



Thursday, June 18, 2020

MACRO VIEW

The **TSX (+0.3%)** and Wall Street's main stock indices are mixed on fears of a return of the coronavirus. **West Texas Intermediate crude oil (+1.0%)** prices edged up after U.S. oil product stocks fell and the energy market turned its focus to an OPEC-led meeting today. **Gold (-0.6%)** prices are down with a strengthening U.S. dollar and a pullback in global equities. North American bond yields inched down with the U.S. 10-year at 0.69%, and the Canadian 10-year at 0.53%. The Canadian dollar declined against the greenback as investors focus on a possible second wave of COVID-19 and after data showed a dive in wholesale trade in April.

Canadian wholesale trade crashed by a record 21.6% in April as COVID-19 shut down Canadian businesses. Canada added 208,400 jobs in May, as coronavirus lockdowns eased, led by hiring in the construction sector. U.S. jobless claims totalled 1.5 million, versus 1.3 million expected. Weekly jobless claims have stayed above 1.0 million for 13 consecutive weeks.

CANADIAN MARKETS

Asset management firm **Fiera Capital (FSZ, +0.8%)** announced that it will be changing its global management structure, effective July 1st, 2020, by moving away from its regional structure into a global structure. It will organize its operating model across three groups: Public Markets, Private Markets, and Private Wealth. Fiera expects these actions to contribute \$5 million to \$10 million to EBITDA starting from 2021. It will record severance and restructuring pre-tax charges of \$19 million to \$21 million during Q2/20.

Tidewater Midstream & Infrastructure (TWM, -1.3%) announced that along with **TransAlta (TA, -0.3%)**, it has entered into a definitive agreement to sell the Pioneer Pipeline to **TC Energy (TRP, +0.6%)** for \$255 million. The proceeds would be equally split between Tidewater and TransAlta. TransAlta will also pay Tidewater \$10.5 million for some ancillary assets and for completion of restoration work along the Pioneer Pipeline route.

Empire Company (EMP.A, +2.6%), which owns the Sobeys, Safeway and FreshCo grocery banners, reported same-store sales growth (excluding fuel) of 18% year-over-year, and ahead of consensus of 14.8%. Adjusted EPS came in at \$0.67 exceeding the consensus of \$0.63, driven by strong sales growth and cost control. It raised its annual dividend by 8.3%. It noted the completion of Project Sunrise, its three-year cost savings, and its business transformation program, which resulted in total benefits of \$550 million, exceeding its target of \$500 million.

Automotive Properties REIT (APR.UN, +1.8%) released a statement on the impact of the pandemic stating that 100% of its tenants are now current with their rental obligations. It has collected 78% of base rent for Q2/20, and the other 22% has been subject to deferral agreements.

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	15,467.70	0.25%	-9.4%	-9.4%
S&P 500	3,112.62	-0.03%	-3.7%	0.7%
NASDAQ	9,922.05	0.12%	10.6%	15.6%
Dow Jones	26,104.49	-0.06%	-8.5%	-4.4%
Nikkei 225	22,355.46	-0.45%	-5.5%	0.5%
Euro Stoxx 50	3,243.46	-0.73%	-13.4%	-9.5%
FTSE EM	2,081.63	0.18%	-9.9%	-5.9%

Canadian Market Movers

SHOP	Shopify Inc	4.2%
PPL	Pembina Pipeline	1.9%
IMO	Imperial Oil	1.9%
BPY-U	Brookfield Prope	1.6%
CNQ	Can Natural Res	1.3%
SNC	Snc-Lavalin Grp	-0.7%
ABX	Barrick Gold Crp	-0.8%
FNV	Franco-Nevada Co	-0.8%
RCI/B	Rogers Communi	-1.0%
TECK/B	Teck Resources	-1.7%

*As of June 18 2020 10:32 AM. Source: Bloomberg

U.S. Market Movers

OXY	Occidental Pete	4.7%
FDX	Fedex Corp	2.6%
CRM	Salesforce.Com	2.1%
GD	General Dynamics	1.9%
ORCL	Oracle Corp	1.7%
ACN	Accenture	-1.3%
BMY	Bristol-Myer Sqb	-1.5%
UNH	Unitedhealth Grp	-1.6%
AMT	American Tower C	-2.0%
BIIB	Biogen Inc	-5.2%

*As of June 18 2020 10:32 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Sep-20 ²	Dec-20 ²
CA 2YR	0.00%	0.30%	0.35%	0.40%
CA 10YR	-0.01%	0.53%	0.85%	0.85%
US 2YR	0.00%	0.19%	0.35%	0.40%
US 10YR	-0.04%	0.69%	0.90%	0.95%
	Rate ¹	Sep-20 ²	Dec-20 ²	
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 18 2020 10:32 AM.; 2 - CIBC forecasts.

Source: Bloomberg

Printing company **Transcontinental (TCL.A, +0.8%)** stated that it will be closing two printing plants in Quebec City and Gatineau after its client CN2i decided to permanently stop printing its newspapers on weekdays as a result of the current pandemic. The remaining business in these plants will be transferred to a plant in Montreal. The closures will result in the loss of about 60 jobs.

U.S. MARKETS

Kroger Co (KR, -3.8%) is trading lower despite the supermarket's Q1 revenue of US\$41.5 billion topping forecasts of US\$40.3 billion on the back of a 19.0% jump in same-store sales excluding fuel. Adjusted EPS of US\$1.22 were also stronger than estimates of US\$1.00, and adjusted EBITDA margin also beat the street consensus. Management did not update its previously issued guidance for 2020 but is optimistic that it will outperform estimates.

Carnival (CCL, +0.2%) released its Q2 results a day earlier than scheduled. The cruise line operator had an adjusted loss per share of US\$3.30, sharper than estimates of a US\$1.56 per share loss. The company recorded US\$2 billion in impairment charges in Q2 and revenue was just US\$700 million compared to the prior Q2's revenue of US\$4.8 billion. Carnival foresees a net loss for the back half of 2020 but noted that demand for 2021 is improving.

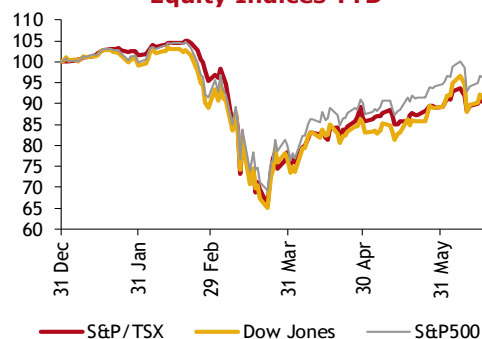
Energy company **Chevron (CVX, +0.7%)** is selling its minority stake in Australia's North West Shelf LNG project. The stake is believed to be valued at around US\$3 billion to US\$4 billion.

Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.736	0.001	-4.3%
US\$/€	0.892	-0.003	0.0%
Gold	\$1,718.81	-\$8.14	13.3%
Copper per 100 lb	\$261.35	\$0.45	-7.3%
Oil (WTI)	\$38.36	\$0.39	-37.2%
Oil (WCS)	\$29.32	\$0.31	-24.0%
Natural Gas (NYMEX)	\$1.63	-\$0.01	-25.8%
Natural Gas (AECO)	\$1.30	\$0.05	-24.0%

*As of June 18 2020 10:32 AM. Source: Bloomberg

Equity Indices YTD



Earnings Releases

Name	Date	Est.	Act.
Kroger Co (KR)	06/18	\$1.00	\$1.22 *
Carnival Corp (CCL)	06/18	-\$1.95	-- *
Empire Co Ltd A (EMP/A)	06/18	\$0.62	\$0.67
Carmax Inc (KMX)	06/19	\$0.04	-- *
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 -Cl B (NKE)	06/25	\$0.12	-- *
Accenture Plc-A (ACN)	06/25	\$1.85	-- *
Mccormick-N/V (MKC)	06/25	\$1.12	-- *
Darden Restoran (DRI)	06/25	-\$1.64	-- *
Knight Therapeut (GUD)	06/26	-\$0.03	--

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
6/18	Wholesale Trade Sales MoM (Apr)	-2.20%	-10.60%	-21.60%
6/18	ADP Releases Payroll Data ()	0	0	0
6/19	Retail Sales MoM (Apr)	-10.00%	-15.10%	--
6/19	Retail Sales Ex Auto MoM (Apr)	-0.40%	-12.00%	--
6/22	Bloomberg Nanos Confidence	42.9	--	--
6/29	Bloomberg Nanos Confidence	--	--	--
6/29	Industrial Product Price MoM (May)	-2.30%	--	--
6/29	Raw Materials Price Index MoM (May)	-13.40%	--	--
6/30	GDP MoM (Apr)	-7.20%	--	--
6/30	GDP YoY (Apr)	-5.80%	--	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
6/18	Philadelphia Fed Business Outlook (Jun)	-43.1	-21.4	27.5
6/18	Initial Jobless Claims	1542k	1290k	1508k
6/18	Continuing Claims	20929k	19850k	20544k
6/18	Bloomberg Economic Expectations (Jun)	29	--	38
6/18	Bloomberg Consumer Comfort	38.7	--	40.2
6/18	Leading Index (May)	-4.40%	2.40%	2.80%
6/19	Current Account Balance (1Q)	-\$109.8b	-\$102.9b	--
6/22	Chicago Fed Nat Activity Index (May)	-16.74	--	--
6/22	Existing Home Sales (May)	4.33m	4.13m	--
6/22	Existing Home Sales MoM (May)	-17.80%	-4.60%	--

Source: Bloomberg

BRAD BROWN, CFA - SR. MANAGER, EQUITIES
JOHNNY TAM, MASC, CFA - ASSOCIATE

PUJA GHOSH, CFA, MBA, MSC. - ASSOCIATE
ALLAN BISHOP - DIRECTOR, FIXED INCOME

STEVEN DIMITROFF - SUMMER ASSOCIATE

IMPORTANT DISCLOSURES

Important disclosures, including potential conflicts of interest information, our system for rating investment opportunities and our dissemination policy can be obtained by writing to CIBC World Markets Inc. BCE Place, 161 Bay Street, 4th Floor, Toronto, Ontario M5J 2S8, Attention: Research Disclosures Request.

This report is issued and approved for distribution in Canada by CIBC World Markets Inc., a member of the Investment Industry Regulatory Organization of Canada and a member of the Canadian Investor Protection Fund. Any questions should be directed to your sales representative.

Every province in Canada and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, some of the securities discussed in this report may not be available to every interested investor. Accordingly, this report is provided for informational purposes only, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. No part of any report may be reproduced in any manner without the prior written permission of CIBC World Markets.

The information and any statistical data contained herein have been obtained from sources which we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All opinions expressed and data provided herein are subject to change without notice. A CIBC World Markets company or its shareholders, directors, officers and/or employees, may have a long or short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. A CIBC World Markets company may have acted as initial purchaser or placement agent for a private placement of any of the securities of any company mentioned in this report, may from time to time solicit from or perform financial advisory, investment banking or other services for such company, or have lending or other credit relationships with the same. The securities mentioned in this report may not be suitable for all types of investors; their prices, value and/or income they produce may fluctuate and/or be adversely affected by exchange rates. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is no guarantee of future results.

In preparing the advice given in this document, CIBC World Markets did not take into account the investment objectives, financial situation and particular needs of any particular client of CIBC World Markets. Before making an investment decision on the basis of any recommendation made in this document, the recipient should consider how appropriate the recommendation is to their particular investment needs, objectives and financial circumstances. To allow CIBC World Markets to take into consideration a recipient's objectives, financial situation and particular needs, CIBC World Markets requests that, prior to acting on any of the recommendations herein, you contact one of our client advisers to discuss your particular circumstances.

Although each company issuing this report is a wholly owned subsidiary of Canadian Imperial Bank of Commerce ("CIBC"), each is solely responsible for its contractual obligations and commitments, and any securities products offered or recommended to or purchased or sold in any client accounts (i) will not be insured by the Federal Deposit Insurance Corporation, the Canada Deposit Insurance Corporation or other similar deposit insurance, (ii) will not be deposits or other obligations of CIBC, (iii) will not be endorsed or guaranteed by CIBC, and (iv) will be subject to investment risks, including possible loss of the principal invested. The CIBC trademark is used under license.

This report may also be distributed by any party authorized to do so by CIBC World Markets Inc. CIBC Wood Gundy is a division of CIBC World Markets, a subsidiary of CIBC and Member CIPF.

© 2020 CIBC World Markets Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets is prohibited by law and may result in prosecution.

CIBC Private Wealth Management consists of services provided by CIBC and certain of its subsidiaries, including CIBC Wood Gundy, a division of CIBC World Markets Inc. CIBC Private Wealth Management is a registered trademark of CIBC, used under license. "Wood Gundy" is a registered trademark of CIBC World Markets Inc. Insurance services are available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are available through CIBC Wood Gundy Financial Services (Quebec) Inc. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.

Important Disclosure Footnotes for Companies Mentioned in this Report that Are Covered by CIBC World Markets Corp./Inc.:

Stock Prices as of

06/17/2020

Automotive Properties Real Estate Investment Trust (2a, 2c, 2e, 2g) (APR.UN-TSX, C\$9.10)

Empire Company Limited (2g, 7, 9, 13) (EMP.A-TSX, C\$31.19)

Tidewater Midstream & Infrastructure Ltd. (2a, 2c, 2e, 2g) (TWM-TSX, C\$0.75)

Transcontinental Inc. (2g, 7, 12) (TCL.A-TSX, C\$14.53)

TC Energy Corporation (2a, 2e, 2g, 7) (TRP-TSX, C\$59.78)

TransAlta Corporation (2g, 7) (TA-TSX, C\$8.14)

Key To Important Disclosure Footnotes:

- 1 CIBC World Markets Corp. makes a market in the securities of this company.
- 2a This company is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.
- 2b CIBC World Markets Corp. has managed or co-managed a public offering of securities for this company in the past 12 months.
- 2c CIBC World Markets Inc. has managed or co-managed a public offering of securities for this company in the past 12 months.
- 2d CIBC World Markets Corp. has received compensation for investment banking services from this company in the past 12 months.
- 2e CIBC World Markets Inc. has received compensation for investment banking services from this company in the past 12 months.
- 2f CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 2g CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 3a This company is a client for which a CIBC World Markets company has performed non-investment banking, securities-related services in the past 12 months.

- 3b CIBC World Markets Corp. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.
- 3c CIBC World Markets Inc. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.
- 4a This company is a client for which a CIBC World Markets company has performed non-investment banking, non-securities-related services in the past 12 months.
- 4b CIBC World Markets Corp. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.
- 4c CIBC World Markets Inc. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.
- 5a The CIBC World Markets Corp. analyst(s) who covers this company also has a long position in its common equity securities.
- 5b A member of the household of a CIBC World Markets Corp. research analyst who covers this company has a long position in the common equity securities of this company.
- 6a The CIBC World Markets Inc. fundamental analyst(s) who covers this company also has a long position in its common equity securities.
- 6b A member of the household of a CIBC World Markets Inc. fundamental research analyst who covers this company has a long position in the common equity securities of this company.
- 6c One or more members of Investment Strategy Group who was involved in the preparation of this report, and/or a member of their household(s), has a long position in the common equity securities of this company.
- 7 CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by this company.
- 8 A partner, director or officer of CIBC World Markets Inc. or any analyst involved in the preparation of this research report has provided services to this company for remuneration in the past 12 months.
- 9 A senior executive member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of this company or one of its subsidiaries.
- 10 Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., has a significant credit relationship with this company.
- 11 The equity securities of this company are restricted voting shares.
- 12 The equity securities of this company are subordinate voting shares.
- 13 The equity securities of this company are non-voting shares.
- 14 The equity securities of this company are limited voting shares.