



Friday July 13, 2018

## MACRO VIEW

North American equity indices continue to recover from uncertainty over trade tensions between China and the U.S. as investors focus on corporate earnings. Later today President Trump noted he looks forward to a trade deal with Britain after its exit from the E.U.

The University of Michigan's Consumer Sentiment Index was released today, coming in at 97.1, below consensus expectations of 98.0 and last month's 98.2, indicating that U.S. consumer confidence has slipped slightly. **West Texas Intermediate crude oil (+1.1%)** and **Brent crude oil (+1.1%)** are up despite a statement by Russia's energy minister that Russia and OPEC could increase production by more than the agreed-upon 1 million barrels of oil per day. **Gold (-0.5%)** continues to trend lower and is trading close to its 52-week low. Sovereign yields are up slightly with the U.S. 10-year at 2.83% and Canada at 2.14%.

## CANADIAN MARKETS

Construction firm **Aecon Group (ARE, +0.1%)** announced that it has been awarded a \$248 million contract by the City of Toronto for the Gardiner Expressway Rehabilitation project. The project is expected to be completed by the end of 2020.

Mining company **SSR Mining (SSRM, +0.6%)** reported Q2/2018 production results from three of its mines - Marigold, Seabee and Puna. Overall, it produced 73 kilo ounces of gold and 0.7 million ounces of attributable silver. SSR also produced 1.1 million lbs. of attributable zinc at one of its mines that was not sold during the quarter.

## U.S. MARKETS

**JP Morgan (JPM, +0.4%)** reported a beat on EPS and revenue as the bank's fixed income and equity trading units were surprisingly strong. Loan growth of 4% was also better-than-expected. JPM chose not to provide guidance for the next quarter as CEO Jamie Dimon publicly argued that it encourages short-term thinking at the expense of long-term focus.

**Wells Fargo (WFC, -2.8%)** missed street estimates for revenue and earnings which were impacted by state income tax charges of US\$481 million. The bank saw weaker performance across all of its three main business lines compared to the same quarter a year ago.

**Citigroup (C, -2.6%)** exceeded top-line estimates but came in short on EPS. The company increased spending on technology and communication while cutting costs in marketing. On a year-over-year basis, net income was 16% higher which the company attributes to its lower effective tax rate of 24%, down from 32% before.

**PNC Financial Services (PNC, -0.1%)** reported better-than-expected Q2/2018 results on both the top-line and bottom-line. The company saw

## Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	16 565.46	-0.01%	2.2%	2.2%
S&P 500	2 800.32	0.07%	4.7%	9.7%
NASDAQ	7 833.06	0.12%	13.5%	18.8%
Dow Jones	25 001.62	0.31%	1.1%	5.9%
Nikkei 225	22 597.35	1.85%	-0.7%	4.2%
Euro Stoxx 50	3 454.50	0.26%	-1.4%	0.4%

\*As of July 13 2018 11:00 AM. Source: Bloomberg

## Canadian Market Movers

ECA	Encana Corp	2.2%
CPG	Crescent Point Energy Corp	1.8%
CP	Canadian Pacific Railway Ltd	1.3%
ARX	Arc Resources Ltd	1.2%
BB	Blackberry Ltd	1.1%
BBD/B	Bombardier Inc-B	-0.7%
K	Kinross Gold Corp	-0.8%
BAM/A	Brookfield Asset Manage-CI A	-1.1%
CSU	Constellation Software Inc	-1.3%
VRX	Valeant Pharmaceuticals Inte	-2.0%

\*As of July 13 2018 11:00 AM. Source: Bloomberg

## U.S. Market Movers

LOW	Lowe'S Cos Inc	2.0%
TGT	Target Corp	1.9%
WBA	Walgreens Boots Alliance Inc	1.7%
SBUX	Starbucks Corp	1.6%
CVS	Cvs Health Corp	1.6%
PYPL	Paypal Holdings Inc	-1.4%
T	At&T Inc	-2.2%
C	Citigroup Inc	-2.6%
WFC	Wells Fargo & Co	-2.8%
NFLX	Netflix Inc	-3.2%

\*As of July 13 2018 11:00 AM. Source: Bloomberg

## Benchmark Bonds & Rates

	Chg <sup>1</sup>	Yld <sup>1</sup>	Sep-18 <sup>2</sup>	Dec-18 <sup>2</sup>
CA 2YR	-0.01%	1.93%	2.05%	2.05%
CA 10YR	-0.01%	2.14%	2.50%	2.50%
US 2YR	0.00%	2.58%	2.45%	2.50%
US 10YR	-0.01%	2.83%	2.95%	3.05%
	Rate <sup>1</sup>	Sep-18 <sup>2</sup>	Dec-18 <sup>2</sup>	
CA Prime	3.70%	-	-	
CA Overnight Tgt	1.50%	1.50%	1.50%	
Fed Funds Tgt	2.00%	2.13%	2.13%	

1 - As of July 13 2018 11:00 AM.; 2 - CIBC forecasts.

Source: Bloomberg

year-over-year growth across several key metrics, boosted by higher lending and lower tax rate.

**Johnson & Johnson (JNJ, -1.0%)** has been ordered to pay approximately US\$4.7 billion in damages to 22 women who claimed that asbestos in the pharmaceutical company's talcum powder caused them to develop ovarian cancer. The company will be appealing the verdict.

Communications giant **AT&T (T, -2.2%)** is facing another challenge from the U.S. Department of Justice who is appealing the firm's approved merger with **Time Warner**. This decision could affect the ongoing bidding war between **Disney (DIS, +0.6%)** and **Comcast (CMCSA, +1.4%)** to acquire **Twenty-First Century Fox (FOXA, -0.4%)**, and set a precedent for future related mergers.

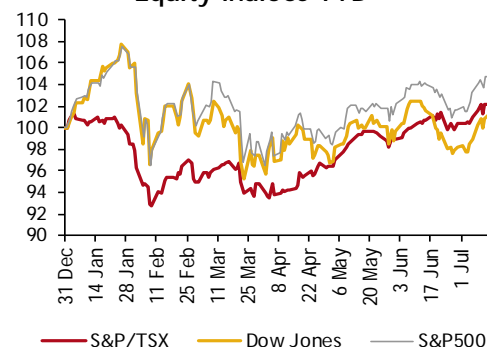
Defense contractor **Northrop Grumman (NOC, -1.2%)** announced that former COO, **Kathy Warden**, will take over as CEO following **Wes Bush'** departure from the company. Northrop recently closed a US\$7.8B acquisition of **Orbital ATK**.

## Currencies & Commodities

	Price*	Change	YTD
CS\$/US\$	0.760	0.001	-4.5%
US\$/€	0.857	0.000	2.9%
Gold	\$1 242.40	-\$4.99	-4.7%
Copper	\$277.95	\$0.25	-16.8%
Oil (WTI)	\$70.84	\$0.51	17.2%
Oil (WCS)	\$53.36	\$2.53	55.0%
Natural Gas (NYMEX)	\$2.77	-\$0.03	-6.3%
Natural Gas (AECO)	\$1.28	-\$0.04	-46.8%

\*As of July 13 2018 11:00 AM. Source: Bloomberg

## Equity Indices YTD



## Earnings Releases

Name	Date	Est.	Act.
Jpmorgan Chase (JPM)	07/13	\$2.22	\$2.30 *
Wells Fargo & Co (WFC)	07/13	\$1.12	\$0.98 *
Citigroup Inc (C)	07/13	\$1.56	\$1.62 *
Pnc Financial Se (PNC)	07/13	\$2.57	\$2.68 *
Bank Of America (BAC)	07/16	\$0.57	-- *
Netflix Inc (NFLX)	07/16	\$0.79	-- *
Blackrock Inc (BLK)	07/16	\$6.57	-- *
Hunt (Jb) Trans (JBHT)	07/16	\$1.28	-- *
Johnson&Johnson (JNJ)	07/17	\$2.07	-- *
Unitedhealth Grp (UNH)	07/17	\$3.04	-- *
Goldman Sachs Gp (GS)	07/17	\$4.66	-- *
Schwab (Charles) (SCHW)	07/17	\$0.58	-- *
Csx Corp (CSX)	07/17	\$0.86	-- *

Source: Bloomberg \* = USD

## Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
7/16	Int'l Securities Transactions (May)	9.13b	--	--
7/16	Existing Home Sales MoM (Jun)	-0.10%	1.50%	--
7/16	Bloomberg Nanos Confidence	54.5	--	--
7/17	Manufacturing Sales MoM (May)	-1.30%	--	--
7/19	ADP Publishes June Payrolls Report ()	0	0	0
7/20	Retail Sales MoM (May)	-1.20%	--	--
7/20	Retail Sales Ex Auto MoM (May)	-0.10%	--	--
7/20	CPI NSA MoM (Jun)	0.10%	--	--
7/20	CPI YoY (Jun)	2.20%	--	--
7/20	Consumer Price Index (Jun)	133.4	--	--

Source: Bloomberg

## Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
7/13	Import Price Index MoM (Jun)	0.60%	0.10%	-0.40%
7/13	Import Price Index ex Petroleum MoM (J	0.10%	0.20%	-0.30%
7/13	Import Price Index YoY (Jun)	4.30%	4.60%	4.30%
7/13	Export Price Index MoM (Jun)	0.60%	0.20%	0.30%
7/13	Export Price Index YoY (Jun)	4.90%	--	5.30%
7/13	U. of Mich. Sentiment (JulP)	98.2	98	97.1
7/13	U. of Mich. Current Conditions (JulP)	116.5	--	113.9
7/13	U. of Mich. Expectations (JulP)	86.3	--	86.4
7/13	U. of Mich. 1 Yr Inflation (JulP)	3.00%	--	2.90%
7/13	U. of Mich. 5-10 Yr Inflation (JulP)	2.60%	--	2.40%

Source: Bloomberg

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