



Tuesday, January 22, 2019

MACRO VIEW

North American indices are lower following declines across Europe and Asia in response to the International Monetary Fund lowering its 2019 global economic growth estimates. The **U.S. Dollar Index (-0.0%)** is flat while **Gold (-0.3%)** is near a 3-week low. **West Texas Intermediate Crude Oil (-3.3%)** slipped on the back of further concerns regarding the effect of China's slowdown and global growth on fuel demand.

The Canadian manufacturers and wholesalers came in lower-than-expected. U.S. existing home sales for December also fell 6.4%, reaching three-year lows, indicating that the housing market remained in a slowdown as the year ended. North American bond yields dipped with the U.S. 10-year at 2.75% and the Canadian 10-year at 1.99%.

CANADIAN MARKETS

Gold producer **Barrick Gold (ABX, -2.9%)** reported initial 2018 gold production of 4.53 million ounces, which came in at the lower end of its guidance. **Leagold Mining (LMC, +3.1%)** guided to production of 380,000 to 420,000 ounces in 2019. Management stated that it would be able to increase its production to over 700,000 ounces per year once its Santa Luz mine restarts and the expansion at its Los Filos mine is completed. **Roxgold (ROXG, +4.0%)** expects production in the range of 145,000 to 155,000 ounces in 2019 vs. consensus at 157,000 ounces. **Eldorado Gold (ELD, -0.6%)** reported Q4 production of 75,877 ounces, down 10% Y/Y.

MEG Energy (MEG, -3.9%) guided to 2019 production of 90,000 to 92,000 barrels per day and a base capital budget of \$200 million. Consensus expected production guidance of 97,000 barrels per day with capex of \$477 million. The company also announced that there will be potential board replacements through an ongoing renewal process.

Distributor and marketer of propane, **Superior Plus (SPB, +3.1%)** announced that it expects adjusted EBITDA and adjusted operating cash flow in 2018 to be closer to the high-end of its previous guidance of \$345 million-\$375 million and \$1.75-\$1.95 per share respectively.

U.S. MARKETS

Pharmaceutical giant **Johnson & Johnson (JNJ, -1.8%)** beat Q4 revenue and adjusted EPS estimates but provided a weaker-than-expected outlook for F2019 sales. Revenue from cancer drugs and psoriasis treatments was strong during the recent quarter while other consumer product lines showed improvement.

Travelers Companies (TRV, -0.4%) topped revenue and earnings estimates in Q4 although net written premiums were short of expectations. The property and casualty insurer recorded US\$453 million in pre-tax catastrophe losses during the period related to the California wildfires and another US\$158 million from Hurricane Michael.

Market Indicators

Index	Level*	Change	YTD	YTD (C\$)
S&P/TSX	15,232.48	-0.79%	6.4%	6.4%
S&P 500	2,646.18	-0.92%	5.6%	3.2%
NASDAQ	7,075.10	-1.15%	6.6%	4.3%
Dow Jones	24,519.24	-0.76%	5.1%	2.8%
Nikkei 225	20,622.91	-0.47%	3.0%	0.9%
Euro Stoxx 50	3,103.47	-0.69%	3.4%	0.2%

*As of January 22 2019 11:00 AM. Source: Bloomberg

Canadian Market Movers

K	Kinross Gold Corp	2.2%
G	Goldcorp Inc	1.7%
CSU	Constellation Software Inc	1.3%
TRI	Thomson Reuters Corp	0.8%
AEM	Agnico Eagle Mines Ltd	0.6%
CNR	Canadian Natl Railway Co	-2.6%
CNQ	Canadian Natural Resources	-2.8%
HSE	Husky Energy Inc	-3.4%
SU	Suncor Energy Inc	-3.4%
CPG	Crescent Point Energy Corp	-5.4%

*As of January 22 2019 11:00 AM. Source: Bloomberg

U.S. Market Movers

SBUX	Starbucks Corp	1.8%
MCD	McDonald's Corp	1.3%
NKE	Nike Inc -CI B	0.8%
UNH	Unitedhealth Group Inc	0.5%
LMT	Lockheed Martin Corp	0.5%
NFLX	Netflix Inc	-3.1%
NVDA	Nvidia Corp	-3.7%
GE	General Electric Co	-3.8%
HAL	Halliburton Co	-5.7%
MO	Altria Group Inc	-5.8%

*As of January 22 2019 11:00 AM. Source: Bloomberg

Benchmark Bonds & Rates

	Chg ¹	Yld ¹	Mar-19 ²	Jun-19 ²
CA 2YR	-0.03%	1.91%	2.50%	2.55%
CA 10YR	-0.02%	1.99%	2.50%	2.65%
US 2YR	-0.03%	2.58%	3.00%	3.25%
US 10YR	-0.03%	2.75%	3.15%	3.35%
	Rate ¹	Mar-19 ²	Jun-19 ²	
CA Prime	3.95%	-	-	
CA Overnight Tgt	1.75%	2.00%	2.25%	
Fed Funds Tgt	2.50%	2.38%	2.63%	

1 - As of January 22 2019 11:00 AM.; 2 - CIBC

forecasts. Source: Bloomberg

Oilfield services company **Halliburton Co (HAL, -5.7%)** exceeded top and bottom line estimates in Q4 as strong demand in international markets offset weakness in North America due to lower U.S. shale activity. Looking forward, the company plans to reduce capital spending and to develop differentiating technologies.

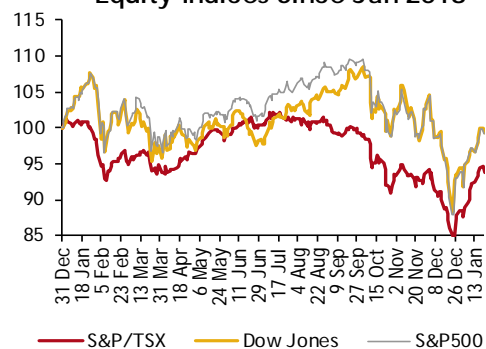
Tool manufacturer **Stanley Black & Decker (SWK, -13.9%)** reported Q4/2018 adjusted EPS of US\$2.11 which was slightly higher than consensus forecasts. The company expects adjusted EPS to be in the range of US\$8.45-US\$8.65 in 2019, which is below the street's expectations. The company stated that the lower earnings guidance is mainly due to external headwinds.

Currencies & Commodities

	Price*	Change	YTD
C\$/US\$	0.750	0.004	2.2%
US\$/€	0.881	-0.001	1.0%
Gold	\$1,280.36	\$4.46	-0.2%
Copper per 100 lb	\$266.15	-\$5.80	1.2%
Oil (WTI)	\$51.95	-\$1.85	14.4%
Oil (WCS)	\$41.48	-\$1.16	39.9%
Natural Gas (NYMEX)	\$3.15	-\$0.33	7.1%
Natural Gas (AECO)	\$1.49	-\$0.34	29.8%

*As of January 22 2019 11:00 AM. Source: Bloomberg

Equity Indices Since Jan 2018



Earnings Releases

Name	Date	Est.	Act.	
Johnson&Johnson (JNJ)	01/22	\$1.95	\$1.97	*
Ibm (IBM)	01/22	\$4.82	--	*
Prologis Inc (PLD)	01/22	\$0.79	\$0.80	*
Capital One Fina (COF)	01/22	\$2.39	--	*
Travelers Cos In (TRV)	01/22	\$2.09	\$2.13	*
Halliburton Co (HAL)	01/22	\$0.37	\$0.41	*
Fifth Third Banc (FITB)	01/22	\$0.66	\$0.69	*
Stanley Black & (SWK)	01/22	\$2.10	\$2.11	*
Wynn Resorts Ltd (WYNN)	01/22	\$1.31	--	*
Zions Bancorp Na (ZION)	01/22	\$1.05	--	*
Procter & Gamble (PG)	01/23	\$1.21	--	*
Comcast Corp-A (CMCSA)	01/23	\$0.62	--	*
Abbott Labs (ABT)	01/23	\$0.81	--	*

Source: Bloomberg * = USD

Economic Calendar - Canada

Day	Release	Prior	Est.	Actual
1/22	Wholesale Trade Sales MoM (Nov)	1.00%	-0.30%	-1.00%
1/22	Manufacturing Sales MoM (Nov)	-0.10%	-1.00%	-1.40%
1/23	Retail Sales MoM (Nov)	0.30%	-0.60%	--
1/23	Retail Sales Ex Auto MoM (Nov)	0.00%	-0.40%	--
1/28	Bloomberg Nanos Confidence	54.5	--	--
1/31	GDP MoM (Nov)	0.30%	--	--
1/31	GDP YoY (Nov)	2.20%	--	--
1/31	Industrial Product Price MoM (Dec)	-0.80%	--	--
1/31	Raw Materials Price Index MoM (Dec)	-11.70%	--	--
1/31	CFIB Business Barometer (Jan)	53.6	--	--

Source: Bloomberg

BRAD BROWN, CFA - SR. MANAGER, EQUITIES
NADEEM KASSAM, CFA - SR. MANAGER, EQUITIES

Economic Calendar - U.S.

Day	Release	Prior	Est.	Actual
1/22	Existing Home Sales (Dec)	5.32m	5.24m	4.99m
1/22	Existing Home Sales MoM (Dec)	1.90%	-1.50%	-6.40%
1/23	MBA Mortgage Applications	13.50%	--	--
1/23	FHFA House Price Index MoM (Nov)	0.30%	0.30%	--
1/23	Richmond Fed Manufact. Index (Jan)	-8	-1	--
1/23	Advance Goods Trade Balance (Nov)	-\$77.2b	-\$76.1b	--
1/23	Wholesale Inventories MoM (Nov P)	0.80%	0.50%	--
1/23	Retail Inventories MoM (Nov)	0.90%	--	--
1/23	New Home Sales (Nov)	544k	567k	--
1/23	New Home Sales MoM (Nov)	-8.90%	4.20%	--

Source: Bloomberg

MICHAEL O'CALLAGHAN, MBA, CFA - DIRECTOR, EQUITIES
ALLAN BISHOP - DIRECTOR, FIXED INCOME

PUJA GHOSH, MBA, MSC. - ASSOCIATE
JOHNNY TAM, MASC, CFA - ASSOCIATE

IMPORTANT DISCLOSURES

Important disclosures, including potential conflicts of interest information, our system for rating investment opportunities and our dissemination policy can be obtained by writing to CIBC World Markets Inc. BCE Place, 161 Bay Street, 4th Floor, Toronto, Ontario M5J 2S8, Attention: Research Disclosures Request.

This report is issued and approved for distribution in Canada by CIBC World Markets Inc., a member of the Investment Industry Regulatory Organization of Canada and a member of the Canadian Investor Protection Fund. Any questions should be directed to your sales representative.

Every province in Canada and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, some of the securities discussed in this report may not be available to every interested investor. Accordingly, this report is provided for informational purposes only, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. No part of any report may be reproduced in any manner without the prior written permission of CIBC World Markets.

The information and any statistical data contained herein have been obtained from sources which we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All opinions expressed and data provided herein are subject to change without notice. A CIBC World Markets company or its shareholders, directors, officers and/or employees, may have a long or short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. A CIBC World Markets company may have acted as initial purchaser or placement agent for a private placement of any of the securities of any company mentioned in this report, may from time to time solicit from or perform financial advisory, investment banking or other services for such company, or have lending or other credit relationships with the same. The securities mentioned in this report may not be suitable for all types of investors; their prices, value and/or income they produce may fluctuate and/or be adversely affected by exchange rates. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is no guarantee of future results.

In preparing the advice given in this document, CIBC World Markets did not take into account the investment objectives, financial situation and particular needs of any particular client of CIBC World Markets. Before making an investment decision on the basis of any recommendation made in this document, the recipient should consider how appropriate the recommendation is to their particular investment needs, objectives and financial circumstances. To allow CIBC World Markets to take into consideration a recipient's objectives, financial situation and particular needs, CIBC World Markets requests that, prior to acting on any of the recommendations herein, you contact one of our client advisers to discuss your particular circumstances.

Although each company issuing this report is a wholly owned subsidiary of Canadian Imperial Bank of Commerce ("CIBC"), each is solely responsible for its contractual obligations and commitments, and any securities products offered or recommended to or purchased or sold in any client accounts (i) will not be insured by the Federal Deposit Insurance Corporation, the Canada Deposit Insurance Corporation or other similar deposit insurance, (ii) will not be deposits or other obligations of CIBC, (iii) will not be endorsed or guaranteed by CIBC, and (iv) will be subject to investment risks, including possible loss of the principal invested. The CIBC trademark is used under license.

This report may also be distributed by any party authorized to do so by CIBC World Markets Inc. CIBC Wood Gundy is a division of CIBC World Markets, a subsidiary of CIBC and Member CIPF.

© 2019 CIBC World Markets Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets is prohibited by law and may result in prosecution.

CIBC Private Wealth Management consists of services provided by CIBC and certain of its subsidiaries, including CIBC Wood Gundy, a division of CIBC World Markets Inc. CIBC Private Wealth Management is a registered trademark of CIBC, used under license. "Wood Gundy" is a registered trademark of CIBC World Markets Inc. Insurance services are available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are available through CIBC Wood Gundy Financial Services (Quebec) Inc. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.