



Friday, April 20, 2018

MACRO VIEW

The TSX (+0.2%) is basically flat as inflation data came in lower than expected and oil prices fell after President Donald Trump criticized OPEC for rising oil prices. Wall Street's main indices are also trading lower as a faster rise in interest rates remains a concern. This week a series of hawkish comments from Fed officials sent yields higher. The yield on the 10-year U.S. Treasury note is at 2.94% while the Canadian 10-year is at 2.34%.

On the macro front, the Canadian Consumer Price Index rose 0.3% in March and 2.3% year over year, which was lower-than-expected. Canadian retail sales increased 0.4% in the past month, missing consensus of 0.5%. The International Monetary Fund (IMF) and the World Bank will begin their spring meeting today in Washington. In its World Economic Outlook this week, the IMF indicated trade tensions as a key downside risk to the global economic growth and warned that it could hurt economies connected by international supply chains. The head of the IMF, Christine Lagarde, urged countries to work out their differences over trade and take advantage of the healthy economy to reduce debt. **West Texas Intermediate crude oil (-0.7%)** prices slid giving up some of the gains made earlier this week. **Gold (-0.9%)** prices were lower with easing political tensions.

CANADIAN MARKETS

Wireless and cable operator **Rogers Communications (RCI.B, +5.6%)** reported Q1/2018 results that were ahead of consensus estimates on revenues, adjusted EBITDA and EPS. The beat was primarily driven by the Media unit. The Wireless subscriber numbers also topped estimates.

Advantage Oil & Gas (AAV, -5.8%) has revised its Q2 production downward to 205 -215 mmcfe/day. The company faced some challenges in the start-up of its expanded Glacier gas plant and decided to moderate the ramp-up due to lower gas prices.

Renewable power producer **Boralex (BLX, +1.7%)** is acquiring France-based wind operator and developer, Kallista Energy Investors SAS, for \$202 million. The closing of the deal is expected in June 2018.

U.S. MARKETS

E-Trade Financial (ETFC, +0.9%) beat estimates by 10 cents a share while revenue also came in ahead. The online broker saw an increase in daily average trading revenue as volumes surged in the quarter.

The **Consumer Financial Protection Bureau** and the **Office of the Comptroller of the Currency** have issued a US\$1 billion fine to **Wells Fargo (WFC, +2.4%)** related to the bank's wrongful practices in its auto insurance and mortgage businesses that were revealed last year. The company had charged as many as 570,000 clients for unnecessary auto insurance, and about 110,000 customers a "mortgage rate lock

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	15,480.75	0.17%	-4.5%	-4.5%
S&P 500	2,685.10	-0.30%	0.4%	1.7%
NASDAQ	7,179.63	-0.81%	4.0%	5.3%
Dow Jones	24,529.71	-0.55%	-0.8%	0.4%
Nikkei 225	22,162.24	-0.13%	-2.6%	3.2%
Euro Stoxx 50	3,493.26	0.19%	-0.3%	3.2%

*As of April 20 2018 11:00 AM. Source: Bloomberg

Canadian Market Movers

RCI/B	Rogers Communications Inc-B	5.6%
T	Telus Corp	1.5%
BCE	Bce Inc	1.5%
MG	Magna International Inc	1.4%
BB	Blackberry Ltd	1.3%
ENB	Enbridge Inc	-1.2%
ABX	Barrick Gold Corp	-1.5%
CNQ	Canadian Natural Resources	-1.7%
CVE	Cenovus Energy Inc	-2.7%
ARX	Arc Resources Ltd	-3.2%

*As of April 20 2018 11:00 AM. Source: Bloomberg

U.S. Market Movers

GE	General Electric Co	3.9%
WFC	Wells Fargo & Co	2.4%
HON	Honeywell International Inc	1.0%
HD	Home Depot Inc	1.0%
MRK	Merck & Co. Inc.	0.8%
MDLZ	Mondelez International Inc-A	-1.5%
CVX	Chevron Corp	-1.5%
CL	Colgate-Palmolive Co	-1.7%
AAPL	Apple Inc	-3.0%
KHC	Kraft Heinz Co/The	-3.2%

*As of April 20 2018 11:00 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Jun-18 ²	Sep-18 ²
CA 2YR	0.02%	1.93%	1.85%	2.05%
CA 10YR	0.02%	2.34%	2.35%	2.40%
US 2YR	0.03%	2.45%	2.20%	2.30%
US 10YR	0.03%	2.94%	2.85%	2.80%
	Rate ¹	Jun-18 ²	Sep-18 ²	
CA Prime	3.45%	0.00%	0.00%	
CA Overnight Tgt	1.25%	1.25%	1.50%	
Fed Funds Tgt	1.75%	1.88%	2.13%	

1 - As of April 20 2018 11:00 AM.; 2 - CIBC forecasts.

Source: Bloomberg

extension fee" that should not have been applied.

General Electric (GE, +3.9%) is trading higher after alleviating some investor concerns with Q1 adjusted EPS of US\$0.16, beating estimates of US\$0.12. The industrial giant also exceeded top line expectations with revenue of US\$28.66 billion compared to street estimates of US\$27.45 billion. Management reiterated its fiscal year guidance.

Pinnacle Foods (PF, +8.6%) is trading higher on the news that activist hedge fund **Jana Partners** disclosed a 9.1% stake in the food company. The investment management firm mentioned that it views the shares as "undervalued" and an "attractive investment opportunity", and noted it may enter into talks with Pinnacle about a possible sale in the future.

Shares of **Skechers USA (SKX, -28.4%)** have tumbled after the shoe maker offered disappointing guidance for the upcoming quarter, noting that some shipments will be shifted from Q2 to the second half of the fiscal year. The company reported Q1 results that were slightly positive with adjusted EPS beating analysts' estimates by a cent and revenue coming in slightly ahead of expectations.

Waste Management (WM, +1.2%) is trading higher after it reported earnings that topped consensus EPS expectations while revenue missed. Waste Management also came in ahead of forecasts on adjusted Q1 EBITDA. Price and volume trends remained positive and management reiterated their 2018 EPS guidance.

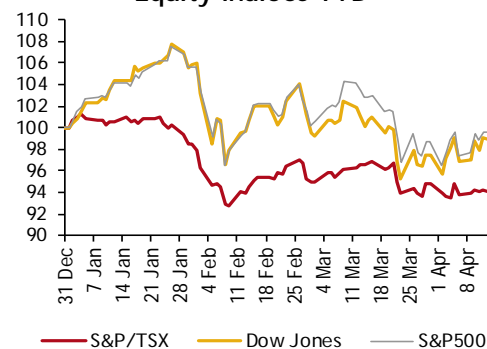
Kansas City Southern (KSU, +0.3%) is modestly higher after posting an adjusted Q1 EBITDA that was in-line with expectations. Both EPS and revenue fell short of estimates. Carload volumes were up 1%.

Currencies & Commodities

	Price*	Change	YTD
CS\$/US\$	0.786	0.005	-1.2%
US\$/€	0.814	-0.007	-2.2%
Gold	\$1,337.70	-\$7.81	2.7%
Copper	\$315.85	\$0.45	-4.7%
Oil (WTI)	\$67.83	-\$0.46	12.3%
Oil (WCS)	\$50.62	-\$0.46	47.1%
Natural Gas (NYMEX)	\$2.71	\$0.05	-8.4%
Natural Gas (AECO)	\$0.57	-\$0.06	-76.3%

*As of April 20 2018 11:00 AM. Source: Bloomberg

Equity Indices YTD



Earnings Releases

Name	Date	Est.	Act.
General Electric (GE)	04/20	\$0.12	\$0.16 *
Honeywell Intl (HON)	04/20	\$1.91	\$1.95 *
Schlumberger Ltd (SLB)	04/20	\$0.37	\$0.38 *
Baker Hughes A (BHGE)	04/20	\$0.06	\$0.09 *
State St Corp (STT)	04/20	\$1.59	\$1.62 *
Waste Management (WM)	04/20	\$0.83	\$0.91 *
Suntrust Banks (STI)	04/20	\$1.11	\$1.29 *
Roper Technologi (ROP)	04/20	\$2.50	\$2.61 *
Synchrony Financ (SYF)	04/20	\$0.75	\$0.83 *
Stanley Black & (SWK)	04/20	\$1.35	\$1.39 *
Regions Financia (RF)	04/20	\$0.31	\$0.35 *
Citizens Financi (CFG)	04/20	\$0.75	\$0.78 *
Kansas City Sout (KSU)	04/20	\$1.33	\$1.30 *

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
4/20	Retail Sales MoM (Feb)	0.30%	0.40%	0.40%
4/20	Retail Sales Ex Auto MoM (Feb)	0.90%	0.40%	0.00%
4/20	CPI NSA MoM (Mar)	0.60%	0.40%	0.30%
4/20	CPI YoY (Mar)	2.20%	2.40%	2.30%
4/20	Consumer Price Index (Mar)	132.5	132.9	132.9
4/20	CPI Core- Common YoY% (Mar)	1.90%	2.00%	1.90%
4/20	CPI Core- Median YoY% (Mar)	2.10%	2.20%	2.10%
4/20	CPI Core- Trim YoY% (Mar)	2.10%	2.10%	2.00%
4/23	Wholesale Trade Sales MoM (Feb)	0.10%	--	--
4/23	Bloomberg Nanos Confidence	57.7	--	--

Source: Bloomberg

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Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
4/23	Chicago Fed Nat Activity Index (Mar)	0.88	0.25	--
4/23	Markit US Manufacturing PMI (Apr P)	55.6	55.3	--
4/23	Markit US Services PMI (Apr P)	54	54.1	--
4/23	Markit US Composite PMI (Apr P)	54.2	--	--
4/23	Existing Home Sales (Mar)	5.54m	5.55m	--
4/23	Existing Home Sales MoM (Mar)	3.00%	0.20%	--
4/24	FHFA House Price Index MoM (Feb)	0.80%	0.60%	--
4/24	S&P CoreLogic CS 20-City NSA Index (Fe	205.1	--	--
4/24	S&P CoreLogic CS 20-City MoM SA (Feb)	0.75%	0.60%	--
4/24	S&P CoreLogic CS 20-City YoY NSA (Feb)	6.40%	6.35%	--

Source: Bloomberg

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