



Friday, July 17, 2020

MACRO VIEW

The **TSX (+0.2%)** inched up and Wall Street's main stock indices turned mixed as COVID-19 cases continue to rise while investors expect more government stimulus in a post-pandemic economy. **West Texas Intermediate crude oil (-1.5%)** slipped on growing uncertainty about the global recovery in fuel demand as COVID-19 cases rose in several countries, as OPEC producers were set to ease output limits. **Gold (+0.5%)** rose as rising coronavirus cases fueled demand for safe havens. North American bond yields edged up with the U.S. 10-year at 0.61%, and the Canadian 10-year at 0.52%. The Canadian dollar remains range-bound against the greenback.

Wholesale sales in Canada rose 5.7% in June versus 8.5% expected, the biggest jump for almost 17 years following a downwardly revised 21.4% plunge in May. Six of seven subsectors recorded higher sales, accounting for about 78% of total sales. U.S. housing starts totalled 1.19 million in June, versus 1.17 million expected, representing a 17.3% increase from May as construction activity remains 4% below last year's pace.

CANADIAN MARKETS

Communications company **Quebecor (QBR.B, +0.9%)** announced that it would not participate in the legal bidding process to rescue the Cirque du Soleil. However, it stated that it remains committed to helping in Cirque's turnaround.

Mining company **Turquoise Hill Resources (TRQ, +0.0%)** announced gold production of 31,150 ounces in Q2/20, down 57% vs. Q2/19, while copper production of 36,495 tonnes decreased by 7% vs. Q2/19. It raised its 2020 gold production guidance to a range of 155,000 to 180,000 ounces from a range of 120,000 to 150,000 and kept its copper guidance unchanged at 140,000 to 170,000 tonnes.

Producer and marketer of meat products **Maple Leaf Foods (MFI, +0.3%)** announced the sale of its poultry plant in Drummondville, Quebec, to Giannone Poultry. It has signed a three-year agreement with Giannone to maintain its supply of fresh chicken.

Information and marketing solutions company **GVIC Communications (GCT.C, -27.3%)** announced that it has sold a 45% stake in its ERIS and STP businesses to Madison Venture for \$11 million in cash and the right to retain 100% of the cash flow from these units, attributed to Madison's 45% stake, for two years. Madison would have the right to buy an additional 6% stake over the next three years.

CES Energy Solutions (CEU, +1.9%), which provides consumable chemical solutions to the oil and natural gas industry, announced the renewal of its normal course issuer bid to buy back up to 19 million shares or 7.5% of the float over the next twelve-month period.

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	16,056.98	0.20%	-5.9%	-5.9%
S&P 500	3,208.22	-0.23%	-0.7%	3.8%
NASDAQ	10,444.48	-0.28%	16.4%	21.6%
Dow Jones	26,670.87	-0.24%	-6.5%	-2.3%
Nikkei 225	22,696.42	-0.32%	-4.1%	1.7%
Euro Stoxx 50	3,358.44	-0.21%	-10.3%	-4.4%
FTSE EM	2,220.65	0.63%	-3.9%	0.4%

Canadian Market Movers

CCL/B	Ccl Inds B	3.1%
TECK/B	Teck Resources-B	1.9%
SNC	Snc-Lavalin Grp	1.5%
K	Kinross Gold	1.5%
CCO	Cameco Corp	1.4%
CSU	Constellation So	-0.4%
BMO	Bank Of Montreal	-0.4%
QSR	Restaurant Brand	-0.6%
SHOP	Shopify Inc	-0.9%
CTC/A	Canadian Tire	-1.7%

*As of July 17 2020 10:41 AM. Source: Bloomberg

U.S. Market Movers

BLK	Blackrock Inc	3.1%
ABT	Abbott Labs	2.4%
NEE	Nextera Energy	1.9%
EXC	Exelon Corp	1.7%
INTC	Intel Corp	1.5%
DOW	Dow Inc	-1.5%
BAC	Bank Of America	-1.8%
USB	Us Bancorp	-1.8%
COP	Conocophillips	-2.0%
NFLX	Netflix Inc	-7.8%

*As of July 17 2020 10:41 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Sep-20 ²	Dec-20 ²
CA 2YR	0.01%	0.28%	0.35%	0.40%
CA 10YR	0.01%	0.52%	0.85%	0.85%
US 2YR	0.00%	0.14%	0.35%	0.40%
US 10YR	0.00%	0.61%	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 July 17 2020 10:41 AM.; 2 - CIBC forecasts.

Source: Bloomberg

U.S. MARKETS

Asset management firm **BlackRock** (BLK, +3.1%) posted its quarterly results with both earnings and revenue topping expectations. Profit came in 21% higher year-over-year with assets under management rising 7% year-over-year. The inflow results were helped with solid gains in BlackRock's fixed income funds and cash management services which saw net inflows of \$60.27 billion and \$24.2 billion, respectively.

Netflix (NFLX, -7.8%) reported quarterly results that missed on EPS but topped expectations on revenue. Netflix added 10.1 million global streaming subscribers in the quarter versus consensus forecasts for 8.3 million. For Q3, Netflix guided for 2.5 million net additions while expectations were for at minimum 5 million.

Paint and coating producer **PPG Industries** (PPG, +0.6%) reported its quarterly results with both earnings and revenue beating consensus expectations. The beat was helped by the increase in demand for do-it-yourself painting projects as people remain at home during the shutdowns.

Citizen Financial (CFG, +1.7%) posted quarterly earnings and revenue beat which was helped by the company's strong mortgage banking results.

State Street Corporation (STT, -2.8%) is lower despite reporting an EPS and revenue beat. Net interest margin came in below consensus estimates.

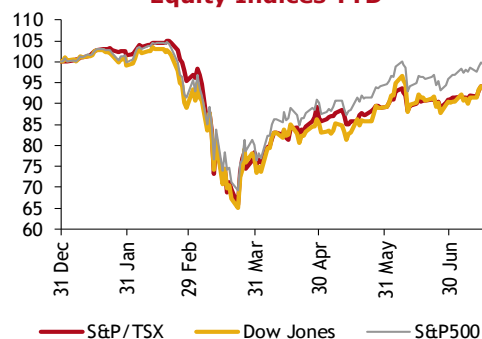
United Airlines (UAL, -0.4%) has reached an agreement with its pilots' union to limit the number of involuntary furloughs. The agreement includes an early retirement option for pilots 62 years of age and older. Additionally, all pilots will be given the option to voluntarily reduce their hours or take a leave of absence during which they will continue to receive health benefits as long as they maintain their training.

Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.737	0.000	-4.3%
US\$/€	0.874	0.005	-1.9%
Gold	\$1,808.89	\$11.73	19.2%
Copper per 100 lb	\$289.15	-\$1.00	2.5%
Oil (WTI)	\$40.06	-\$0.69	-34.4%
Oil (WCS)	\$34.15	-\$0.02	-11.5%
Natural Gas (NYMEX)	\$1.73	\$0.01	-21.1%
Natural Gas (AECO)	\$1.51	\$0.00	-11.7%

*As of July 17 2020 10:41 AM. Source: Bloomberg

Equity Indices YTD



Earnings Releases

Name	Date	Est.	Act.
Blackrock Inc (BLK)	07/17	\$6.97	\$7.85 *
State St Corp (STT)	07/17	\$1.61	\$1.86 *
Kansas City Sout (KSU)	07/17	\$1.11	\$1.15 *
Citizens Financi (CFG)	07/17	\$0.09	\$0.55 *
Regions Financia (RF)	07/17	\$0.06	-\$0.23 *
Ibm (IBM)	07/20	\$2.12	-- *
Cadence Design (CDNS)	07/20	\$0.52	-- *
Halliburton Co (HAL)	07/20	-\$0.11	-- *
Choice Propertie (CHP-U)	07/20	\$0.23	-- *
Zions Bancorp Na (ZION)	07/20	\$0.35	-- *
Prairiesky Royal (PSK)	07/20	-\$0.02	-- *
Coca-Cola Co/The (KO)	07/21	\$0.40	-- *
Texas Instrument (TXN)	07/21	\$0.87	-- *

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
7/17	Wholesale Trade Sales MoM (May)	-21.60%	7.90%	5.70%
7/20	Bloomberg Nanos Confidence	46.1	--	--
7/20	Teranet/National Bank HPI MoM (Jun)	1.10%	--	--
7/20	Teranet/National Bank HPI YoY (Jun)	6.00%	--	--
7/20	Teranet/National Bank HP Index (Jun)	236.55	--	--
7/21	Retail Sales MoM (May)	-26.40%	22.00%	--
7/21	Retail Sales Ex Auto MoM (May)	-22.00%	14.00%	--
7/22	CPI NSA MoM (Jun)	0.30%	0.30%	--
7/22	CPI YoY (Jun)	-0.40%	0.20%	--
7/22	Consumer Price Index (Jun)	136.1	136.5	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
7/17	Housing Starts (Jun)	974k	1190k	1186k
7/17	Housing Starts MoM (Jun)	4.30%	22.20%	17.30%
7/17	Building Permits (Jun)	1220k	1293k	1241k
7/17	Building Permits MoM (Jun)	14.40%	6.30%	2.10%
7/17	U. of Mich. Sentiment (Jul P)	78.1	79	73.2
7/17	U. of Mich. Current Conditions (Jul P)	87.1	86.8	84.2
7/17	U. of Mich. Expectations (Jul P)	72.3	74	66.2
7/17	U. of Mich. 1 Yr Inflation (Jul P)	3.00%	2.80%	3.10%
7/17	U. of Mich. 5-10 Yr Inflation (Jul P)	2.50%	--	2.70%
7/21	Chicago Fed Nat Activity Index (Jun)	2.61	4	--

Source: Bloomberg

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