

June 24th, 2022

THE WEEK IN NUMBERS (June 20th – June 24th)

Research Services

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INDEX	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
Dow Jones Industrial	31,500.68	1,611.90	5.39%	-13.31%	-7.88%	16.5
S&P 500	3,911.77	236.93	6.45%	-17.93%	-8.31%	18.5
Nasdaq Composite	11,607.62	809.27	7.49%	-25.81%	-19.22%	20.8
S&P/TSX Composite	19,062.91	132.43	0.70%	-10.18%	-5.70%	12.3
Dow Jones Euro Stoxx 50	3,533.17	-249.93	-6.61%	-17.80%	-14.29%	12.7
FTSE 100 (UK)	7,208.81	192.56	2.74%	-2.38%	1.39%	12.2
DAX (Germany)	13,118.13	-8.13	-0.06%	-17.42%	-15.85%	11.8
Nikkei 225 (Japan)	26,491.97	528.97	2.04%	-7.99%	-8.25%	15.2
Hang Seng (Hong Kong)	21,719.06	644.06	3.06%	-7.17%	-24.80%	10.4
Shanghai Composite (China)	3,349.75	32.96	0.99%	-7.97%	-6.08%	12.0
MSCI World	2,619.55	133.78	5.38%	-18.94%	-13.07%	17.0
MSCI EAFE	1,873.94	50.86	2.79%	-19.78%	-19.61%	13.5

S&P TSX SECTORS	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	Trailing P/E
S&P TSX Consumer Discretionary	229.55	8.58	3.88%	-16.14%	-16.00%	16.6
S&P TSX Consumer Staples	772.91	23.87	3.19%	1.29%	13.78%	21.0
S&P TSX Energy	221.80	-10.65	-4.58%	35.42%	56.72%	8.0
S&P TSX Financials	351.43	-2.29	-0.65%	-12.82%	-5.62%	9.3
S&P TSX Health Care	25.72	2.43	10.43%	-44.04%	-65.56%	N/A
S&P TSX Industrials	345.27	12.89	3.88%	-9.36%	-1.85%	22.0
S&P TSX Info Tech.	138.06	12.98	10.38%	-34.95%	-35.20%	45.4
S&P TSX Materials	313.97	-13.83	-4.22%	-4.37%	-1.31%	12.0
S&P TSX Real Estate	308.23	10.93	3.68%	-22.43%	-14.13%	5.4
S&P TSX Communication Services	192.75	7.82	4.23%	-1.22%	1.47%	19.1
S&P TSX Utilities	338.31	9.57	2.91%	-1.47%	3.01%	27.3

COMMODITIES	Last price	Change Week	% Change Week	% Change YTD	%Change 1 Year	NBF 2022E
Oil-WTI futures (US\$/Barrels)	\$107.47	-2.09	-1.91%	42.89%	46.62%	\$106.25
Natural gas futures (US\$/mcf)	\$6.19	-0.75	-10.86%	65.95%	81.10%	\$6.75
Gold Spot (US\$/OZ)	\$1,825.70	-9.90	-0.54%	-0.10%	2.82%	\$1,921
Copper futures (US\$/Pound)	\$3.70	-0.32	-7.90%	-16.95%	-14.18%	\$4.70

CURRENCIES	Last price	Curr. Net Change	% Change Week	% Change YTD	%Change 1 Year	NBF Q4/22e
Cdn\$/US\$	0.7753	0.0078	1.02%	-2.02%	-4.44%	0.82
Euro/US\$	1.0553	0.0055	0.52%	-7.17%	-11.54%	1.08
Pound/US\$	1.2280	0.0056	0.46%	-9.23%	-11.79%	1.28
US\$/Yen	135.19	0.23	0.17%	17.47%	21.95%	125

Source: Refinitiv and NBF Research

Please see last page for NBF Disclosures

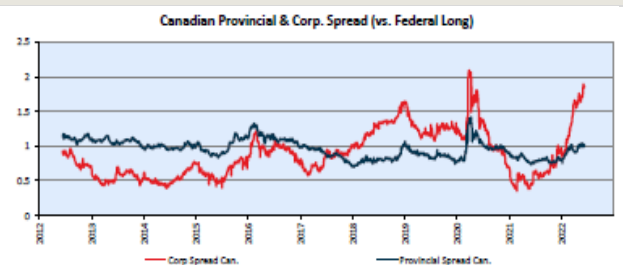
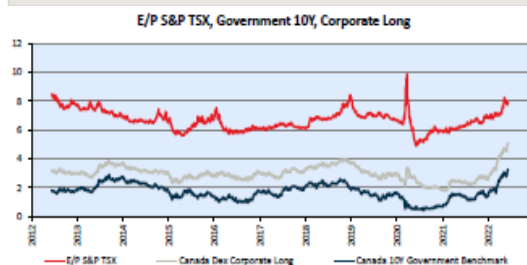
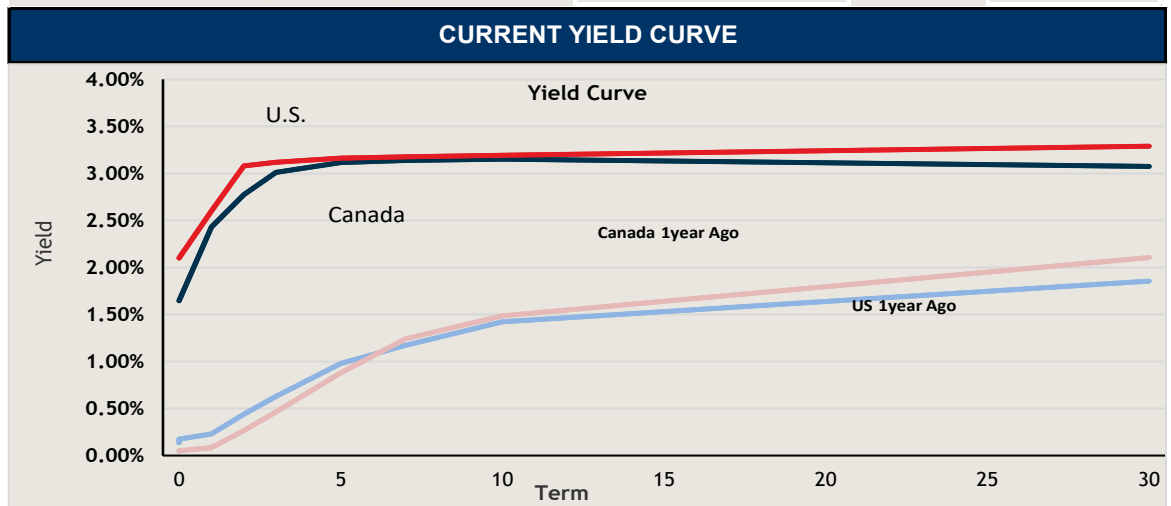
**FIXED INCOME
NUMBERS**

**THE WEEK IN NUMBERS
(June 20th – June 23rd)**

Canadian Key Rate	Last	Change 1 month bps	Last	Change 1 month bps	
CDA o/n	1.50%	0.5	CDA 5 year	3.18%	51.2
CDA Prime	3.70%	0.5	CDA 10 year	3.29%	47.9
CDA 3 month T-Bill	2.10%	70.0	CDA 20 year	3.35%	43.6
CDA 6 month T-Bill	2.60%	73.0	CDA 30 year	3.27%	47.0
CDA 1 Year	3.08%	66.0	5YR Sovereign CDS	39.00	
CDA 2 year	3.12%	55.1	10YR Sovereign CDS	40.09	

US Key Rate	Last	Change 1 month bps	Last	Change 1 month bps	
US FED Funds	1.50-1.75%	0.75	US 5 year	3.14%	39.8
US Prime	4.75%	0.75	US 10 year	3.07%	32.0
US 3 month T-Bill	1.64%	164.4	US 30 year	3.19%	21.8
US 6 month T-Bill	2.43%	92.7	5YR Sovereign CDS	17	
US 1 Year	2.77%	77.7	10YR Sovereign CDS	24.96	
US 2 year	3.01%	53.4			

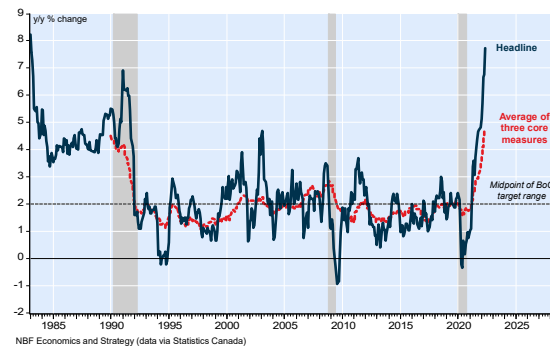
CANADIAN BOND - TOTAL RETURN	Change Week	Change Y-T-D
FTSE Universe Bond Index	-0.02%	-13.43%
FTSE Short Term Bond Index	0.07%	-4.91%
FTSE Mid Term Bond Index	0.16%	-12.54%
FTSE Long Term Bond Index	-0.30%	-24.15%



WEEKLY ECONOMIC WATCH

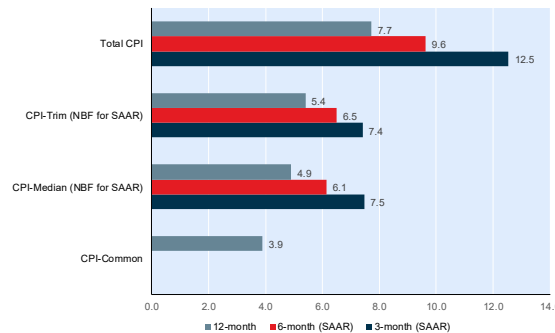
CANADA – The Consumer Price Index increased 1.4% in May (not seasonally adjusted), four ticks more than the consensus forecast. In seasonally adjusted terms, headline prices increased 1.1%, the biggest monthly jump in data going back to 1992. In descending order, increases were as follows: transportation (3.6%), household operations (1.6%), clothing and footwear (1.4%), recreation and reading (0.7%), shelter (0.7%), food (0.5%), health and personal care (0.4%), and alcohol and tobacco (0.2%). Year on year, headline inflation clocked in at 7.7%, nine ticks higher than the previous month and the strongest print since January 1983. Still on a 12-month basis, core inflation measures were as follow: 3.9% for CPI-Common (up four ticks vs. prior month), 5.4% for CPI-Trim (up two ticks), and 4.9% for CPI-Median (up three ticks). As a result, the average of the three measures rose three ticks to 4.7%, the highest on record.

Canada: Highest annual inflation since 1983
Consumer Price Index, headline and average of three core measures, annual change (%)



Inflationary pressures kept building in Canada in May. The cost of energy and food continued to rise at a torrid pace, but gains were not limited to these two categories; CPI excluding these two items increased 0.6% m/m. Of the eight major components surveyed, seven rose at a rate above the Bank of Canada's target range in the month, bearing witness to the pervasiveness of the current surge. This was confirmed also by the central bank's three preferred measures of inflation, which accelerated further to an average of 4.7%, their strongest pace on record. The CPI-Trim and CPI-Median were already raising eyebrows at 5.4% and 4.9%, respectively, over the past 12 months, but their more recent pace is downright eye-popping. Based on our internal replications, the CPI-Trim hit an annualized rate of 7.4% over the past three months, while the CPI-Median reached 7.5%. These may be the first signs of an inflationary spiral, that is, a situation where, confronted with mounting prices, workers demand sizeable compensation adjustments, which in turn forces businesses to raise their prices to maintain profitability.

Canada: BoC preferred measures raise eyebrows
CPI inflation (%)



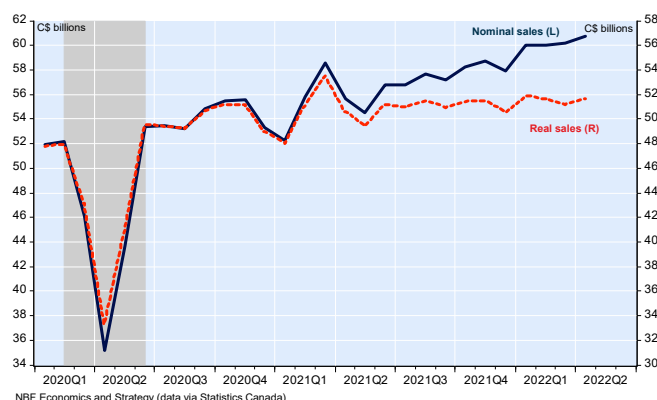
NBF Economics and Strategy (data via Statistics Canada)

Although June's numbers are likely to show a further build-up of inflationary pressure (gasoline prices maintained their ascent in the month), we continue to believe that inflation may have peaked in the second quarter. In the context of a slowing global economy, falling commodity prices around the world should dampen consumer prices in the second half of the year. Moreover, China's gradual re-opening is good news for global supply chains. However, it may still take some time for annual inflation to return to comfortable levels and Wednesday's report did nothing to reduce the pressure on the central bank to withdraw its monetary accommodation in order to calm demand. Given that this is the last CPI report before the Bank of Canada's next policy rate decision, these numbers should prompt the bank to announce a 75-basis-point increase in July.

Retail sales rose 0.9% m/m in April, one tick above the median economist forecast calling for a 0.8% gain. The prior month's result, meanwhile, was revised from 0.0% to +0.2%. Consumer outlays increased in 6 of the 11 subsectors covered, with gains for general merchandise (+4.2%), miscellaneous items (+11.3%), gasoline stations (+3.0%), and clothing/accessories (+2.6%) only partially offset by declines for motor vehicles and parts (-0.3%) and building materials (-4.3%). Excluding autos, retail sales progressed a consensus-topping 1.3%. According to Statistics Canada's preliminary estimate, nominal sales increased 1.6% in May.

In real terms outlays also rose 0.9%, which suggests that price effects were negligible in the month. This comes as a surprise in an environment of widespread inflation, but it might be explained by the fact that unadjusted gasoline prices fell 0.7% m/m according to the CPI. This said, there is no denying that the price effect contributed in no small measure to boost nominal sales in the past few months.

Canada: Price effect lifting nominal retail sales
Nominal and real retail sales



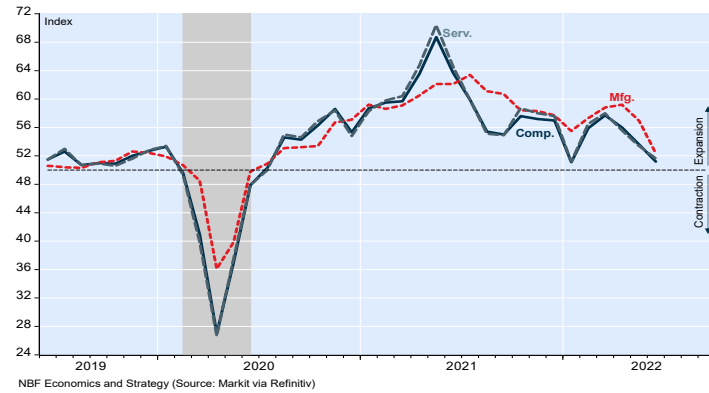
Notwithstanding the announced increase in retail sales in May, we expect household spending to cool in the coming months seeing how consumers are being hit by both higher prices and higher interest rates. The strength of the labour market and the still formidable pile of excess household savings should nonetheless allow consumption to keep expanding, albeit at a slower pace.

UNITED STATES - Markit's flash composite PMI cooled from 53.6 in May to a 5-month low of 51.2 in June. While still above the 50-point mark separating expansion from contraction, this result was the second weakest since July 2020, when the economy was emerging from a pandemic-induced lockdown. New orders across the private sector were the weakest since May 2020 while work backlogs fell for the first time in two years. With regards to employment, Markit's report stated that "[d]espite ongoing reports of challenges hiring or retaining staff, weaker client demand and reduced pressure on capacity led to some firms not replacing leavers." Input price inflation was the weakest in 5 months, but remained acute compared to historical standards as food, fuel, transportation and wages continued to exert upward pressure on prices. Interestingly, while output charges continued to be supported by the passthrough of higher cost burdens, more and more firms reported offering discounts "to encourage customer spending and ward off competitors." With demand fading fast and margins being eroded by higher prices/wages, business confidence dropped to its lowest level since September 2020.

The manufacturing sector tracker fell from 57.0 to a 23-month low of 52.4, marking one of the largest monthly declines in data going back to 2007. New orders and production contracted in the month as inflation, material shortages and delivery outlays "led some customers to pause or lower their purchases of goods." Work backlogs also shrank, leading to a slowdown in employment growth. Confidence for future output among manufacturers fell to its lowest level in 20 months. "Despite hopes that demand will improve and investment increase, concerns regarding inflation, interest rates, supply chain disruption and the health of the wider economy weighed on expectations", the report said.

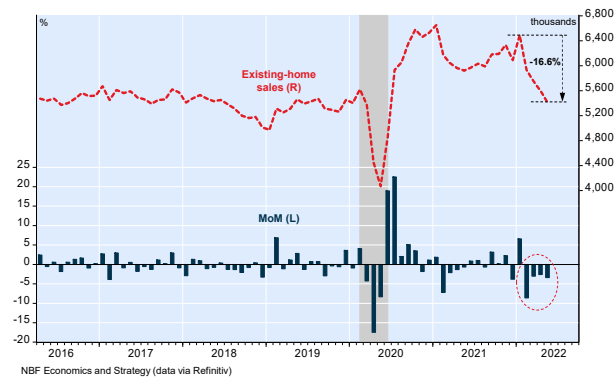
The services sub-index, for its part, decreased from 53.4 to a 5-month low of 51.6. Incoming new business (from 54.7 to 47.2) slumped, as did work backlogs. Job creation was the weakest in four months.

U.S.: Private sector growth near stalling
 Markit Flash PMI. Last observation: June 2022



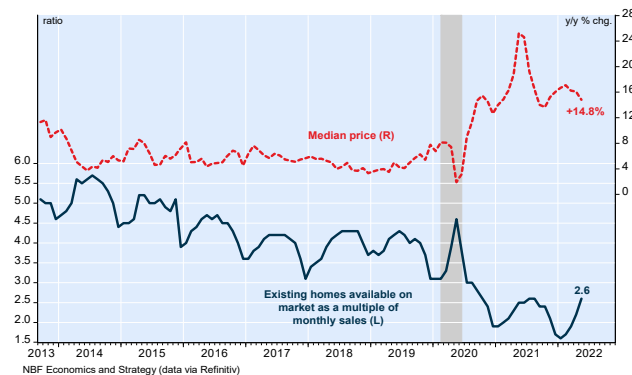
After falling 8.6% in February, 3.0% in March and 2.6% in April, existing-home sales dropped another 3.4% in May to 5,410K (seasonally adjusted and annualized), bringing the total drawback over four months to 16.6%. This was also the lowest level of sales observed in nearly two years. Contract closings sagged for both single-family dwellings (-3.6%) and condos (-1.6%).

United States: Home resale market cooling down
 Existing-home sales seasonally adjusted and annualized



Reflecting lower sales volumes, the inventory-to-sales ratio rose four ticks to 2.6. While the ratio remained historically low (at <5 it indicates a tight market according to the National Association of Realtors), this was the fourth straight monthly improvement for this indicator. That said, the market remained far from balanced. The inventory of properties available for sale totaled just 1.16 million (not seasonally adjusted). Not only was this down 4.1% from a year earlier, it also represented the lowest May level ever recorded. Given the scarce supply, listed properties remained on the market no more than 16 days on average, the shortest time ever recorded. Lack of supply (and, until recently, low interest rates) has been the main factor supporting prices since the beginning of the COVID-19 crisis. In May, the median price paid for a previously owned home stood at an all-time high of \$407,600. This was up 14.8% on a 12-month basis.

Could improvement in supply help slow rise in house prices?
 Ratio of existing-homes inventory to sales vs. annual increase in median price



There may be more pain in store for the housing market given the sharp increase in borrowing costs. We expect sales to decrease further and home prices to moderate going forward.

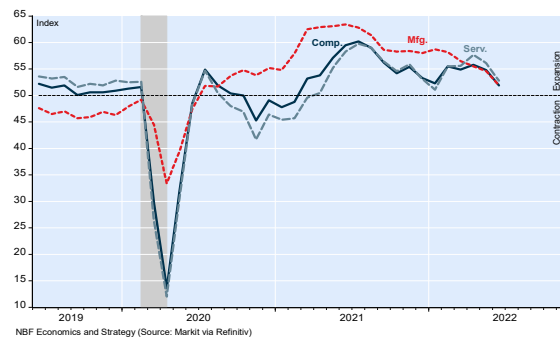
Initial jobless claims eased from 231K to 229K in the week to June 18. Continued claims, for their part, edged up from 1,310K to 1,315K. These low levels reflect the vitality of the job market in the United States.

WORLD - Markit's flash composite PMI for the Eurozone fell from 54.8 in May to a 16-month low of 51.9 in June. Employment growth across the private sector moderated to a 13-month low as new orders stalled (from 53.3 to 50.0). Input/output price inflation eased somewhat but polled companies continued to report upward cost pressures from energy, transportation and wages. Worryingly, business expectations for the year ahead stood at their lowest level since October 2020. "The gloomier outlook reflected various factors, including headwinds from the rising cost of living, concerns over energy and food supply amid the Ukraine war, tightening financial conditions, ongoing supply chain shortages, often linked to China's lockdowns, and a broader diminishing of economic growth prospects", Markit's report said.

There was a marked slowdown in growth in the manufacturing sector, with the associated PMI sliding from 54.6 to 52.0, its lowest level since August 2020. Although factory output (from 51.3 to a 2-year low of 49.3) continued to be constrained by supply shortages linked to the war in Ukraine and lockdowns in China, there were also signs that goods demand was fading fast. The new orders sub-index, for instance, slumped from 48.7 to a post-pandemic low of 44.7. As a result, supplier delivery times lengthened to the least extent since December 2020 and the build-up of unsold warehouse inventories was the most acute for over two years. Input price inflation continued to fade.

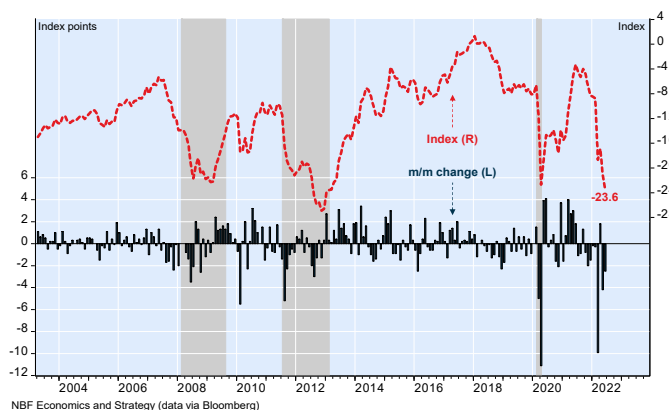
The services gauge, meanwhile, moved from 56.1 to 52.1, signalling the smallest improvement in business conditions since the Omicron wave of the COVID-19 virus. Incoming new business expanded for a 14th consecutive month, albeit at the slowest pace since January. Contrary to what had been observed in the manufacturing sector, services input price inflation accelerated "in part reflecting the pass-through of prior raw material and energy cost increases to wages."

Eurozone: Slumping demand weighs on activity in the private sector
Markit Flash PMI. Last observation: June 2022



In June, the European Commission's consumer confidence index fell for the eighth time in nine months, dropping from -21.1 to -23.6, its lowest level since the European sovereign debt crisis (January 2013). The decline is no doubt linked to sharply higher prices and rising interest rates.

Eurozone: Confidence hit hard by rising prices and interest rates
European Commission's Consumer Confidence Index. Last observation: June 2022



The Week at a Glance

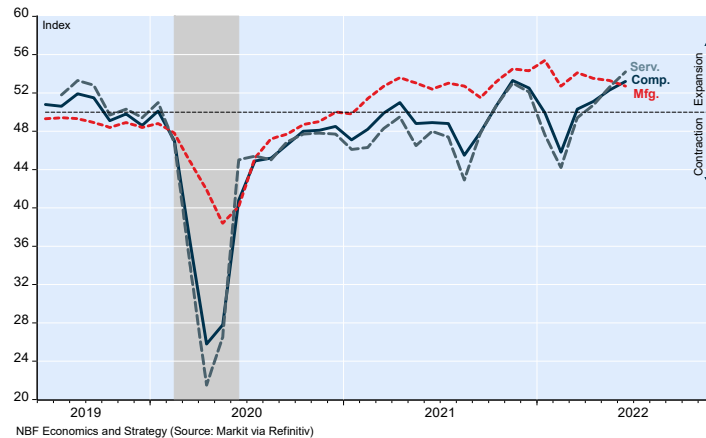
NBF Economic & Strategy Group

The Jibun Bank/Markit flash composite PMI went from 52.3 in May to 53.2 in June, signaling the strongest pace of improvement in operating conditions in Japan's private sector since last November. As the last remaining COVID-19 restrictions were scrapped, the services sub-index surged from 52.6 to 54.2, its highest level since October 2013. New business rose at a moderate pace with demand being stimulated by the resumption of activity in the tourism sector but this did not prevent a stagnation in employment (from 51.7 to 50.0). Business contacts in non-manufacturing firms reported the steepest rise in input prices on record. Some of these hikes appeared to have been passed on to clients as prices charged rose the most since October 2019.

The manufacturing index, meanwhile, eased from 53.3 to 52.7 as output growth decelerated. New orders contracted for the first time in nine months, with panel members associating this to "the impact of COVID-19 restrictions in mainland China, which placed additional pressure on supply chains." Similarly to what had been observed in the services sectors, factories reported a rapid rise in cost burdens. To be sure, output prices rose at a record pace in the month.

Japan: Private sector benefiting from scrapping of last COVID restrictions

Jibun Bank/Markit Flash PMI. Last observation: June 2022



IN THE NEWS



U.S. and Canadian News



Monday June 20th, 2022

- [Biden says decision on pause on federal gasoline tax could come by end of week](#)

The TSX composite opened the trading day with a steep selloff of roughly three per cent, putting the index in correction territory, down 10 per cent decline from its all-time high earlier this year.

- [Rogers set to sell Freedom Mobile to Quebecor for \\$2.85B](#)

Rogers Communications Inc. says it will sell Freedom Mobile Inc. to Quebecor Inc. for \$2.85 billion in a deal it hopes will appease the concerns of federal regulators about its proposed takeover of Shaw Communications.

Tuesday June 21st, 2022

- [U.S. home sales slide as prices break above \\$400,000 for first time](#)

Existing home sales fell 3.4% to a seasonally adjusted annual rate of 5.41 million units last month, the lowest level since June 2020. Economists had forecast sales would decrease to a rate of 5.40 million units. The median existing house price raced 14.8% from a year earlier to an all-time high of \$407,600 in May.

- [Kellogg to focus on snacks with surprise three-way split](#)

Kellogg said it would split into three independent companies, in the latest U.S. corporate overhaul aimed at simplifying its structure and sharpening its focus on the snack business.

- [Canadian shoppers show resiliency as retail sales jump](#)

The nation's retailers recorded a 0.9 per cent sales increase in April, Statistics Canada reported, driven primarily by higher volumes. In May, receipts were up 1.6 per cent, according to initial preliminary estimates.

Wednesday June 22nd, 2022

- [Fed 'strongly committed' to bring down inflation 'expeditiously,' Powell says](#)

The Federal Reserve is "strongly committed" to bringing down inflation that is running at a 40-year high and policymakers are acting "expeditiously to do so," U.S. central bank chief Jerome Powell said.

- [Inflation surges to 7.7% in Canada, fastest pace since 1983](#)

Annual inflation rose to 7.7 per cent last month, up from 6.8 per cent in April. That's the highest since January 1983 and well above economist expectations for a 7.3 per cent increase. The inflation gauge rose 1.4 per cent from a month earlier with gasoline, hotel rates and cars among the largest contributors to the gains in May.

- [Home prices in Canada fall for second month with rates rising](#)

Canada's benchmark home price fell 0.8 per cent to \$822,900 in May from the month before, data released by the Canadian Real Estate Association show. Cities in Ontario showed the biggest declines.

- [Canada housing starts up 8% in May from April - CMHC](#)

The seasonally adjusted annualized rate of housing starts was 287,257 units in May, above analyst predictions of 252,600 and a revised 265,700 units in April, Canadian Mortgage and Housing Corporation data showed.

Thursday June 23rd, 2022

- [U.S. weekly jobless claims dip; labor market remains tight](#)

Initial claims for state unemployment benefits fell 2,000 to a seasonally adjusted 229,000 for the week ended June 18. Economists had forecast 227,000 applications for the latest week.

- [U.S. business activity slows considerably in June](#)

S&P Global said its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, dropped to 51.2 this month from a final reading of 53.6 in May. That was the slowest growth pace in five months.

- [Over 22 million housing units needed by 2030 to solve affordability crisis: CMHC](#)

A new report from the Canada Mortgage and Housing Corp. says the country's housing stock would need to climb to over 22 million units by 2030 to achieve affordability for everyone living in Canada.

Friday June 24th, 2022

- [Fed says U.S. banks can weather severe downturn comfortably](#)

The results of the Fed's annual "stress test" exercise showed the banks have enough capital to weather a severe economic downturn and paves the way for them to issue share buybacks and pay dividends.

- [U.S. consumer sentiment falls to record low, inflation outlook improves](#)

The University of Michigan said its final consumer sentiment index reading for the month fell to 50.0 from 55.2 in May on the persistence of high inflation and rising fears of an economic slowdown. That compared with a preliminary reading of 50.2 earlier in June. The survey's one-year inflation expectation was unchanged from May at 5.3%, but ticked down from a preliminary June reading of 5.4%.

- [Canadian employers looked to fill over 1M jobs in April](#)

Employers across Canada were looking to fill 1,001,100 positions at the beginning of April, Statistics Canada reported. Job vacancies across every sector increased for the second month in a row, up 2.4 per cent from March.

IN THE NEWS



International News

Monday June 20th, 2022

- [ECB's Lagarde sticks to rate-hike plans](#)
European Central bank President Christine Lagarde reaffirmed plans to raise the ECB's interest rates twice this summer while fighting widening spreads in the borrowing costs of different euro zone countries.
- [France risks gridlock after Macron handed hung parliament](#)
President Emmanuel Macron faced calls for his prime minister to resign and doubt hung over his ability to rule decisively after his camp lost parliamentary majority.
- [German factory prices surge at fastest pace since 1940s](#)
Producer prices jumped 33.6 per cent over the year to May, the biggest rise since Germany's statistics agency started tracking the data in 1949.
- [China keeps lending benchmarks unchanged, wary of policy divergence risks](#)
China stood pat on its benchmark lending rates for corporate and household loans, as expected, with global central banks' rate increases making it tough for Beijing to stimulate a weak domestic economy by lowering rates.

Tuesday June 21st, 2022

- [German industry body slashes forecast, warns of recession if Russian gas halted](#)
German gross domestic product is now expected to grow by 1.5%, rather than the 3.5% forecast given before war broke out in Ukraine, the BDI said, adding that a return to pre-crisis levels is not expected before the end of the year at the soonest.
- [Bank of Korea raises inflation forecasts, will review 'big step' hikes](#)
The Bank of Korea, which raised its 2022 forecast for annual average inflation sharply to 4.5% less than a month ago, said it does not rule out the possibility of inflation exceeding the 4.7% reached in 2008.

Wednesday June 15th, 2022

- [UK inflation hits 40-year record, highest in G7](#)
Soaring food prices pushed British consumer price inflation to a 40-year high of 9.1% last month, the highest rate out of the Group of Seven countries and one which underlines the severity of the country's cost-of-living crunch. The reading was up from 9.0% in April and matched the consensus of a Reuters poll of economists..
- [India's Jan-March current account gap narrows sequentially to \\$13.4 bln -RBI](#)
The current account deficit stood at \$13.4 billion or 1.5% of GDP in the fourth quarter of fiscal year 2021/22, compared with \$22.2 billion or 2.6% of GDP in the preceding October-December quarter.
- [Alibaba Health, JD Health pull Chinese healthcare stocks lower amid fears of a crackdown on online pharma platforms](#)
China is mulling a ban on third-party platforms from selling medicines online.

- [China keeps medium-term policy rate unchanged for fifth straight month](#)

China's central bank rolled over maturing medium-term policy loans, while keeping interest rates unchanged for a fifth straight month, matching market expectations.

Thursday June 23th, 2022

- [Euro zone business growth slumped in June as price hikes bite](#)
S&P Global's flash Composite Purchasing Managers' Index (PMI), slumped to 51.9 in June from 54.8 in May, far below the 54.0 predicted in a Reuters poll and its lowest level since February 2021.
- [UK economy 'running on empty' as recession signals mount - PMI](#)
The PMI's preliminary composite index held at 53.1 in June, above the median forecast of 52.6 in a Reuters poll of economists and unchanged from May. But its measure of new orders fell to 50.8, the lowest in over a year. Factory orders dipped below the 50.0 growth threshold to 49.6.
- [UK consumer spending softens, job ads fall in past week](#)
British consumers' spending on credit and debit cards fell slightly over the past week and the number of job adverts declined, while restaurant bookings rose sharply, weekly data collated by the Office for National Statistics showed.
- [Norway central bank makes largest rate hike in two decades](#)
Norges Bank's monetary policy committee raised the sight deposit rate to 1.25% from 0.75%, exceeding its own forecast made in March of a hike to 1.0%.

Friday June 24th, 2022

- [Japan's inflation tops BOJ target for 2nd month in test of monetary stance](#)
The nationwide core consumer price index (CPI), which excludes volatile fresh food but includes fuel costs, rose 2.1% in May from a year earlier, matching a median market forecast. It stayed above the BOJ's 2% target for a second straight month, following a 2.1% rise in April which was the fastest pace of increase in seven years. The core-core CPI, which strips away both volatile food and fuel costs, was up 0.8% in May from a year earlier after climbing by the same pace in April.
- [Spanish first-quarter economic growth slows to 0.2% quarter over quarter, 6.3% year over year](#)
The Spanish economy grew 0.2% in the first quarter of 2022, slowing from a 2.2% growth rate in the last three months of 2021. On an annual basis the economy expanded 6.3%, after rising 5.5% in the fourth quarter of 2021.
- [European banks ace U.S. Fed's stress test, show strong capital levels](#)
The U.S. units of major European lenders including Deutsche Bank, Barclays and Credit Suisse sailed through the Federal Reserve's annual "stress tests", showing they hold enough capital to weather an economic shock.

WEEKLY PERFORMERS – S&P/TSX

S&P/TSX: LEADERS	LAST	CHANGE	%CHG
Shopify Inc	\$497.09	\$84.25	20.41%
Cargojet Inc	\$145.63	\$23.42	19.16%
Lightspeed Commerce Inc	\$32.82	\$5.20	18.83%
Bausch Health Companies Inc	\$11.28	\$1.70	17.75%
Aurora Cannabis Inc	\$2.01	\$0.30	17.54%
Kinaxis Inc	\$144.94	\$19.29	15.35%
Telus International Cda Inc	\$32.97	\$3.56	12.10%
MTY Food Group Inc	\$52.77	\$5.59	11.85%
Canopy Growth Corp	\$4.88	\$0.51	11.67%
Cronos Group Inc	\$4.03	\$0.42	11.63%

S&P/TSX: LAGGARDS	LAST	CHANGE	%CHG
Capstone Copper Corp	\$3.63	-\$0.72	-16.55%
Bombardier Inc	\$23.11	-\$3.86	-14.31%
Teck Resources Ltd	\$40.86	-\$6.64	-13.98%
Advantage Energy Ltd	\$7.76	-\$1.21	-13.49%
ARC Resources Ltd	\$15.00	-\$2.24	-12.99%
Ivanhoe Mines Ltd	\$7.49	-\$0.98	-11.57%
Crescent Point Energy Corp	\$9.07	-\$1.18	-11.51%
Baytex Energy Corp	\$6.08	-\$0.79	-11.50%
Hudbay Minerals Inc	\$5.49	-\$0.71	-11.45%
Parex Resources Inc	\$21.16	-\$2.58	-10.87%

Source: Refinitiv

WEEKLY PERFORMERS – S&P500

S&P500: LEADERS	LAST	CHANGE	%CHG
Penn National Gaming Inc	\$32.12	\$4.72	17.23%
ETSY Inc	\$83.62	\$11.51	15.96%
Paycom Software Inc	\$306.53	\$41.70	15.75%
Norwegian Cruise Line Holdings Ltd	\$13.22	\$1.79	15.66%
Autodesk Inc	\$192.48	\$24.71	14.73%
Clorox Co	\$140.75	\$18.03	14.69%
Ceridian HCM Holding Inc	\$51.59	\$6.60	14.67%
Match Group Inc	\$78.45	\$9.90	14.43%
T Rowe Price Group Inc	\$121.50	\$14.82	13.89%
Salesforce Inc	\$185.92	\$22.66	13.88%

S&P500: LAGGARDS	LAST	CHANGE	%CHG
DaVita Inc	\$77.50	-\$11.98	-13.39%
Marathon Oil Corp	\$22.05	-\$2.10	-8.70%
Freeport-McMoRan Inc	\$30.99	-\$2.83	-8.37%
Mosaic Co	\$46.61	-\$3.99	-7.89%
Bath & Body Works Inc	\$30.95	-\$2.58	-7.69%
Valero Energy Corp	\$103.93	-\$8.51	-7.57%
Devon Energy Corp	\$53.77	-\$4.25	-7.33%
APA Corp (US)	\$36.45	-\$2.77	-7.06%
Phillips 66	\$84.20	-\$6.31	-6.97%
Baker Hughes Co	\$28.47	-\$1.50	-5.01%

Source: Refinitiv

NBF RATINGS & TARGET PRICE CHANGES

Company	Symbol	Current Rating	Previous Rating	Current Target	Previous Target
Empire Company Ltd.	EMP.a	Outperform	Outperform	C\$42.00	C\$48.00
Neighbourly Pharmacy Inc.	NBLY	Sector Perform	Sector Perform	C\$27.00	C\$28.00
Quebecor Inc.	QBR.b	Outperform	Sector Perform	C\$32.00	C\$32.00
Sigma Lithium Corp.	SGML	Outperform	Outperform	C\$27.00	C\$26.00

STRATEGIC LIST - WEEKLY UPDATE

(June 20th – June 24th)

Comments

Communication Services (Market Weight)

Rogers Communications Inc. (RCI.b)

NBF: Rogers & Shaw announced a deal involving the sale of Freedom to Quebecor for \$2.85B which will get fully documented over coming weeks. The deal involves all of Freedom's spectrum, infrastructure, retail locations, and customers (~1.7M wireless, ~11K Internet) plus access to Wi-Fi hotspots and long-term agreements for transport services (backhaul & backbone) and roaming. It doesn't include network/spectrum sharing nor Shaw Mobile (NBF estimate ~450K subs with revenues near \$100M). A resolution of Rogers-Quebecor issues in Quebec is not part of the current deal, but amicable negotiations through the Freedom process, contrary to media reports, could set the stage for Quebecor to drop its \$850M lawsuit. Prior to the Freedom news, the Competition Bureau (CB) published its replies to Rogers & Shaw and reiterated its opposition to their deal. The CB continues to say the sale of Freedom "is not an effective remedy" and that it will weaken Freedom as a competitor and won't replace Shaw Mobile competition. NBF disagrees with these views. Nobody can see into the future; however, Quebecor has proven a more successful & disruptive competitor than Shaw/Freedom. Parties have to advise the Competition Tribunal on June 23 if they intend to seek mediation whose first go around would occur July 4-5. We'll now see if the parties can work through a negotiated settlement this summer which might allow the deals to potentially close in July or August.

Financials (Market Weight)

Element Fleet Management Corp. (EFN)

NBF: NBF hosted a fireside chat with Frank Ruperto, EVP & CFO, and David Madrigal, EVP & Chief Commercial Officer. They dived into the Mexico business, key learnings that translate to the North American business, and comments on outlook. On the former, management is confident global growth strategies - in particular revamped sales teams - will generate strong growth in North America. On the latter, management is not seeing cautionary behaviour from clients impacting vehicle orders / utilization and is confident in 2022 and 2023 guidance, which could be revised higher if positive trends persist. While NBF acknowledges the stock still hinges on OEM production delays resolving in line or ahead of management's mid-2023 assumption, increased 2022 guidance announced with Q1-22 results significantly de-risks NBF earnings forecast. It reaffirmed its view that EFN will deliver consistent double-digit EPS (12% y/y in 2023) and FCF per share (14% y/y in 2023) growth over the medium term, driving significant FCF yield compression from the current 9-10% yield on NBF 2022/2023 estimates. NBF \$20.00 target price reflects an FCF Yield of ~6% (both unchanged) on its 2022/23 FCF estimates, in line with Canadian Financial peers that share similar fundamental attributes (e.g., defensiveness, organic revenue growth, expanding profitability, solid FCF generation, low credit risk and barriers to entry) that trade at ~6%. Trading at a 9-10% FCF yield on consensus 2022/2023 estimates not only provides investors with meaningful downside protection as uncertainty related to OEM production delays persists, but also as recessionary risks increase.

Fairfax Financial Holdings Ltd. (FFH)

NBF: FFH has agreed to sell its Pet Insurance business lines to JAB Holding Company for \$1.4 billion, including \$1.15 billion in cash and \$250 million in JAB notes. FFH also intends to invest \$200 million in JAB's latest consumer fund. The transaction is expected to close in H2 2022. Pet Insurance is a small exposure for FFH. The sale allows management to concentrate on its larger lines. Management believes JAB is a strong strategic partner in the pet space, evidenced by FFH receiving \$250 million in JAB sellers notes as consideration. In no particular order, NBF believes the remaining \$950 million of cash proceeds (less the \$200 million invested into JAB's consumer private equity fund) will be used to (1) partially fund debt maturities coming due in 2024/25; (2) partially repurchase Allied World minority interest; (3) partially repay notes related to Riverstone; and (4) share buybacks via NCIB. FFH is the best value idea in NBF's diversified financials coverage universe. NBF applies a ~1.1x P/ B multiple on its Q1-23 estimate to arrive at its Cdn\$1,050 price target (both unchanged). Looking at Q2-22, NBF expects solid premiums growth to continue, solid combined ratio performance, and rising interest and dividend income to continue, likely to be offset by unrealized losses on bonds and equities. Furthermore, ~\$400 million in net gains from Go Digit which NBF records in Q2 have yet to be realized due to pending regulatory approval as of writing. However, once FFH receives approval to increase its stake in Go Digit to 74% from 49%, NBF thinks this will add nice upside, especially considering the potential IPO that could add another \$1.1 billion in pre-tax gains to the file (i.e., ~7%-points of ROE, pre-tax). NBF reiterated its Outperform rating.

NBF STRATEGIC LIST

Company	Symbol	Addition Date	Addition Price	Last Price	Yield (%)	Beta	% SPTSX	NBF Sector Weight
Communication Services							5.0	Market Weight
Rogers Communications Inc.	RCIb.TO	13-Feb-20	\$ 65.84	\$ 62.43	3.2	0.5		
Telus Corp.	T.TO	19-May-22	\$ 30.64	\$ 28.89	4.8	0.5		
Consumer Discretionary							3.2	Market Weight
Canadian Tire Corporation Ltd.	CTCa.TO	18-Nov-21	\$ 174.10	\$ 166.29	4.0	1.9		
Dollarama Inc.	DOL.TO	19-Mar-20	\$ 38.96	\$ 74.95	0.3	0.6		
Consumer Staples							3.9	Market Weight
Loblaw Companies Ltd.	L.TO	25-Mar-21	\$ 68.50	\$ 114.71	1.4	0.3		
Premium Brands Holdings Corp.	PBH.TO	17-Feb-22	\$ 122.90	\$ 92.92	3.1	0.7		
Energy							19.7	Overweight
Genovus Energy Inc.	CVE.TO	16-Jan-20	\$ 12.26	\$ 24.29	1.8	2.5		
Enbridge Inc.	ENB.TO	21-Jan-15	\$ 59.87	\$ 53.85	6.5	0.9		
Tourmaline Oil Corp.	TOU.TO	13-Aug-20	\$ 16.68	\$ 63.88	1.5	1.4		
Whitecap Resources Inc.	WCP.TO	19-May-22	\$ 10.27	\$ 8.76	4.3	2.4		
Financials							31.1	Market Weight
Canadian Imperial Bank of Commerce	CM.TO	29-Mar-22	\$ 78.14	\$ 63.25	5.3	1.1		
Element Fleet Management Corp	EFN.TO	02-Apr-20	\$ 8.58	\$ 13.32	2.4	1.2		
Fairfax Financial Holdings Ltd.	FFH.TO	20-Dec-18	\$ 585.81	\$ 636.77	2.0	0.9		
Intact Financial Corp.	IFC.TO	11-Jun-20	\$ 130.04	\$ 180.42	2.2	0.8		
Royal Bank of Canada	RY.TO	19-Jun-13	\$ 60.69	\$ 124.34	4.2	0.9		
Sun Life Financial	SLF.TO	10-Dec-20	\$ 57.07	\$ 59.05	4.8	1.4		
Health Care							0.4	Market Weight
Industrials							11.2	Market Weight
ATS Automation Tooling Systems Inc.	ATA.TO	18-Nov-21	\$ 48.62	\$ 35.07	0.0	0.7		
WSP Global Inc.	WSP.TO	19-May-22	\$ 142.73	\$ 141.86	1.1	1.7		
Information Technology							5.2	Underweight
Kinaxis Inc.	KXS.TO	19-Mar-20	\$ 100.05	\$ 144.94	0.0	0.7		
Open Text Corp.	OTEX.TO	26-Oct-16	\$ 41.61	\$ 51.10	2.3	0.9		
Materials							12.8	Overweight
Agnico Eagle Mines Ltd.	AEM.TO	29-Mar-22	\$ 75.74	\$ 63.44	3.3	0.6		
Kinross Gold Corp.	K.TO	16-Sep-21	\$ 7.06	\$ 5.16	3.0	0.5		
Teck Resources Ltd.	TECKb.TO	01-Nov-17	\$ 27.15	\$ 40.86	1.2	1.2		
REITs							2.6	Underweight
Canadian Apartment Properties REIT	CAR_u.TO	10-Dec-20	\$ 49.82	\$ 44.96	3.3	0.7		
Summit Industrial Income REIT	SMU_u.TO	17-Feb-22	\$ 21.50	\$ 17.05	3.5	1.2		
Utilities							5.0	Underweight
Capital Power Corp.	CPX.TO	22-Aug-19	\$ 30.90	\$ 45.30	4.9	1.2		
Innergex Renewable Energy Inc.	INE.TO	22-Aug-19	\$ 15.00	\$ 18.14	4.0	0.8		

Source: Refinitiv (Priced June 24, 2022 after market close)

* R = Restricted Stocks - Stocks placed under restriction while on The NBF Strategic List will remain on the list, but noted as Restricted in accordance with compliance requirements

THE ECONOMIC CALENDAR

(June 27th – July 1st)

U.S. Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
27-Jun	08:30	Durable Goods	May	0.5%	0.0%	Percent
27-Jun	08:30	Durables Ex-Transport	May	0.4%	0.3%	Percent
27-Jun	10:00	Pending Sales Change MM	May	-3.9%	-4.0%	Percent
28-Jun	08:30	Adv Goods Trade Balance	May	-106.70B		USD
28-Jun	08:30	Wholesale Inventories Adv	May	2.2%		Percent
28-Jun	08:30	Retail Inventories Ex-Auto Adv	May	1.7%		Percent
28-Jun	09:00	CaseShiller 20 MM SA	Apr	2.4%	1.8%	Percent
28-Jun	09:00	CaseShiller 20 YY	Apr	21.2%	21.0%	Percent
28-Jun	10:00	Consumer Confidence	Jun	106.4	100.9	Index
29-Jun	07:00	MBA Mortgage Applications	24 Jun, w/e	4.2%		Percent
29-Jun	08:30	GDP Final	Q1	-1.5%	-1.5%	Percent
29-Jun	08:30	GDP Deflator Final	Q1	8.1%	8.1%	Percent
29-Jun	08:30	Core PCE Prices Fnal	Q1	5.1%	5.1%	Percent
29-Jun	08:30	PCE Prices Final	Q1	7.0%		Percent
29-Jun	10:30	EIA Wkly Crude Stk	20 Jun, w/e			Barrel
30-Jun	08:30	Personal Income MM	May	0.4%	0.5%	Percent
30-Jun	08:30	Consumption, Adjusted MM	May	0.9%	0.5%	Percent
30-Jun	08:30	Core PCE Price Index MM	May	0.3%	0.4%	Percent
30-Jun	08:30	Core PCE Price Index YY	May	4.9%	4.8%	Percent
30-Jun	08:30	Initial Jobless Clm	20 Jun, w/e	229k	227k	Person
30-Jun	08:30	Jobless Clm 4Wk Avg	20 Jun, w/e	223.50k		Person
30-Jun	08:30	Cont Jobless Clm	13 Jun, w/e	1.315M	1.313M	Person
30-Jun	09:45	Chicago PMI	Jun	60.3	58.1	Index
30-Jun	10:30	EIA-Nat Gas Chg Bcf	20 Jun, w/e	74B		Cubic foot
1-Jul	09:45	S&P Global Mfg PMI Final	Jun	52.4		Index (diffusion)
1-Jul	10:00	Construction Spending MM	May	0.2%	0.4%	Percent
1-Jul	10:00	ISM Manufacturing PMI	Jun	56.1	55.0	Index

Canadian Indicators

<u>Date</u>	<u>Time</u>	<u>Release</u>	<u>Period</u>	<u>Previous</u>	<u>Consensus</u>	<u>Unit</u>
30-Jun	08:30	GDP MM	Apr	0.7%	0.3%	Percent

Source : Refinitiv

S&P/TSX QUARTERLY EARNINGS CALENDAR

Monday June 27th, 2022

None

Tuesday June 28th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Alimentation Couche-Tard Inc	ATD	AMC	0.51

Wednesday June 29th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Corus Entertainment Inc	CJR.b	BMO	
NovaGold Resources Inc	NG.a	AMC	-0.03

Thursday June 30th, 2022

None

Friday July 1st, 2022

None

Source: Refinitiv, NBF Research

*Companies of the S&P/TSX index expected to report. Stocks from the Strategic List are in Bold.

S&P500 INDEX QUARTERLY EARNINGS CALENDAR

Monday June 27th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Nike Inc	NKE	16:15	0.81

Tuesday June 28th, 2022

None

Wednesday June 29th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
General Mills Inc	GIS	BMO	1.01
Paychex Inc	PAYX	BMO	0.79

Thursday June 30th, 2022

COMPANY*	SYMBOL	TIME	EPS ESTIMATE
Constellation Brands Inc	STZ	BMO	2.50
Micron Technology Inc	MU	AMC	2.45
Walgreens Boots Alliance Inc	WBA	07:00	0.92

Friday July 1st, 2022

None

Source: Refinitiv, NBF Research

* Companies of the S&P500 index expected to report.

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