1.40%
6/16	Capacity Utilization (May)	64.90%	66.90%	64.80%
6/16	Manufacturing (SIC) Production (May)	-13.70%	5.00%	3.80%
6/16	Business Inventories (Apr)	-0.20%	-1.00%	-1.30%
6/16	NAHB Housing Market Index (Jun)	37	45	58
6/17	MBA Mortgage Applications	9.30%	--	--

Source: Bloomberg

BRAD BROWN, CFA - SR. MANAGER, EQUITIES  
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#### Stock Prices as of

06/15/2020

American Hotel Income Properties REIT LP (1b, 2a, 2e, 2g) (HOT.U-TSX, C\$2.21)

Aurora Cannabis Inc. (2g) (ACB-TSX, C\$17.94)

Kinaxis Inc. (2g, 7) (KXS-TSX, C\$182.09)

Westshore Terminals Investment Corporation (2g, 7) (WTE-TSX, C\$14.91)

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