



Monday, October 26, 2020

MACRO VIEW

The **TSX (-0.6%)** and Wall Street's main indices are lower on the back of weaker oil prices, increasing coronavirus cases, and fading hopes for fiscal economic aid. **West Texas Intermediate crude oil (-2.9%)** prices dropped, as increasing COVID-19 cases in the U.S. and Europe raised worries about energy demand. **Gold (+0.1%)** edged up with growing fears over a second COVID-19 wave countered a firmer dollar and a lack of progress on a U.S. stimulus package. North American bond yields inched down with the U.S. 10-year at 0.81%, and the Canadian 10-year at 0.63%. The Canadian dollar fell against the greenback with rising Covid-19 infections and uncertainty for U.S. fiscal aid.

New Home Sales in the U.S. declined unexpectedly in September by -3.5% versus +2.8% expected to 959,000 units in September, but the housing market remains supported by record-low interest rates.

CANADIAN MARKETS

Cenovus Energy (CVE, -11.9%) agreed to acquire **Husky Energy (HSE, +5.4%)** in an all-stock transaction valued at \$23.6 billion. Husky shareholders will receive 0.7845 shares of Cenovus and a 0.0651 warrant for each HSE share they own. CVE noted the transaction is accretive on a cash flow and free funds flow per share basis. The company expects annual run-rate synergies of \$1.2 billion.

Brookfield Business Partners (BBU.UN, +1.7%) is acquiring all of the remaining 43% stakes of **Genworth MI (MIC, +24.2%)** for \$43.5 per share, approximately 25% premium to 20-days volume-weighted average. Approximately US\$460 million of the US\$1.2 billion purchase will be funded by Brookfield with the remaining amount being funded by its institutional partners.

AirBoss of America (BOS, +5.9%) that currently owns a 55% stake in **AirBoss Defense Group** is buying the remaining 45% stake from **Critical Solutions Holdings (CSH)** in exchange for 3.5 million BOS shares and US\$20 million in cash. The transaction implies an \$89 million purchase price based on the October 23rd, 2020, closing price. After the transaction, CSH will hold 13% of BOS.

Absolute Software (ABT, -1.6%) announced preliminary results for Q1/21. The company expects to generate adjusted EBITDA of US\$8.1 million and revenue of US\$28.5 million. The consensus adjusted EBITDA stood at US\$7.5 million and a consensus revenue of US\$28.2 million. ABT further noted that it would list on NASDAQ and change the TSX ticker to trade under ABST in both exchanges.

Chartwell Retirement Residences (CSH.UN, -1.2%) started construction on a new 224-bed long-term care residence in Ajax, Ontario. The construction is expected to cost \$65.2 million and is expected to complete in the spring of 2023. This will replace an existing 100-bed long-term care home.

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	16,209.76	-0.58%	-5.0%	-5.0%
S&P 500	3,434.86	-0.88%	6.3%	8.0%
NASDAQ	11,478.18	-0.61%	27.9%	29.9%
Dow Jones	27,858.99	-1.68%	-2.4%	-0.8%
Nikkei 225	23,494.34	-0.09%	-0.7%	4.3%
Euro Stoxx 50	3,134.29	-2.02%	-16.3%	-10.5%
FTSE EM	2,375.28	-0.49%	2.8%	4.4%

Canadian Market Movers

AEM	Agnico Eagle Min	1.7%
KL	Kirkland Lake Go	1.5%
ABX	Barrick Gold Crp	1.4%
WPM	Wheaton Precious	1.3%
K	Kinross Gold	1.2%
IPL	Inter Pipeline L	-2.2%
IMO	Imperial Oil	-2.3%
CNQ	Can Natural Res	-2.4%
SU	Suncor Energy	-2.7%
CVE	Cenovus Energy	-11.9%

*As of October 26 2020 10:30 AM. Source: Bloomberg

U.S. Market Movers

AMZN	Amazon.Com Inc	1.9%
ABT	Abbott Labs	1.0%
AAPL	Apple Inc	0.7%
NFLX	Netflix Inc	0.3%
DHR	Danaher Corp	0.2%
BKNG	Booking Holdings	-2.8%
COP	Conocophillips	-3.0%
RTX	Raytheon Technol	-3.3%
COF	Capital One Fina	-3.6%
ORCL	Oracle Corp	-4.5%

*As of October 26 2020 10:30 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Dec-20 ²	Mar-21 ²
CA 2YR	0.00%	0.24%	0.35%	0.35%
CA 10YR	-0.01%	0.63%	0.70%	0.80%
US 2YR	-0.01%	0.15%	0.25%	0.30%
US 10YR	-0.04%	0.81%	0.80%	1.00%
	Rate ¹	Dec-20 ²	Mar-21 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 October 26 2020 10:30 AM.; 2 - CIBC

forecasts. Source: Bloomberg

Stelco (STLC, +0.7%) noted that it has experienced a cybersecurity attack on its information systems. STLC noted that some of its business functions might be affected adversely during the recovery process.

Bombardier (BBD.B, +2.3%) announced that it would receive US\$275 million in cash vs. US\$500 million reported earlier from **Spirit AeroSystems** (SPR-NYSE, -6.9%), and SPR will take about US\$824 million compared to US\$700 million of liabilities announced earlier for the aerostructures business.

U.S. MARKETS

Dunkin' Brands (DNKN, +16.2%) shares rocketed after the coffee chain confirmed that it is in talks with **Inspire Brands** about being acquired. The deal would reportedly value Dunkin' at \$106.50 per share, a 20% premium to its prior day closing price. Privately held Inspire Brands is the owner of restaurant chains Arby's and Jimmy John's.

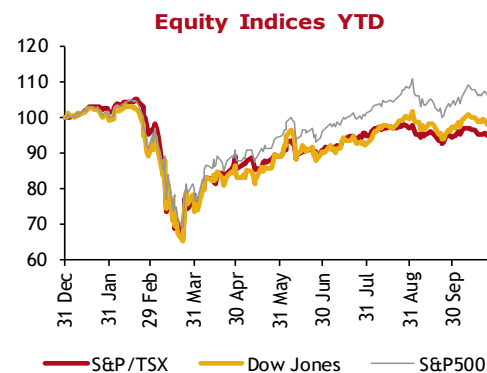
Hasbro (HAS, -8.9%) shares gave up earlier gains after releasing Q3/2020 earnings of US\$1.88 per share, which topped the consensus estimate of US\$1.63 per share. Revenue of US\$1.78 billion also beat out an expected US\$1.74 billion. The company's sales were up 12.8% from the year-ago-quarter, fueled by added demand for popular games during the lockdown.

AstraZeneca (AZN, +2.4%) reported that its COVID-19 vaccine candidate triggered an immune response in adults during a recent clinical trial. The drugmaker called the results encouraging and said that the treatment produced a similar response in younger and older adults.

Currencies & Commodities

	Price*	Change	YTD
CS\$/US\$	0.758	0.007	-1.5%
US\$/€	0.847	-0.005	-5.1%
Gold	\$1,904.15	\$2.10	25.5%
Copper per 100 lb	\$309.40	-\$3.50	9.5%
Oil (WTI)	\$38.62	-\$1.23	-36.8%
Oil (WCS)	\$28.47	-\$0.86	-26.2%
Natural Gas (NYMEX)	\$3.04	\$0.07	38.7%
Natural Gas (AECO)	\$2.49	-\$0.07	45.6%

*As of October 26 2020 10:30 AM. Source: Bloomberg



Earnings Releases

Name	Date	Est.	Act.
Hca Healthcare I (HCA)	10/26	\$2.28	\$1.92 *
Otis Worldwi (OTIS)	10/26	\$0.55	\$0.69 *
Alexandria Real (ARE)	10/26	\$1.83	-- *
Cincinnati Fin (CINF)	10/26	\$0.39	-- *
Principal Finl (PFG)	10/26	\$1.40	-- *
Hasbro Inc (HAS)	10/26	\$1.60	\$1.88 *
Packaging Corp (PKG)	10/26	\$1.42	-- *
F5 Networks (FFIV)	10/26	\$2.38	-- *
West Fraser Timb (WFT)	10/26	\$4.79	--
Natl Oilwell Var (NOV)	10/26	-\$0.12	-- *
Prairiesky Royal (PSK)	10/26	\$0.03	--
Meg Energy Corp (MEG)	10/26	-\$0.13	--
Pfizer Inc (PFE)	10/27	\$0.71	-- *

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
10/26	Bloomberg Nanos Confidence	51.9	--	51.8
10/28	Bank of Canada Rate Decision	0.25%	0.25%	--
10/29	CFIB Business Barometer (Oct)	59.2	--	--
10/30	GDP MoM (Aug)	3.00%	0.90%	--
10/30	GDP YoY (Aug)	-5.00%	-4.20%	--
10/30	Industrial Product Price MoM (Sep)	0.30%	0.10%	--
10/30	Raw Materials Price Index MoM (Sep)	3.20%	0.30%	--
11/2	Bloomberg Nanos Confidence	51.8	--	--
11/2	MLI Leading Indicator MoM (Sep)	2.70%	--	--
11/2	Markit Canada Manufacturing PMI (Oct)	56	--	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
10/26	Chicago Fed Nat Activity Index (Sep)	0.79	0.73	0.27
10/26	New Home Sales (Sep)	1011k	1025k	959k
10/26	New Home Sales MoM (Sep)	4.80%	1.40%	-3.50%
10/26	Dallas Fed Manf. Activity (Oct)	13.6	13.5	19.8
10/27	Durable Goods Orders (Sep P)	0.50%	0.50%	--
10/27	Durables Ex Transportation (Sep P)	0.60%	0.30%	--
10/27	Cap Goods Orders Nondef Ex Air (Sep P)	1.90%	0.50%	--
10/27	Cap Goods Ship Nondef Ex Air (Sep P)	1.50%	0.40%	--
10/27	FHFA House Price Index MoM (Aug)	1.00%	0.70%	--
10/27	S&P CoreLogic CS 20-City MoM SA (Aug)	0.55%	0.50%	--

Source: Bloomberg

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

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

LAUREN ELLISON, CIM, CFP - ASSOCIATE
ANKUR JAIN - 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

10/23/2020

AirBoss of America Corp. (2g) (BOS-TSX, C\$17.87)

Bombardier Inc. (2g, 12) (BBD.B-TSX, C\$0.32)

Chartwell Retirement Residences (2g) (CSH.UN-TSX, C\$10.32)

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.