



Monday, August 10, 2020

## MACRO VIEW

The TSX (+0.4%) is trending higher as the energy sector gains while Wall Street's main stock indices rose on Trump's extension of unemployment benefits, however at a reduced rate of US\$400 per week. West Texas Intermediate crude oil (+2.2%) prices rallied, boosted on Asian demand, and an Iraqi promise to continue supply cuts, although uncertainty over the U.S. economic recovery capped gains. Gold (+1.5%) prices climbed on growing global geopolitical uncertainty and on what will follow in the months ahead. North American bond yields steadied in morning trading with the U.S. 10-year at 0.55%, and the Canadian 10-year at 0.47%. The Canadian dollar edged higher against the greenback with stronger oil prices and from Trump's executive orders to support the U.S. economy.

## CANADIAN MARKETS

**Barrick Gold (ABX, +3.4%)** reported Q2/20 adjusted EPS of US\$0.23 ahead of consensus of US\$0.18, and up 44% quarter-over-quarter, driven by higher gold and copper price realization. It raised its quarterly dividend by 14% and maintained its full-year production outlook.

**Canopy Growth (WEED, +8.8%)** posted net revenue of \$110 million vs. consensus of \$99 million while adjusted EBITDA loss came in at \$92 million, below the consensus estimate of a loss of \$102 million. Adjusted gross margin declined 1,300 basis points (bps) year-over-year (Y/Y) to 7%, driven by lower production output, manufacturing variances, and inventory adjustments.

**Hardwoods Distribution (HDI, +10.6%)** reported revenues of \$296 million beating consensus of \$286 million. Adjusted EBITDA of \$24.4 million also exceeded consensus of \$17.9 million. Gross profit margin came in at a record quarterly margin of 19.5%, up 140 bps Y/Y.

**Ensign Energy Services (ESI, +4.7%)** reported adjusted EBITDA of \$40.5 million (which includes a \$5.1 million wage subsidy from the Government of Canada and the Government of Australia) vs. consensus of \$42.8 million. Headline adjusted EBITDA of \$58.1 million included US\$13.2 million in shortfall revenue.

**Canadian Natural Resources (CNQ, -0.2%)** announced that it is buying **Painted Pony (PONY, +15.3%)** for \$0.69 per share (reflecting a premium of 19% to Friday's close price), and assumption of total debt of \$350 million. The transaction is expected to close in late Q3 or early Q4, 2020.

**Premier Gold Mines (PG, +2.2%)** is acquiring Getchell Project from Waterton Global Resource Management for US\$23 million in cash, 13.8 million PG shares, and 12.8 million 3-year warrants, exercisable at C\$3.67 per warrant. The deal also includes contingent payments amounting to a total of US\$10 million.

## Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	16,618.09	0.44%	-2.6%	-2.6%
S&P 500	3,359.05	0.23%	4.0%	6.8%
NASDAQ	10,960.64	-0.46%	22.2%	25.5%
Dow Jones	27,703.41	0.98%	-2.9%	-0.3%
Nikkei 225	22,329.94	0.00%	-5.6%	-0.4%
Euro Stoxx 50	3,265.33	0.39%	-12.8%	-5.9%
FTSE EM	2,276.83	-0.24%	-1.5%	1.2%

## Canadian Market Movers

WEED	Canopy Growth Co	8.8%
K	Kinross Gold	3.7%
FM	First Quantum	3.5%
ABX	Barrick Gold Crp	3.4%
WPM	Wheaton Precious	3.2%
WCN	Waste Connection	-1.1%
GIB/A	Cgi Inc	-1.4%
ATD/B	Alimen Couche	-1.7%
OTEX	Open Text Corp	-2.4%
SHOP	Shopify Inc	-3.4%

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

## U.S. Market Movers

FDX	Fedex Corp	5.7%
BA	Boeing Co/The	4.1%
SPG	Simon Property	3.8%
GE	General Electric	3.4%
NKE	Nike Inc L B	3.2%
CRM	Salesforce.Com	-1.6%
ADBE	Adobe Inc	-1.7%
AMT	American Tower C	-1.7%
PYPL	Paypal Holdings	-1.7%
MSFT	Microsoft Corp	-1.7%

\*As of August 10 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	0.00%	0.27%	0.35%	0.40%
CA 10YR	0.00%	0.47%	0.85%	0.85%
US 2YR	-0.01%	0.12%	0.35%	0.40%
US 10YR	-0.01%	0.55%	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 August 10 2020 10:35 AM.; 2 - CIBC forecasts.

Source: Bloomberg

## U.S. MARKETS

Hotel operator **Marriott** (MAR, +0.2%) reported its first quarterly loss in over 9 years as the company posted a quarterly EPS loss of US\$0.64 which was worse than the estimated loss of US\$0.42. Revenue also fell short of estimates. Marriott noted that as of the end of Q2 its total debt was US\$11.8 billion and available cash was US\$2.3 billion. The company noted that it is seeing signs of returning demand for its rooms.

**Royal Caribbean** (RCL, +5.0%) reported their quarterly EPS that came in below estimates while revenue topped consensus expectations. Royal Caribbean noted that its cash burn is expected to be between US\$250 million and US\$290 million per month until operations can resume. The company currently has approximately US\$4.1 billion in cash as of the end of June.

**Duke Energy** (DUK, -0.5%) reported quarterly earnings that came in above estimates but revenue missed. The company expects its full-year EPS to be between US\$5.05 and US\$5.45. Duke also noted that it is still on pace to reach its 2020 financial commitments.

**Berkshire Hathaway** (BRK.B, +1.2%) reported EPS and revenue that both beat forecasts. The company also noted that it bought back US\$5.1 billion in stock over the quarter. Berkshire's Precision Castparts unit took a US\$9.8 billion write-down but overall profit still jumped 86% year-over-year.

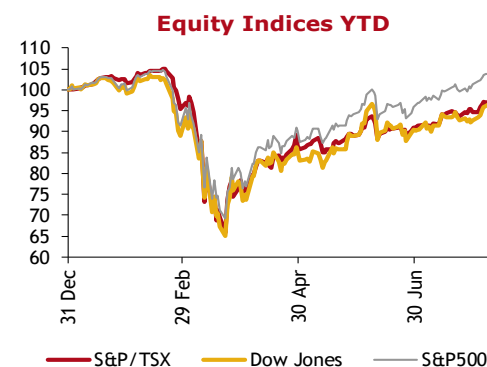
**Eastman Kodak** (KODK, -30.2%) is under investigation by the Securities and Exchange Commission after the company allegedly offered stock options to executives one day before it announced that it had been granted a loan of US\$750 million by the US government. The loan has been put on hold.

**Amazon.com** (AMZN, -0.8%) is in discussions with **Simon Property Group** (SPG, +3.8%) to convert the former store-space of bankrupt retailers Sears and J.C. Penney into Amazon fulfillment centers. Distribution centers in residential areas would greatly improve the speed of Amazon's delivery service.

## Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.749	-0.004	-2.7%
US\$/€	0.849	-0.001	-4.8%
Gold	\$2,043.92	\$8.49	34.7%
Copper per 100 lb	\$288.10	\$8.85	2.2%
Oil (WTI)	\$42.01	\$0.80	-31.2%
Oil (WCS)	\$29.89	\$0.31	-22.5%
Natural Gas (NYMEX)	\$2.18	-\$0.06	-0.3%
Natural Gas (AECO)	\$1.70	-\$0.08	-0.6%

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



## Earnings Releases

Name	Date	Est.	Act.
Barrick Gold Crp (ABX)	08/10	\$0.18	\$0.23 *
Duke Energy Corp (DUK)	08/10	\$1.03	\$0.98 *
Marriott Intl-A (MAR)	08/10	-\$0.42	-\$0.64 *
Nutrien Ltd (NTR)	08/10	\$1.35	-- *
Ppl Corp (PPL)	08/10	\$0.55	\$0.36 *
Simon Property (SPG)	08/10	\$2.08	-- *
Occidental Pete (OXY)	08/10	-\$1.68	-- *
Intl Flvr & Frag (IFF)	08/10	\$1.31	-- *
Royal Caribbean (RCL)	08/10	-\$4.88	-\$6.13 *
Canopy Growth Co (WEED)	08/10	-\$0.48	-\$0.27 *
Ivanhoe Mines Lt (IVN)	08/10	-\$0.01	-- *
Equinox Gold Cor (EQX)	08/10	\$0.15	-- *
Interrent Real E (IIP-U)	08/10	\$0.12	\$0.12

Source: Bloomberg \* = USD

## Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
8/10	Bloomberg Nanos Confidence	49.8	--	51
8/11	Housing Starts (Jul)	211.7k	205.0k	--
8/14	Manufacturing Sales MoM (Jun)	10.70%	16.40%	--
8/14	Existing Home Sales MoM (Jul)	63.00%	20.00%	--
8/17	Int'l Securities Transactions (Jun)	22.41b	--	--
8/17	Bloomberg Nanos Confidence	51	--	--
8/17	Bloomberg Aug. Canada Economic Survey (I)	0	0	0
8/19	Wholesale Trade Sales MoM (Jun)	5.70%	--	--
8/19	CPI NSA MoM (Jul)	0.80%	--	--
8/19	CPI YoY (Jul)	0.70%	--	--

Source: Bloomberg

## Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
8/10	JOLTS Job Openings (Jun)	5397	5300	5889
8/11	NFIB Small Business Optimism (Jul)	100.6	100.4	--
8/11	PPI Final Demand MoM (Jul)	-0.20%	0.30%	--
8/11	PPI Ex Food and Energy MoM (Jul)	-0.30%	0.10%	--
8/11	PPI Ex Food, Energy, Trade MoM (Jul)	0.30%	0.20%	--
8/11	PPI Final Demand YoY (Jul)	-0.80%	-0.70%	--
8/11	PPI Ex Food and Energy YoY (Jul)	0.10%	0.00%	--
8/11	PPI Ex Food, Energy, Trade YoY (Jul)	-0.10%	0.10%	--
8/12	MBA Mortgage Applications	-5.10%	--	--
8/12	Real Avg Weekly Earnings YoY (Jul)	4.60%	--	--

Source: Bloomberg

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#### Stock Prices as of

08/07/2020

Barrick Gold Corporation (2g, 7) (GOLD-NYSE, US\$28.87)  
 Canopy Growth Corporation (2g) (WEED-TSX, C\$22.28)  
 Hardwoods Distribution Inc. (2g) (HDI-TSX, C\$17.85)  
 Ensign Energy Services Inc. (2g) (ESI-TSX, C\$0.64)  
 Premier Gold Mines Ltd. (2a, 2c, 2e, 2g) (PG-TSX, C\$2.76)  
 Painted Pony Energy Ltd. (2g) (PONY-TSX, C\$0.59)

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