MARKET BEAT

Wednesday, August 05, 2020

MACRO VIEW

The **TSX** (+0.6%) gained as the energy sector rose and Wall Street's main stock indices traded higher on positive earnings updates. **West Texas Intermediate crude oil** (+3.8%) prices rose to their highest since early March after data showed a big drop in U.S. crude inventories, yet gains were capped over concerns COVID-19 infections will lead to reduced fuel demand. **Gold** (+2.2%) rallied to new highs as investors weighed increased geopolitical risks and the prospect for further stimulus to battle the fallout from COVID-19. North American bond yields edged up with the U.S. 10-year at 0.55%, and the Canadian 10-year at 0.50%. The Canadian dollar climbed to its highest in more than five months against the greenback as oil prices rose, but gave back some gains after data showed a larger trade deficit.

Canada's trade deficit widened unexpectedly to C$3.19 billion in June, on a jump in imports of motor vehicles and parts as the economy started to reopen. The U.S. trade deficit fell by 7.5% in June to US$50.7 billion, in-line with expectations as the flow of cross-border transactions remained depressed. U.S. private payrolls grew by 167,000 in July versus 1.5 million expected, well below expectations. The ISM services index rises to 58.1% in July from 57.1% in June, showing surprising growth in July for the second month in a row.

CANADIAN MARKETS

CI Financial (CIX, +0.2%) noted in a press release that they have bought a majority share of investment advisory firm Aligned Capital. Financial details were not disclosed. Aligned Capital has about $10 billion in AUM (assets under management).

Endeavour Mining (EDV, -1.2%) reported quarterly earnings of $0.48 per share above the estimates of $0.13 per share. The company reported production that was slightly below estimates. The company maintained its 2020 guidance.

Gibson Energy (GEI, +4.2%) reported quarterly earnings of $0.28 compared to the forecasts of $0.21. EBITDA came in at $142.8 million topping estimates of $102.2 million. The EBITDA beat was helped by Gibson's energy marketing business.

Great-West Life (GWO, +4.7%) reported a quarterly profit of $0.76 compared to estimates of $0.60. The company maintained its dividend and also announced the sale of GLC Asset Management to Mackenzie Financial for $175 million.

Thomson Reuters (TRI, -1.2%) reported a strong quarter with EPS of $0.44 topping consensus estimates of $0.38. Revenue was essentially in line with forecasts. The company also reiterated its 2020 organic growth guidance of 1-2% year-over-year.

Market Indicators

Index	Level*	Change	YTD	YTD (C$)
S&P/TSX	16,460.30	0.56%	-3.5%	-3.5%
S&P 500	3,325.70	0.58%	2.9%	4.9%
NASDAQ	10,969.66	0.26%	22.3%	24.6%
Dow Jones	27,110.68	1.05%	-5.0%	-3.2%
Nikkei 225	22,514.85	-0.26%	-4.8%	-0.1%
Euro Stoxx 50	3,271.41	0.53%	-12.6%	-5.6%
FTSE EM	2,317.19	1.14%	0.3%	2.2%

Canadian Market Movers

FM	First Quantum	7.0%
CVE	Cenovus Energy	6.3%
IMO	Imperial Oil	4.4%
K	Kinross Gold	4.0%
TECK/B	Teck Resources-B	3.8%
BIP-U	Brookfield Infra	-1.1%
FTS	Fortis Inc	-1.1%
TRI	Thomson Reuters	-1.2%
RCI/B	Rogers Communi	-1.3%
CCO	Cameco Corp	-1.4%

*As of August 5 2020 10:34 AM. Source: Bloomberg

U.S. Market Movers

DIS	Walt Disney Co	9.0%
EMR	Emerson Elec Co	4.0%
MA	Mastercard Inc	3.2%
MET	Metlife Inc	3.0%
JPM	Jpmorgan Chase	2.5%
CMCSA	Comcast Corp	-0.7%
KHC	Kraft Heinz Co/T	-0.8%
AMT	American Tower C	-1.3%
EXC	Exelon Corp	-1.5%
WMT	Walmart Inc	-1.7%

*As of August 5 2020 10:34 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg[1]	Yld[1]	Sep-20[2]	Dec-20[2]
CA 2YR	0.01%	0.27%	0.35%	0.40%
CA 10YR	0.06%	0.50%	0.85%	0.85%
US 2YR	0.01%	0.12%	0.35%	0.40%
US 10YR	0.04%	0.55%	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 August 5 2020 10:34 AM.; 2 - CIBC forecasts.
Source: Bloomberg

U.S. MARKETS

CVS Health (CVS, -1.2%) reported better-than-expected revenues and same-store sales in Q2. EPS was well ahead of consensus. The results were driven by lower non-urgent medical procedures which resulted in lower claims for its health insurance business. It raised its full-year adjusted EPS guidance and cash flow from operations guidance.

Walt Disney (DIS, +9.0%) reported adjusted EPS that was well ahead of consensus expectations despite theme park and movie theaters closures and cancellation of sporting events globally. It reported strong performance from its Disney+ streaming service, which has grown to more than 60 million subscribers. Management noted that it will be premiering 'Mulan' for a fee on Disney+ and will launch a new international streaming service.

Activision Blizzard (ATVI, -1.7%) reported net bookings that were up 72% year-over-year (Y/Y) and beat consensus. ATVI benefited from a rise in gaming activity as a result of the pandemic. It is guiding to full-year net bookings of US$7.625 billion, above consensus of US$7.2 billion.

Nikola (NKLA, -10.2%) posted adjusted earnings that missed estimates of a loss of 13 cents per share, as a result of pandemic-related supply chain disruption. The company noted that its long-term plans will not be significantly impacted by the pandemic.

Square (SQ, +10.0%) reported adjusted EPS that exceeded the street's estimate. Revenues were up 64% Y/Y driven by higher volumes of online buying and increased usage of its peer-to-peer Cash App platform during the pandemic. The Cash App posted gross profit growth of 167% Y/Y.

Novavax (NVAX, +12.5%) announced that its coronavirus vaccine is showing positive results in an early-stage clinical trial and was able to produce high levels of antibodies against the virus. It could launch a larger Phase III trial as early as late September.

Teladoc Health (TDOC, -16.0%) is acquiring **Livongo Health (**LVGO, -8.4%), a manufacturer of remote health monitoring devices, for US$18.5 billion in cash and stock. Livongo's shareholders will receive 0.592 shares of Teladoc plus US$11.33 in cash for each share owned.

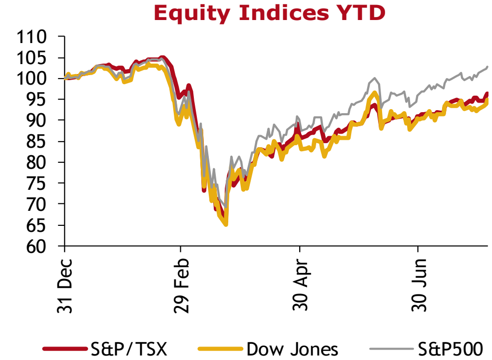
Pfizer (PFE, -0.6%) and **BioNTech SE (**BNTX, -4.4%) announced that they have signed an agreement with the Government of Canada to supply COVID-19 vaccines. The financial terms of the agreement have not been disclosed yet. The vaccines are planned to be delivered over the course of 2021.

Currencies & Commodities

	Price*	Change	YTD
C$/US$	0.756	-0.008	-1.9%
US$/€	0.841	0.009	-5.7%
Gold	$2,054.04	$34.75	35.4%
Copper per 100 lb	$293.20	$3.75	4.0%
Oil (WTI)	$43.37	$1.67	-29.0%
Oil (WCS)	$32.13	$1.72	-16.7%
Natural Gas (NYMEX)	$2.25	$0.06	2.7%
Natural Gas (AECO)	$1.69	$0.06	-1.2%

*As of August 5 2020 10:34 AM. Source: Bloomberg

Equity Indices YTD



Earnings Releases

Name	Date	Est.	Act.	
Cvs Health Corp (CVS)	08/05	$1.91	$2.64	*
Regeneron Pharm (REGN)	08/05	$5.88	$7.16	*
Humana Inc (HUM)	08/05	$10.29	$12.56	*
Thomson Reuters (TRI)	08/05	$0.38	$0.44	*
Sempra Energy (SRE)	08/05	$1.55	$1.65	*
Manulife Fin (MFC)	08/05	$0.62	--	
Metlife Inc (MET)	08/05	$0.91	--	*
Amerisourceberge (ABC)	08/05	$1.56	$1.85	*
Brookfield Infra (BIP)	08/05	$0.08	-$0.21	*
Cdw Corp/De (CDW)	08/05	$1.39	$1.56	*
Discovery Inc - (DISCA)	08/05	$0.71	$0.77	*
Atmos Energy (ATO)	08/05	$0.76	--	*
Evergy Inc (EVRG)	08/05	$0.68	$0.68	*

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
8/5	Int'l Merchandise Trade (Jun)	-0.68b	-0.90b	-3.19b
8/7	Net Change in Employment (Jul)	952.9k	365.0k	--
8/7	Full Time Employment Change (Jul)	488.1	--	--
8/7	Part Time Employment Change (Jul)	464.8	--	--
8/7	Unemployment Rate (Jul)	12.30%	11.20%	--
8/7	Hourly Wage Rate Permanent Employees Yo`	6.80%	5.20%	--
8/7	Participation Rate (Jul)	63.80%	64.50%	--
8/7	Ivey Purchasing Managers Index SA (Jul)	58.2	--	--
8/10	Bloomberg Nanos Confidence	49.8	--	--
8/10	Housing Starts (Jul)	211.7k	200.6k	--

Source: Bloomberg

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
8/5	MBA Mortgage Applications	-0.80%	--	-5.10%
8/5	ADP Employment Change (Jul)	2369k	1200k	167k
8/5	Trade Balance (Jun)	-$54.6b	-$50.2b	-$50.7b
8/5	Markit US Services PMI (Jul F)	49.6	49.6	50
8/5	Markit US Composite PMI (Jul F)	50	--	50.3
8/5	ISM Services Index (Jul)	57.1	55	58.1
8/6	Challenger Job Cuts YoY (Jul)	305.50%	--	--
8/6	Initial Jobless Claims	1434k	1400k	--
8/6	Continuing Claims	17018k	16900k	--
8/6	Bloomberg Consumer Comfort	44.3	--	--

Source: Bloomberg

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Stock Prices as of

08/04/2020

Endeavour Mining Corporation (2a, 2e, 2g) (EDV-TSX, C$37.00)
Gibson Energy Inc. (2a, 2c, 2e, 2g, 7) (GEI-TSX, C$22.90)
Great-West Lifeco Inc. (2a, 2c, 2g) (GWO-TSX, C$23.90)
Thomson Reuters Corporation (2g) (TRI-NYSE, US$70.91)

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