Monday, July 27, 2020

MACRO VIEW

The **TSX** (+0.6%) is trending higher, boosted by gold miners while Wall Street's main stock indexes rose focusing more on stimulus and a positive signal from the Federal Reserve to support the economy. **West Texas Intermediate crude oil** (-1.8%) prices fell as rising coronavirus cases and U.S.-China tensions worried investors' outlook for the oil demand recovery. **Gold** (+1.8%) prices hit new highs, as investors worry over the global economy. North American bond yields steadied with the U.S. 10-year at 0.59%, and the Canadian 10-year at 0.50%. The Canadian dollar has strengthened against the greenback, trading near a six-week high, as the U.S. dollar slipped against a basket of major currencies.

U.S. durable goods orders rose 7.3% versus estimates of 7.2% in June, after jumping 15.7% in May. Excluding transportation, U.S. durable goods orders rose 3.3% in June. Orders for new cars and trucks jumped 86% last month while aircraft manufacturers posted a steep decline in bookings.

CANADIAN MARKETS

Vermillion Energy (VET, -0.8%) reported cash flow per share of $0.52, ahead of consensus at $0.36, driven by better-than-expected cost reduction measures. Q2 production came in at 100,366 boe/d, up 3% quarter-over-quarter and ahead of consensus at 97,699 boe/d, driven by higher North American production volumes, which benefitted from new production coming online.

NFI Group (NFI, +0.9%) announced the launch of "NFI Forward", a business optimization initiative which is expected to generate over $75 million in annualized cost reductions by the end of F2022. These initiatives will include optimizing capacity, consolidating its operations and rationalizing its facilities. It will be combining the New Flyer and MCI business units into one North American bus and coach business.

The Alberta Government stated that **Suncor Energy** (SU, -1.1%) is facing seven environmental charges related to an incident that had occurred at Suncor's Strathcona County refinery two years ago. Suncor is scheduled to appear for a court hearing on July 29.

According to a Bloomberg report, **Brookfield Asset Management** (BAM.A, -0.6%) has selected **Bank of America** (BAC, -0.5%), **Citigroup** (C, -0.6%) and **Morgan Stanley** (MS, +1.3%) to arrange for an IPO of its commercial real estate assets in India that is expected to raise at least US$500 million. According to people familiar with the matter, it could get a listing on the Mumbai stock exchange by the end of this year.

AirBoss of America (BOS, +17.8%) announced that AirBoss Defense Group has won a contract worth US$121 million from the U.S. Department for Health and Human Services for delivery of respiratory systems, filters and related accessories.

Golden Star Resources (GSC, +12.6%) announced that it is selling the

Market Indicators

Index	Level*	Change	YTD	YTD (C$)
S&P/TSX	16,089.96	0.58%	-5.7%	-5.7%
S&P 500	3,232.72	0.53%	0.1%	3.2%
NASDAQ	10,476.74	1.10%	16.8%	20.5%
Dow Jones	26,597.16	0.48%	-6.8%	-3.8%
Nikkei 225	22,715.85	-0.16%	-4.0%	2.2%
Euro Stoxx 50	3,305.07	-0.18%	-11.8%	-4.6%
FTSE EM	2,254.98	0.85%	-2.4%	0.6%

Canadian Market Movers

K	Kinross Gold	5.5%
KL	Kirkland Lake Go	5.1%
WPM	Wheaton Precious	4.9%
ABX	Barrick Gold Crp	4.8%
WEED	Canopy Growth Co	4.1%
CM	Can Impl Bk Comm	-0.8%
MFC	Manulife Fin	-0.9%
SU	Suncor Energy	-1.1%
TD	Toronto-Dom Bank	-1.1%
SNC	Snc-Lavalin Grp	-1.3%

*As of July 27 2020 10:31 AM. Source: Bloomberg

U.S. Market Movers

BIIB	Biogen Inc	4.3%
DOW	Dow Inc	3.1%
QCOM	Qualcomm Inc	2.3%
DHR	Danaher Corp	2.2%
AAPL	Apple Inc	2.1%
AIG	American Interna	-2.1%
WBA	Walgreens Boots	-2.3%
WFC	Wells Fargo & Co	-2.5%
USB	Us Bancorp	-2.9%
GM	General Motors C	-3.3%

*As of July 27 2020 10:31 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg[1]	Yld[1]	Sep-20[2]	Dec-20[2]
CA 2YR	0.00%	0.28%	0.35%	0.40%
CA 10YR	0.00%	0.50%	0.85%	0.85%
US 2YR	0.00%	0.15%	0.35%	0.40%
US 10YR	0.00%	0.59%	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 27 2020 10:31 AM.; 2 - CIBC forecasts.

Source: Bloomberg

Bogoso-Prestea mine to **Future Global Resources** for a purchase price of US$55 million plus US$40 million in contingent payments related to the development of the Bogoso Sulfide Project.

Teranga Gold (TGZ, +4.6%) has provided the pre-feasibility study (PFS) results for its Sabodala-Massawa gold complex. The PFS shows that the mine has a large proven and probable reserve base of 4.8 million ounces with an all-in sustaining cost of US$749/oz and net cash flows of over US$2.2 billion at US$1,600/oz gold over a mine life of 16.5 years.

U.S. MARKETS

Toymaker **Hasbro** (HAS, -6.7%) reported quarterly adjusted EPS of US$0.02, well below the estimate of US$0.20. Revenue also came in well below estimates. The company noted that they were hurt by a cut in product supply that could not keep up with consumer demand.

Drug maker **Moderna** (MRNA, +5.4%) has received more money from the U.S government to aid in the development of a COVID-19 vaccine, receiving US$472 million. The company stated that phase three studies have already begun.

Avery Dennison (AVY, -2.3%) reported quarterly adjusted EPS of US$1.27, coming in above the estimated US$1.13. Revenue came in around estimates at US$1.53 billion. The company anticipates a drop of 5% to 7% in organic sales in Q3.

Chipmaker **Intel** (INTC, -0.3%) has reportedly placed orders for 6 nm chips with **Taiwan Semiconductor** (TSM, +9.8%). Sources say the two companies have plans to collaborate in the second half of 2020.

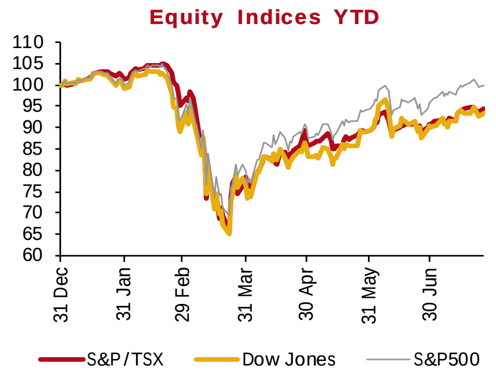
Boeing (BA, -0.9%) plans on delaying the introduction of its new 777X jet. This is due to the severe drop in travel demand caused by the COVID-19 pandemic. The introduction could be pushed back up to a year and should be announced this week.

Fitness and GPS company **Garmin** (GRMN, +2.8%) was the victim of a ransomware attack that has resulted in the shutdown of its systems globally. The hackers are reportedly asking for US$10 million to free up the systems.

Currencies & Commodities

	Price*	Change	YTD
C$/US$	0.746	-0.001	-3.1%
US$/€	0.850	0.010	-4.6%
Gold	$1,941.06	$39.04	27.9%
Copper per 100 lb	$289.60	$0.35	2.7%
Oil (WTI)	$40.69	-$0.62	-33.4%
Oil (WCS)	$31.65	$0.03	-17.9%
Natural Gas (NYMEX)	$1.79	-$0.02	-18.3%
Natural Gas (AECO)	$1.53	$0.07	-10.5%

*As of July 27 2020 10:31 AM. Source: Bloomberg



Earnings Releases

Name	Date	Est.	Act.	
Alexandria Real (ARE)	07/27	$1.81	--	*
Cincinnati Fin (CINF)	07/27	$0.39	--	*
Principal Finl (PFG)	07/27	$1.31	--	*
Hasbro Inc (HAS)	07/27	$0.20	$0.02	*
Avery Dennison (AVY)	07/27	$1.13	$1.27	*
F5 Networks (FFIV)	07/27	$2.04	--	*
Universal Hlth-B (UHS)	07/27	$0.74	--	*
Natl Oilwell Var (NOV)	07/27	-$0.12	--	*
Tfi Internationa (TFII)	07/27	$0.53	--	
West Fraser Timb (WFT)	07/27	$0.17	--	
Meg Energy Corp (MEG)	07/27	-$0.14	--	
Vermilion Energy (VET)	07/27	-$0.67	-$0.34	
Pfizer Inc (PFE)	07/28	$0.66	--	*

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
7/27	Bloomberg Nanos Confidence	46.7	--	48.4
7/31	Building Permits MoM (Jun)	20.20%	--	--
7/31	GDP MoM (May)	-11.60%	3.50%	--
7/31	GDP YoY (May)	-17.10%	-14.60%	--
7/31	Industrial Product Price MoM (Jun)	1.20%	0.80%	--
7/31	Raw Materials Price Index MoM (Jun)	16.40%	7.00%	--
8/4	Bloomberg Nanos Confidence	48.4	--	--
8/4	MLI Leading Indicator MoM (Jun)	-1.90%	--	--
8/4	Markit Canada Manufacturing PMI (Jul)	47.8	--	--
8/5	Int'l Merchandise Trade (Jun)	-0.68b	--	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
7/27	Durable Goods Orders (Jun P)	15.70%	6.90%	7.30%
7/27	Durables Ex Transportation (Jun P)	3.70%	3.60%	3.30%
7/27	Cap Goods Orders Nondef Ex Air (Jun P)	1.60%	2.20%	3.30%
7/27	Cap Goods Ship Nondef Ex Air (Jun P)	1.50%	2.40%	3.40%
7/27	Dallas Fed Manf. Activity (Jul)	-6.1	-4.8	--
7/28	S&P CoreLogic CS 20-City MoM SA (May)	0.33%	0.30%	--
7/28	S&P CoreLogic CS 20-City YoY NSA (May	3.98%	4.10%	--
7/28	S&P CoreLogic CS 20-City NSA Index (Ma	224.08	--	--
7/28	S&P CoreLogic CS US HPI YoY NSA (May)	4.73%	--	--
7/28	S&P CoreLogic CS US HPI NSA Index (May	217.72	--	--

Source: Bloomberg

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IMPORTANT DISCLOSURES

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

Stock Prices as of 07/24/2020

AirBoss of America Corp. (2g) (BOS-TSX, C$19.70)
Brookfield Asset Management (2a, 2e, 2g, 3a, 3c, 7, 14) (BAM-NYSE, US$33.50)
Golden Star Resources Ltd. (2g) (GSS-NYSE, US$3.54)
NFI Group Inc. (2g) (NFI-TSX, C$15.35)
Teranga Gold Corporation (2a, 2c, 2e, 2g) (TGZ-TSX, C$14.64)
Vermilion Energy Inc. (2g) (VET-TSX, C$6.31)

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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.